Azora Altus, S.A.

(A *sociedad anónima* incorporated under the laws of Spain)

Offering by the Company of up to 47,250,048 ordinary shares of Azora Altus, S.A.

Indicative Offer Price: €9.62 per ordinary share

This is an initial offering (the "**Offering**") of up to 47,250,048 new ordinary shares with a nominal value of €1 each (the "**New Shares**") of Azora Altus, S.A. ("**Azora Altus**" or the "**Company**"), a *sociedad anónima* incorporated under the laws of Spain, by the Company to investors within and outside of the Kingdom of Spain ("**Spain**"), including a placement in the United States to persons who are reasonably believed to be "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), in reliance on Rule 144A. The ordinary shares of the Company have not been and will not be registered under the Securities Act. The Offering outside the United States will be made in compliance with Regulation S ("**Regulation S**") under the Securities Act.

In addition, the Company will grant an option to the Stabilizing Manager (as defined below), acting on behalf of the Managers (as defined below), to subscribe for up to 4,725,005 additional ordinary shares of the Company (representing 10% of the New Shares) (the "**Over-allotment Shares**", and together with the New Shares, the "**Shares**") at the Offer Price (as defined below) to cover over-allotments in the Offering, if any, and short positions resulting from stabilization transactions (the "**Over-allotment Option**"). The Over-allotment Option is exercisable, in whole or in part, by Goldman Sachs International as the stabilizing manager (the "**Stabilizing Manager**") for a period of 30 calendar days from the date on which the Company's ordinary shares commence trading on the Spanish Stock Exchanges (as defined below). Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with all of the Company's ordinary shares, including with respect to all dividends and other distributions declared, made or paid on the Company's ordinary shares, will be subscribed for on the same terms and conditions as the New Shares being offered in the Offering and will form a single class for all purposes with all of the Company's ordinary shares.

The indicative offer price is €9.62 per Share (the "**Indicative Offer Price**"). The Indicative Offer Price is indicative and not binding and it may change upon finalization of the book-building period. The Indicative Offer Price has been determined by the Company and the Joint Global Coordinators without reliance on any third party expert to assess the value of the Shares or determine the Indicative Offer Price. The final price of the Shares offered in the Offering (the "**Offer Price**") will also be determined by the Company and the Joint Global Coordinators upon finalization of the book-building period, which is expected to occur on or about May 9, 2018, and will be announced through publication of a relevant fact disclosure (*hecho relevante*) and, other than as described in "*Plan of Distribution—Authorizations of the Offering*", no independent expert will be consulted in determining the Offer Price.

At the Indicative Offer Price, the Company would raise gross proceeds of approximately €454.55 million from the issue of the New Shares in the Offering.

Investing in the Shares involves a degree of risk. See section "Risk Factors" beginning on page 21 for a discussion of certain matters that prospective investors should consider prior to making an investment in the Shares.

This Prospectus (the "**Prospectus**") constitutes a prospectus relating to the Company and its subsidiaries (together, the "**Group**") for the purposes of Article 3(3) of Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, the "**Prospectus Directive**"), its implementing regulations in Spain and Commission Regulation (EC) No 809/2004 (as amended, the "**Prospectus Regulation**") (together, the "**Prospectus Rules**"). This Prospectus has been prepared in connection with the admission to listing of the Company's ordinary shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the "**Spanish Stock Exchanges**") which are regulated markets for the purposes of Directive 2004/39/EC, as amended (the "**Markets in Financial Instruments Directive**") for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil Español* or *Mercado Continuo*) (the "**AQS**") of the Spanish Stock Exchanges ("**Admission**") and includes the information required by Annexes I, III and XXII of the Prospectus Regulation and the application for the admission of the Company's ordinary shares to listing. This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") in its capacity as Spanish competent authority under the consolidated text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) ("**LMV**") and relevant implementing measures in Spain.

Prior to this Offering, there has been no public market for the Company's ordinary shares. The Company will apply to list its ordinary shares on the Spanish Stock Exchanges and to have the ordinary shares quoted on AQS. The Company expects the ordinary shares (including the Shares offered hereby) to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about May 11, 2018 under the symbol "AZR".

Delivery of the New Shares is expected to take place in book-entry form against payment therefor in immediately available funds on or about May 14, 2018 to investors' securities accounts via the Spanish securities registration, clearance and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.Unipersonal*) ("**Iberclear**") and its participating entities.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Company's ordinary shares have not been and will not be registered under the Securities Act or the applicable securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act, and in compliance with any applicable state or local securities laws. The Shares are being offered: (i) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A and (ii) outside the United States, only in offshore transactions as defined in, and in reliance upon, Regulation S. In member states of the European Economic Area (the "**EEA**") other than Spain, the Shares are being offer only to qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive. In Spain, the Shares are being offered to qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive and to certain other investors in accordance with certain available exemptions under the Prospectus Directive. This Prospectus is not to be treated as a "prospectus" for the purposes of Section 10 of the Securities Act. For additional information about eligible offerees see section "*Selling and Transfer Restrictions*."

Joint Global Coordinators

Goldman Sachs International | **UBS Limited**

Co-Lead Managers

Fidentiis | **ING** | **JB Capital**

Jefferies | **Kempen**

Underwriter Manager

Norbolsa

Agent Bank

Banco Santander

The date of this Prospectus is April 24, 2018

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

YOU SHOULD READ THE ENTIRE PROSPECTUS AND, IN PARTICULAR, "RISK FACTORS" BEGINNING ON PAGE 21 OF THIS PROSPECTUS WHEN CONSIDERING AN INVESTMENT IN THE SHARES.

None of Goldman Sachs International ("**Goldman Sachs**") or UBS Limited ("**UBS**") (together, the "**Joint Global Coordinators**"), Fidentiis Equities, S.V., S.A., ING Bank N.V., JB Capital Markets, S.V., S.A.U., Jefferies International Limited and Kempen & Co N.V. (the "**Co-lead Managers**") and Norbolsa, S.V., S.A. (the "**Underwriter Manager**", and together with the Joint Global Coordinators and the Co-lead Managers, the "**Managers**"), or their respective affiliates makes any representation or warranty, express or implied, nor accepts any responsibility whatsoever with respect to the content of this Prospectus, including the accuracy or completeness or verification of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Group or the Managers that any recipient of this Prospectus should purchase the Shares. Each purchaser of Shares should determine for itself the relevance of the information contained in this Prospectus, and its purchase of Shares should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to such investor in connection with the purchase of the Shares. The contents of the website of the Company do not form any part of this Prospectus.

This Prospectus does not constitute an offer to the public generally to purchase or otherwise acquire the Shares. In making an investment decision regarding the Shares, an investor must rely on its own examination of the Group and the terms of the Offering, including the merits and risks involved. Investors should rely only on the information contained in this Prospectus. None of the Company or the Managers has authorized any other person to provide investors with different information. If anyone provides an investor with different or inconsistent information, such investor should not rely on it. Investors should assume that the information appearing in this Prospectus is accurate only as of its date. The Group's business, results of operations, financial condition and prospects and the information set forth in this Prospectus may have changed since the date of this Prospectus.

Notwithstanding the foregoing, the Company is required to publish a prospectus supplement in respect of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Shares and which arises or is noted between the date hereof and the Admission, in accordance with Article 22 of Spanish Royal Decree 1310/2005, of November 4 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

Investors should not consider any information in this Prospectus to be investment, legal or tax advice. An investor should consult its own legal counsel, financial advisor, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Shares. None of the Company or the Managers or their respective affiliates, makes any representation or warranty to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under appropriate investment or similar laws.

Each Manager is acting exclusively for the Company and no-one else in connection with the Offering. The Managers will not regard any other person (whether or not a recipient of this Prospectus) as their clients in relation to the Offering and will not be responsible to any other person other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the Offering. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Managers under the LMV or the regulatory regime established thereunder, none of the Managers accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Company or the Shares. Each of the Managers accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Offering, the Managers and any of their respective affiliates acting as an investor for its or their own account(s) may purchase the Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Shares being offered, placed or otherwise dealt with should be read as including any offer to, or dealing by, the Managers or any of their respective affiliates acting as an investor for its or their own account(s). In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers or their respective affiliates may from time to time acquire, hold or dispose of the Shares. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Neither this Prospectus nor the Offering forms part of an offer to sell, or a solicitation of an offer to purchase, any security other than the Shares. The distribution of this Prospectus and the offer and sale of the Shares may be restricted by law in certain jurisdictions. Any investor must inform themselves about, and observe any such restrictions. See section "*Selling and Transfer Restrictions*" elsewhere in this Prospectus. Any investor must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Shares or possesses or distributes this Prospectus and must obtain any consent, approval or permission required for its subscription for, purchase, offer or sale of the Shares under the laws and regulations in force in any jurisdiction to which such investor is subject or in which such investor makes such subscriptions, purchases, offers or sales. None of the Company or the Managers is making an offer to sell any Shares or a solicitation of an offer to buy any Shares to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not an investor, or applicable restrictions.

THE SHARES HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

This Prospectus and the Offering are only addressed to and directed at persons in member states of the EEA who are "qualified investors" ("**Qualified Investors**") within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). In addition, in Spain, this Prospectus and the Offering are addressed and directed to certain persons or entities in accordance with other available exemptions under the Prospectus Directive. Furthermore, in the United Kingdom, this Prospectus is only being distributed to and is only directed at Qualified Investors who are (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") or (2) persons falling within Article 49(2)(a)-(d) of the Order (all such persons together being referred to as "relevant persons"). The Shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such securities will be engaged in only with, (1) in the United Kingdom, relevant persons and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors. This Prospectus and its contents should not be acted upon or relied upon (1) in the United Kingdom, by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors

Any person making or intending to make any offer within the EEA of the Shares should only do so in circumstances in which no obligation arises for the Company or any of the Managers to produce a prospectus for such offer. None of the Company or the Managers has authorized or authorizes the making of any offer of the Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of the Shares contemplated in this Prospectus.

The Company is not a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes ("CISA") and is not subject to the authorization or supervision by the Swiss Financial market Supervisory Authority FINMA. Investors bear the issuer risk

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SUMMARY

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

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

Even though an Element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the notation "not applicable."

Terms in capital letters and acronyms used in this summary are defined in section "Certain terms and Conventions".

Section A—Introduction and warnings		
A.1	Warning to investors:	**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE SHARES OF AZORA ALTUS, S.A. (THE "COMPANY") SHOULD BE BASED ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE BY THE INVESTOR, INCLUDING IN PARTICULAR THE RISK FACTORS.** **Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.** Under Spanish law, civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with other parts of this Prospectus, key information in order to aid investors when considering whether or not to invest in the Shares.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries:	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this Prospectus and has not given its consent for any such resale or placement.

Section B – Issuer		
B.1	Legal and commercial name:	The legal name of the issuer is Azora Altus, S.A. The commercial name of the issuer is "Azora".
B.2	Domicile and legal form:	The Company is a Spanish *sociedad anónima* incorporated on November 4, 2003 and registered with the Madrid Commercial Registry. The Company's registered office is at Calle Serrano 30, 2º Derecha, Madrid. The Company is incorporated for an unlimited term.
B.3	Key factors relating to the nature of the issuer's current	Founded in Madrid in 2003 by Mr. Gumuzio and Ms. Osácar, Azora Altus is a leading Spanish real estate investment and asset management platform (source: Internal estimates) with a market focus predominantly on Spain and particularly on attractive, underinvested asset classes where institutional capital is scarce with

	operations and its principal activities:	investments covering the entire value chain. The Group generates income principally from three (3) distinct but interrelated business segments: (i) the Investment Management Activity (under which the Group provides asset and property management activities), which generated revenues of €76.9 million in the year ended December 31, 2017, (ii) the Alignment Capital Investment Activity (under which the Group co-invests alongside clients through alignment capital investments made in associated companies), which generated profit for the year from continuing operations of €12.0 million in the year ended December 31, 2017, and (iii) the Direct and Controlling Investment Activity (under which the Group invests in opportunities where it holds control or joint control over the financial and operating policy of the investment as shareholder), which generated revenues of €0.7 million in the year ended December 31, 2017. Under its business strategy, the Company intends to structure assets under management around four Strategic Property-Type-Verticals, consisting of: (i) Lodging Real Estate, which, as of December 31, 2017, represented 47.4% of total assets under management; (ii) Residential Real Estate, which as of December 31, 2017, represented 33.4% of total assets under management; (iii) Commercial Real Estate, which as of December 31, 2017, represented 19.1% of total assets under management; and (iv) Real Estate Debt, which, as of December 31, 2017, the Group did not yet have any asset under management. The Group works with both domestic and international clients through tailor-made Investment Vehicles, in which the Group typically participates as a co-investor alongside clients to promote alignment of interests. Across its operating history, the Group has built a broad contact network encompassing more than 600 investor contacts which range from ultra-high net worth individuals to large global institutional investors. These include, among others, APG, AXA Investment Managers, Bank of Montreal (BMO), Blackrock, BW Gestao de Investimentos, Cohen & Steers, CBRE Global Investors, Fidelity Management & Research Company, Goldman Sachs, Moore Capital, Paulson & Co Inc. and Soros Fund Management (source: CNMV – Hispania's significant holdings and treasury shares; Hispania IPO Prospectus; and press releases in relation to the Student Accommodation Transaction) from which across its operating history the Group has raised approximately €2.3 billion in total accumulated capital commitments as of December 31, 2017 (representing a CAGR of approximately 24% for the period 2012-2017. As of December 31, 2017, the Group had €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017), representing a CAGR of approximately 30% in assets under management for the period 2009-2017. In the year ended December 31, 2017, the Group generated revenues of €77.6 million (an increase of 21.38% as compared to €63.9 million in the year ended December 31, 2016) and EBITDA of €37.4 million (an increase of 33.91% as compared to €27.9 million in the year ended December 31, 2016). The Group has a multidisciplinary, vertically integrated team of 206 high performing professionals (based on the number of full time employees instead of on the number of employment contracts and including three employees assigned to existing Investment Vehicles). The Group's 206-member team is spread across three Strategic Property-Type-Verticals: Lodging Real Estate, Residential Real Estate and Commercial Real Estate, each of which has an investment management and advisory team and an asset and/or property team; as well as a centralized Group-wide support function team. A fourth team dedicated to supporting the Group's new business strategies (including the Real Estate Debt Property-Type-Vertical) is currently in development.

Key Strengths

Successful track-record across asset classes and cycles with proven ability to deal with complexity and to be a pioneer in new investment themes to build leading scalable platforms in Spain where institutional capital is limited

The Company believes the Group has a proven track-record of identifying new investment themes, discovering attractive investment opportunities, dealing with complexity, manufacturing institutional assets and building scalable platforms, as well as monetizing real estate related investments across asset classes and cycles with superior results. As such, the Group leverages on its skills at sourcing (with a robust knowledge of the real estate market and micro locations and an ability to source deals through non-competitive deal processes supported by its extensive network), executing (with sharp analytical skills, strong execution experience across a variety of structures and ad-hoc business planning for each asset upon acquisition), implementing (with in-house technical and asset management teams, taking the lead on the implementation of activities), managing (by continuous monitoring and controlling of the asset(s) and actively leading key processes) and exiting (focusing on appropriate timing, process and potential purchasers).

Highly experienced Senior Management Team with strong track-record and extensive network driving organic growth of assets under management

Since its establishment, the Group has built a top-level Senior Management Team with extensive experience and a strong track-record which had a positive impact on the pace of growth of the Group's business (increasing the assets under management at a CAGR of approximately 30% for the period 2009-2017). The Company believes that its Senior Management Team's deep and diverse knowledge of the real estate industry as well as other disciplines that are complementary to real estate investment activity (including, but not limited to, finance, restructuring, risk management, M&A and consulting) has enabled the Group to generate strong returns and create value across major real estate asset classes for its clients.

Fully integrated real estate investment and asset management platform

The Group's fully-integrated business model enables it to be active in and add value across the entire value chain of investments in the real estate industry. Including its highly experienced Senior Management Team, the Group has a multidisciplinary integrated team comprising 206 high performing professionals as of December 31, 2017 (based on the number of full time employees instead of on the number of employment contracts and including three professionals assigned to certain existing Investment Vehicles) with expertise across the value chain, from sourcing to disposal, and encompassing repositioning, upgrading, financing, letting and ongoing operational management.

Historically a growing real estate investment and management business with a healthy and profitable business

The Group has positioned itself at the forefront of the real estate investment and management industry in Spain over the past fifteen years. In particular, the Group's assets under management grew by a CAGR of approximately 61% from 2007 to 2013, in the context of the Group's sponsorship of new Investment Vehicles primarily in Spain. In addition, the creation of Hispania at the beginning of 2014 may be considered a key milestone for the Group, both in terms of Investment Vehicle size and the development of the Group's reputation among international investors. Hispania has helped to position the Group as one of the leading independent real estate investment and asset management platforms in Spain (source: Internal estimates), characterized by sustained growth. In the years following Hispania's initial public offering, the Group's assets under management grew by a CAGR of approximately 18% (excluding the value attributed to the student accommodation platform sold at the end of 2017 in the context of the Student Accommodation Transaction) to reach €4.4 billion as of December 31, 2017 (including the acquisition by Hispania of the Alúa hotel

		portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017). ***Actionable pipeline supporting Company's business strategy*** The identification of a sizeable, attractive and actionable pipeline is key and the Company is fully focused on identifying, on an ongoing basis, investment opportunities eligible for execution. As of the date of this Prospectus, the Company is analyzing investment opportunities which in the aggregate amount to €7.4 billion. ***Well-structured investment, allocation and management process*** The Company has set up a well-structured and thorough investment, allocation and management process, broken down in the following stages: (i) market analysis, (ii) identification process, (iii) due diligence, (iv) negotiation and closing, (v) asset management take over, (vi) repositioning, (vii) property management and (viii) divestment. **Business Strategy** The Company's business strategy is expected to be developed through the following strategic lines: ***Development of the pipeline within the Strategic Property-Type-Verticals*** The Company intends to create scalable strategic property-type platforms centering on the Strategic Property-Type-Verticals that (i) focus on global trends with the aim of achieving long-term growth across economic cycles, (ii) require strong repositioning and operational capabilities and (iii) operate in highly fragmented and/or distressed markets where institutional capital is scarce or non-existent enabling the creation of scalable platforms and/or the designing of core or core plus products on attractive terms. The Company intends to focus mainly on the development of the Lodging Real Estate and Residential Real Estate Strategic Property-Type-Verticals, where the customer experience, in the form of living or in the form of "holidaying", is becoming an epicenter of active management initiatives and where the Company believes the Group is able to deliver superior returns by comparison to other competitors given its proven operational skills. ***Broadening the Group's client base*** In order to accelerate the Group's growth in its assets under management and, therefore, recurring fee income, the Group intends to focus on certain areas including (i) broadening its client base both in Spain and abroad, (ii) offering rapid and innovative products as an agile response to market trends and existing or new clients' needs, and (iii) raising capital from existing or new clients to fund investment opportunities within the Strategic Property-Type-Verticals in an initial target blended ratio of 3:1 (ratio of capital invested by existing and/or new clients to capital invested by the Group). ***Expanding selectively into European markets*** This geographic expansion will be driven by relevant industry-wide and local-market dynamics, the ability to gain critical mass in those geographies as well as the Group's ability to source attractive opportunities that match the Group's demanding pre-requisites. ***Asset warehousing activity, Investment Vehicles, establishment of seeded asset portfolios and Direct and Controlling Investments*** In general, the Company intends to structure the deployment of the net proceeds of the Offering by means of, among other strategies: (i) own proprietary investments, (ii) asset warehousing, (iii) establishment of seeded portfolios, and (iv) establishment of Investment Vehicles with existing capital commitments from existing or new clients at the time of the creation of the Investment

		Vehicles. ***Strengthening the alignment of interests with clients through intensification of the Alignment Capital Investments Activity*** The Company intends to hold minority stakes under circumstances whereby it holds significant influence over the financial and operating policies of the relevant Investment Vehicle but without holding control or joint control over such policies as shareholder. The Company intends for these minority stakes to range typically between 10% to 30% of the total equity invested in an Investment Vehicle, depending on client requirements, vehicle size and structure as well as on the Company's business strategy criteria from time to time. ***Target pace of investment and operating targets*** The Company expects the returns from the Alignment Capital Investment Activity and the Direct and Controlling Investment Activity to represent in 2022, once the operations of the Company have stabilized, two-thirds of total target returns and the returns from the Investment Management Activity to represent one-third of total target returns. The Company is currently working on extending the term of a number of current mandates with existing and/or new clients, with the ultimate objective of achieving more than €8 billion of total assets under management by 2022. The Company aims to achieve a target blended IRR in the range of 10% to 13% on the Company's own capital investments (Alignment Capital and Direct and Controlling Investments). In addition, as a result of the capital-light nature of the Investment Management Activity, the incremental operating profit generated by fee bearing capital derived from the Group's assets under management may enhance the return on equity of the Company, with a potential boost to return on equity in the range of 250 to 400 basis points, once target total assets under management of €8 billion have been achieved and assuming normalized incentive fees, thus contributing to achievement of a target blended IRR in the range of 13% to 17% on the Company's own capital.
B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates:	The Company is not aware of any significant new trend influencing the Group and the industry in which it operates, notwithstanding the risk factors described elsewhere in this summary. On April 5, 2018, Alzette, a company owned by entities advised by affiliates of Blackstone Group International Partners LLP, announced through a relevant fact disclosure (*hecho relevante*) that it had entered into an unconditional agreement with QP Capital Holdings Limited and QPB Holdings Ltd. to purchase from them a stake amounting to 16.56% of the outstanding share capital of Hispania. On the same date, Alzette announced through a further relevant fact disclosure (*hecho relevante*) its launch of a voluntary public tender offer for the remaining ordinary shares of Hispania, excluding the ordinary shares already owned by Alzette. Based on the information available at the time of this Prospectus, it is uncertain whether or not, following settlement of the Blackstone Tender Offer (if successful), the Hispania Investment Manager Agreement will be terminated (as such settlement would not trigger the automatic termination of the Hispania Investment Manager Agreement). However, the early termination of such agreement could result in the accrual of an incentive fee, which the Blackstone Tender Offer announcement dated April 6, 2018 acknowledges in an amount of approximately €173 million, calculated on the basis of the Blackstone Offer Price and in accordance with the incentive fee calculation methodology disclosed in the Hispania IPO Prospectus. In addition, the early termination of the Hispania Investment Manager Agreement could also result in the payment of the aggregate base fees that Azora Gestión would have been entitled to during the full term of the agreement. The actual amount of fees that Azora Gestión is entitled to receive will depend, however, on the circumstances following the settlement of the Blackstone Tender Offer (if successful).

The Hispania incentive fee, if accrued, would be distributed on a 50%/50% basis between the Group and Hispania's Carried Interest beneficiaries, in accordance with Hispania's Carried Interest arrangement and the amount retained by the Group would be subject to corporate income tax. For illustrative purposes only, if the incentive fee to be accrued by Azora Gestión were to amount to €173 million, the Group would be entitled to a gross amount of €86.5 million and a net amount of €64.88 million, assuming a corporate income tax of 25%.

The calculation methodology of the incentive fee, is based, among other factors, on the amount and actual moment in time of both capital contributions made to Hispania by its shareholders and distributions made by Hispania to its shareholders. Therefore, the calculation of the incentive fee will be affected by (i) all the capital contributions and dividend distributions carried out as of the date of this Prospectus; and (ii) the actual amount and actual moment in time of each further distribution by Hispania to its shareholders.

Considering the above, the tables below set out, for illustrative purposes only, how the net amount to be retained by the Group as an incentive fee would vary depending on the date of the disposal of Hispania's entire asset portfolio and the distribution per share paid by Hispania to its shareholders resulting from such disposal. These illustrative calculations assume that there are no additional distributions to Hispania's shareholders apart from the amount per share set out in each of the tables below.

Case I: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on April, 24 2018

Hispania's additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee[(1)] (€m)*
15.71	130	49
16.58	154	58
17.45	173	65
18.32	192	72
19.20	211	79

Case II: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on April 24, 2019

Hispania's additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee[(1)] (€m)*
15.71	58	22
16.58	105	40
17.45	153	57
18.32	192	72
19.20	211	79

Case III: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on March 14, 2020

Hispania's additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee[(1)] (€m)*

15.71	0	0
16.58	35	13
17.45	82	31
18.32	130	49
19.20	177	67

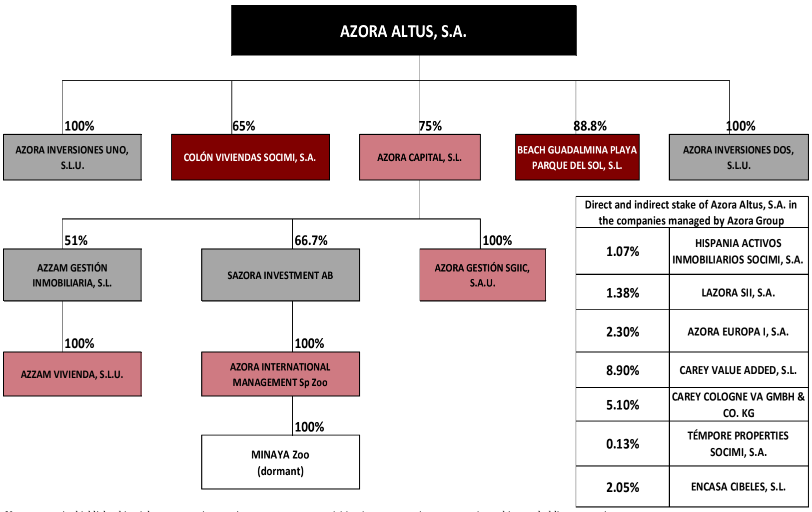
Note:

(1) Calculated on the basis that the Group is entitled to keep 50% of the incentive fee and assuming a corporate income tax of 25%.

The tables above are included only for illustrative purposes and contemplate alternative theoretical scenarios which may or not materialise. The calculation of these scenarios involved making assumptions which may prove inaccurate. The actual distributions and the amount of each distribution may vary depending on a number of factors that are beyond the Group's control. Therefore, there is no assurance that the actual amount that the Group may potentially receive as an incentive fee in connection with Hispania matches any of the figures included in the scenarios above. As a result, investors should carefully consider the limitations of the calculations set out in the tables above.

B.5 Group description:

The chart below sets forth an overview of the Groups corporate structure as of the date of this Prospectus:



Note: companies highlighted in pink are companies carrying out management activities, in garnet propietary companies and in grey holding companies

B.6 Major shareholders:

As of the date of this Prospectus, the Company's issued share capital amounts to €22,500,000, divided into a single class of 22,500,000 ordinary shares, with a nominal value of €1.00 each. In the context of the Offering, up to 47,250,048 New Shares with a nominal value of €1 each are expected to be issued, resulting in a post-offering share capital of €69,750,048 (assuming no exercise of the Over-allotment Option).

The following table sets forth certain information with respect to the beneficial ownership of the ordinary shares prior to and after the Offering.

	Prior to the Offering		After the Offering			
Beneficial Owner	**Number of ordinary shares owned**	**%**	**Number of ordinary shares beneficially owned (assuming no exercise of the Over-**	**%**	**Number of ordinary shares beneficially owned (assuming exercise of the Over-**	**%**

			allotment Option)(5)		allotment Option in full)(5)	
Baztán Consultores, S.L.(1)	11,250,000	50.00%	11,548,333	16.56%	11,548,333	15.51%
Hermanos Bécquer 10, S.L(2)	11,250,000	50.00%	12,793,044	18.34%	12,793,044	17.18%
Canepa(3)........................	-	-	6,102,542	8.75%	6,102,542	8.19%
Tamerlane, S.à r.l.(4)	-	-	5,197,505(6)	7.45%	5,197,505(6)	6.98%
Board members.............	-	-	109,147	0.16%	109,147	0.15%
Members of the Senior Management Team	-	-	965,695	1.38%	965,695	1.30%
Public (free float)	-	-	33,033,782	47.36%	37,758,787	50.70%
TOTAL	**22,500,000**	**100.00%**	**69,750,048**	**100.00%**	**74,475,053**	**100.00%**

Notes:

(1) Baztán has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €2,869,969. Baztán is controlled by Ms. María Concepción Osácar Garaicoechea.

(2) Hermanos Bécquer has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €14,844,086. Hermanos Bécquer is controlled by Mr. Fernando Gumuzio Iñíguez de Onzoño.

(3) Canepa has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of approximately €58.71 million. There is no individual beneficial owner holding more than 25% of Canepa.

(4) Tamerlane, S.à r.l., a vehicle owned by entities advised or managed by Canepa's affiliates, has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €50 million. There is no individual beneficial owner holding more than 20% of Tamerlane, S.à r.l.

(5) Assuming the Indicative Offer Price as the Offer Price.

(6) Assuming allocation of the full amount of New Shares corresponding to the €50 million indicative interest shown by Tamerlane in the Offering.

B.7 Historical key financial information:

The following tables present the Group's summary consolidated financial and operating data as of and for the years ended December 31, 2017, 2016 and 2015:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	**For the year ended December 31,**				
	2017		**2016**		**2015**
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
Revenue.......................................	77,612	21.38%	63,940	62.27%	39,403
Other operating income	1,449	(14.41)%	1,693	25.31%	1,351
Staff costs....................................	(34,088)	16.98%	(29,140)	71.72%	(16,969)
Other operating expenses.............	(7,578)	(11.55)%	(8,568)	(3.36)%	(8,866)
Depreciation and amortization charge and impairment losses recognized	(1,206)	8.94%	(1,107)	28.57%	(861)
Excessive provisions....................	-	-	-	(100.00)%	37
Gains or losses on disposals of non-current assets	414	-	-	0.00%	-
Changes in fair value of investment property	36	(101.09)%	(3,303)	(1,009.92)%	363
Profit from operations................	**36,639**	**55.81%**	**23,515**	**62.64%**	**14,458**
Finance income............................	1,402	367.33%	300	13.64%	264
Finance cost.................................	(108)	(32.08)%	(159)	(21.29%)	(202)
Net exchange differences.............	(103)	(227.16)%	81	(606.25)%	(16)
Impairment and gains or losses on disposals of financial instruments	(635)	(333.46)%	272	(33.33)%	408
Financial result	**556**	**12.55%**	**494**	**8.81%**	**454**
Income from companies carried by the equity method	3,160	(10.18)%	3,518	(42.39)%	**6,107**
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method..............................	7,670	2,374.19%	310	-	-
Profit/(loss) before tax	**48,025**	**72.52%**	**27,837**	**32.44%**	**21,019**
Income tax....................................	(8,257)	32.28%	(6,242)	50.85%	(4,138)

Profit/(loss) for the period/ year from continuing operations	**39,768**	**84.15%**	**21,595**	**27.92%**	**16,881**
Attributable to minority interest (non-controlling interests)	(3,824)	(17.09)%	(4,612)	62.57%	(2,837)
Attributable to owners of the parent	35,943	111.63%	16,984	20.93%	14,044

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**For the year ended December 31,**				
	2017		**2016**		**2015**
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
ASSETS					
Non-current assets					
Intangible assets	1,678	(61.01)%	4,304	30.19%	3,306
Property, plant and equipment	573	(57.77)%	1,357	28.38%	1,057
Investment property	22,460	(11.70)%	25,436	(11.65)%	28,791
Investments accounted by using the equity method	45,033	8.89%	41,356	14.49%	36,122
Non-current financial assets	656	(5.34)%	693	(60.85)%	1,770
Deferred tax assets	187	(76.63)%	800	15.61%	692
Total non-current assets	**70,587**	**(4.54)%**	**73,946**	**3.08%**	**71,738**
Current assets					
Inventories	39	(79.03)%	186	177.61%	67
Trade and other receivables	8,813	1.83%	8,655	59.54%	5,425
Accounts receivable from public authorities	243	(44.27)%	436	(13.32)%	503
Other current financial assets	7,841	7.09%	7,322	70.04%	4,306
Other current assets	50	(72.22)%	180	(0.55)%	181
Cash and cash equivalents	50,652	468.10%	8,916	(12.53)%	10,193
Total current assets	**67,638**	**163.23%**	**25,695**	**24.28%**	**20,675**
Total assets	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**
TOTAL EQUITY					
Share capital	30	0.00%	30	0.00%	30
Legal reserve	6	0.00%	6	0.00%	6
Other reserves	55,983	22.38%	45,745	33.25%	34,330
Profit for the year attributable to the Parent	35,943	111.63%	16,984	20.93%	14,044
Interim dividend	(7,000)	45.83%	(4,800)	-	-
Valuation adjustments	100	(192.59)%	(108)	170.00%	(40)
Equity attributable to the owners of the Parent	85,062	47.02%	57,856	19.61%	48,370
Non-controlling interests	18,266	(5.89)%	19,410	1.79%	19,068
Total equity	**103,328**	**33.73%**	**77,266**	**14.58%**	**67,437**
LIABILITIES					
Non-current liabilities					
Non-current bank borrowings	5,233	(17.99)%	6,381	6.63%	5,984
Other non-current financial liabilities	500	(83.40)%	3,012	0.13%	3,008
Other non-current liabilities	-	0.00%	-	(100.00)%	49
Deferred tax liabilities	2,236	(23.63)%	2,928	(17.71)%	3,558
Total non-current liabilities	**7,969**	**(35.32)%**	**12,321**	**(2.21)%**	**12,599**
Current liabilities					
Short-term provisions	-	(100.00)%	693	3.28%	671
Current bank borrowings	3,374	292.78%	859	(80.94)%	4,506
Trade and other payables	20,835	179.03%	7,467	19.93%	6,226
Other current financial liabilities	2,709	570.54%	404	23.17%	328
Other current liabilities	10	(98.42)%	631	(2.32)%	646

Total current liabilities	**26,928**	**167.83%**	**10,054**	**(18.77)%**	**12,377**
Total liabilities	**34,897**	**55.96%**	**22,375**	**(10.41)%**	**24,976**
Total equity and liabilities	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**

CONSOLIDATED CASH FLOW STATEMENT	**For the year ended December 31,**				
	2017		**2016**		**2015**
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
CASH FLOW FROM OPERATING ACTIVITY	**43,243**	**123.39%**	**19,358**	**66.05%**	**11,658**
Profit/(loss) before tax	**48,025**	**72.52%**	**27,837**	**32.44%**	**21,019**
Profit adjustments	**(10,671)**	**(17,593.44)%**	**61**	**(101.09)%**	**(5,580)**
Depreciation and amortization charge and impairment losses recognized	1,206	8.94%	1,107	28.57%	861
Changes in fair value of investment property	(36)	(101.09)%	3,303	(1,009.92)%	(363)
Changes in provisions	-	(100.00)%	22	(96.15)%	571
Finance income	(1,402)	367.33%	(300)	13.64%	(264)
Finance cost	108	(32.08)%	159	(21.29)%	202
Net exchange differences	103	(227.16)%	(81)	(606.25)%	16
Gains or losses on disposal of non-current assets	(414)	-	-	0.00%	-
Impairment and gains or losses on disposal of financial instruments	635	(333.46)%	(272)	(33.33)%	(408)
Income from companies carried by the equity method	(3,160)	(10.18)%	(3,518)	(42.39)%	(6,107)
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	(7,670)	2,374.19%	(310)	-	-
Other income and expenses	(41)	(16.33)%	(49)	(44.32)%	(88)
Changes in working capital	**10,514**	**(578.56)%**	**(2,197)**	**1,207.74%**	**(168)**
Inventories	147	(223.53)%	(119)	981.82%	(11)
Trade and other receivables	219	(106.25)%	(3,502)	302.53%	(870)
Other current assets	391	39,000.00%	1	(103.03)%	(33)
Trade and other payables	11,071	712.85%	1,362	165.50%	513
Other current liabilities	(1,314)	(2,254.10)%	61	(73.82)%	233
Cash flow from operating activity	**(4,625)**	**(27.08)%**	**(6,343)**	**75.56%**	**(3,613)**
Interest paid	(108)	(16.28)%	(129)	(32.81)%	(192)
Interest received	203	(58.06)%	484	83.33%	264
Income tax paid	(4,720)	(29.53)%	(6,698)	81.76%	(3,685)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	**10,326**	**(278.28)%**	**(5,792)**	**(31.86)%**	**(8,500)**
Payments due to investment	**(3,397)**	**(59.75)%**	**(8,440)**	**(5.25)%**	**(8,908)**
Intangible assets	(551)	(70.78)%	(1,886)	609.02%	(266)
Property, plant and equipment	(102)	(83.47)%	(617)	(20.39)%	(775)
Investment property	(4)	(50.00)%	(8)	(33.33)%	(12)
Other payments related to investment activities	(1,633)	(62.14)%	(4,313)	(44.33)%	(7,748)
Other financial assets	(1,107)	(31.50)%	(1,616)	1,410.28%	(107)
Proceeds from disposals	**13,723**	**418.24%**	**2,648**	**549.02%**	**408**
Investment property	3,100	-	-	0.00%	-
Other financial assets	-	-	-	(100.00)%	408
Other proceeds related to investment activities	10,020	278.40%	2,648	-	-
Group companies and associates	419	-	-	0.00%	-
CASH FLOWS FROM FINANCING ACTIVITIES	**(11,833)**	**(20.28)%**	**(14,843)**	**547.04%**	**(2,294)**
Proceeds and payments relating to financial liability instruments	**(11,833)**	**(20.28)%**	**(14,843)**	**547.04%**	**(2,294)**

		Issue/(Repayment) of bank borrowings	1,559	(148.03)%	(3,246)	(1.481.28)%	235
		Issue/(Repayment) of borrowings to/from Group companies and associates	-	(100.00)%	(1)	0.00%	(1)
		Cash inflows (outflows) due to changes in the scope of consolidation	-	0.00%		(100.00)%	296
		Dividends and returns on other equity instruments paid	(13,184)	13.69%	(11,596)	291.76%	(2,960)
		Proceeds (Payments) of other borrowings	(208)	-	-	(100.00)%	136
		NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**41,736**	**(3,368.29)%**	**(1,277)**	**(247.80)%**	**864**
		Cash and cash equivalents at the beginning of the period	8,916	(12.53)%	10,193	9.26%	9,329
		Cash and cash equivalents at the end of the period	50,652	468.10%	8,916	(12.53)%	10,193

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In 2013, applying its broad understanding of the Spanish real estate and financing markets and supported by its close relationship with the SAREB, the Group identified SAREB's need to dispose of certain assets on its balance sheet, including two syndicated loans of Realia with an implied nominal value of €437 million from SAREB's balance sheet, which the Group acquired in a competitive tender process. Two years later, the investment was monetized through the sale of the loan delivering an unlevered IRR of more than 20%. This transaction generated an incentive fee for the Group of €20.1 million in 2016.

On December 1, 2017 the Group disposed of its student accommodation platform through the Student Accommodation Transaction. This transaction impacted the financial position of the Group in a number of related ways: (i) the proceeds of the disposal of the Group's 7.65% stake in Encampus amounted to €9.9 million, of which €0.4 million was pending collection as of December 31, 2017 under a deposit in guarantee. The Group obtained a capital gain of €7.7 million which was recognized in the year ended December 31, 2017 and (ii) the proceeds of the Group's disposal of its 75% stake in RESA amounted to €1.8 million, of which €64 thousand was pending collection under a deposit in guarantee as of December 31, 2017. The Student Accommodation Transaction generated an incentive fee amounting to €30.3 million. As of December 31, 2017, €2.5 million was pending collection under two deposits in guarantee, one of which is expected to be released on June 1, 2018 and the other of which is expected to be released on June 1, 2019.

B.8	Selected key pro forma financial information:	Not applicable. This Prospectus does not contain pro forma financial information.
B.9	Profit forecast:	Not applicable. This Prospectus does not contain profit forecasts or estimates.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information:	The audit reports corresponding to the 2017 Consolidated Financial Statements and the 2016 Consolidated Financial Statements and the 2015 Consolidated Financial Statements, all issued by Deloitte, S.L., are unqualified.
B.11	Qualified working capital:	Not applicable. In the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements and, in particular, is

		sufficient for at least the next twelve months from the date of this Prospectus.

Section C- Securities		
C.1	Type and class of security:	The Company's ordinary shares have the ISIN code ES0105329009 and the New Shares were provided with the following ISIN ES0105329017 allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. It is expected that the ordinary shares will be traded on the Spanish Stock Exchanges and quoted on the AQS under the ticker symbol "AZR".
C.2	Currency of the securities issue:	The Company's ordinary shares are denominated in euro.
C.3	The number of shares issued:	At the date of this Prospectus, the Company's issued share capital consists of €22,500,000 divided into a single series of 22,500,000 ordinary shares, with a nominal value of €1.00 each. All of the ordinary shares of the Company are fully subscribed and paid up.
C.4	A description of the rights attached to the securities:	The ordinary shares rank *pari passu* in all respects with each other, including for voting purposes and for all distributions of the Company's profits and proceeds from a liquidation. The ordinary shares grant their owners the rights set forth in the bylaws and under Spanish corporate law, such as, among others, (i) the right to attend general shareholders' meetings of the Company with the right to speak, limited to holders of record of at least 1,000 ordinary shares, (ii) the right to vote on the matters discussed at the General Shareholders' Meeting of the Company, (iii) the right to dividends proportional to their paid-up shareholding in the Company, (iv) the pre-emptive right to subscribe for newly-issued ordinary shares in capital increases with cash contributions, and (v) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.
C.5	Restrictions on the free transferability of the securities:	The by-laws of the Company do not contain any restrictions on the free transferability of the Company's ordinary shares. However, see "section E.5 for a description of certain lock-up arrangements.
C.6	Admission:	The Company will request admission to listing and trading of the ordinary shares of the Company on the Spanish Stock Exchanges and on the AQS. Admission to listing and trading is expected to take place, in accordance with the envisaged timetable, on May 11, 2018. If there is any delay in the admission to listing and trading of the Shares on the Spanish Stock Exchanges, the Company will publicly announce, via a relevant fact disclosure (*hecho relevante*), such delay and a revised expected date of Admission.
C.7	Dividend policy:	Once the results of operations have stabilized, which is aimed to be achieved in 2022, the Company intends to pay recurring and stabilized dividends to its shareholders for an amount equal at least to 50% of the FFO generated over the course of a certain financial year. The remaining FFO will be kept to finance further Company's investments as well as the overall growth of the business of the Company with the aim to enhance Company's shareholders' returns, to the extent there are investment opportunities that would make it advisable or recommended to keep such remaining funds. The Company may in any case, at any time and at its sole discretion pay dividends in a reduced amount or not at all depending, among other factors, on the performance and prospects of the business, its capital structure and financial needs and any other factors that the Board of Directors of the Company may deem relevant from time to time.

		Dividends may only be paid out of profits or distributable reserves, after meeting the requirements laid down by the law and in the bylaws of the Company, if the value of the Company's equity is not, and as a result of the proposed distribution would not be, less than the Company's share capital. Holders of ordinary shares will be entitled to receive future dividends which are declared on the basis set out in the Company's bylaws. Dividends are paid *pro rata* according to the amounts paid up by the Company's shareholders on the ordinary shares. Dividends declared but not yet paid do not bear interest. Dividends paid on the ordinary shares are subject to withholding tax. Under the Spanish Companies Act, the right to receive a dividend lapses and reverts back to the Company if it is not claimed within five (5) years after it becomes due. Under current tax legislation, any distributions made in the future will be subject to tax under Spanish law.

Section D- Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry:	Investing in the Shares involves a degree of risk. You should carefully consider the risks and uncertainties described below, together with the other information contained in this Prospectus, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on the Company's business, results of operations, financial condition or prospects. The market price of the Shares could decline due to any of these risks and uncertainties and you could lose all or a part of your investment. The information contained in this Prospectus must be considered taking into account the risks listed below and described under the Risk Factors section beginning on page 21, which forms an essential and integral part thereof. Prior to investing in the Shares, prospective investors should consider the risks associated therewith. Any of the following risks and uncertainties could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects. In addition, the sequence or extension in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of the potential consequences on the Group's business, financial condition or results of operations. The market price of the Shares could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. **RISKS RELATING TO THE GROUP'S MARKET AND INDUSTRY** - As the Group's business is primarily concentrated in the Spanish real estate market, a deterioration of the Spanish macroeconomic and political conditions as well as of the Spanish real estate market itself will adversely affect the business of the Group. - The Strategic Property-Type-Verticals in which the Group plans to invest through Investment Vehicles present certain particular inherent risks. - The Group's industry is intensely competitive. **RISKS RELATING TO THE GROUP AND ITS BUSINESS** - The Group's reputation and performance may be hampered due to its inability to acquire or source investment opportunities or to implement its business strategy. - Failure to effectively make investments and delays in the deployment of the

		net proceeds of the Offering (including due to delays in locating and/or acquiring suitable investments) may have an adverse impact on the Group's financial condition, profitability, business, prospects, results of operations and cash flows. - The Group depends on the members of its Senior Management Team and on the expertise of its key personnel and may be unable to retain them or to attract additional highly skilled and experienced personnel. The loss of their services or the inability to attract and retain additional key personnel may impair the Group's operations and growth. - The Group derives most of its current revenues from Investment Vehicles pursuant to agreements that are due to expire in the coming years. - The termination of investment or property management agreements or the removal of a member of the Group as the investment and/or property manager for one or more of the Group's existing Investment Vehicles may result in a reduction of the revenues from the Investment Management Activity. - There may be uncertainty in the payment and value of the revenues generated by the Group from the Investment Management Activity. - The operating targets sought by the Company may not be achieved. - There can be no assurance that the value of the investments that the Group reports from time to time will in fact be realized. - The Company may be subject to the risks associated with joint venture investments or holding minority stakes. - The Group and/or the Investment Vehicles may be subject to potential losses relating to contingencies or issues (whether identified or not) in real estate assets. - There are certain employment-related risks associated with investments where an industry operator may potentially be required. - There are certain inherent risks relating to property development, repositioning and maintenance which may impact the Group's ability to implement the business plan for its Investment Vehicles or for its Direct and Controlling Investments. - The Group's and/or the Investment Vehicles' results of operations may be affected by the loss of income in connection with pending licenses, permits and authorizations. - The Group may be exposed to material unanticipated losses due to legal or operational risks. - The Group may suffer material losses in excess of insurance coverage, if any, or from uninsured events and such insurance coverage may not be sufficient to cover any claims the Investment Vehicles might have against it. - The Group is dependent on information technology systems, which may fail, be inadequate for the tasks at hand or be subject to cyber-attack. **LEGAL AND REGULATORY RISKS**

		- The Group may be subject to litigation risks and may face liabilities and damage to its professional reputation as a result. - There might be potential business-related conflicts of interest between the Group's Direct and Controlling Investments and the Investment Vehicles and between different Investment Vehicles. - Azora Gestión is a collective investment institution management company subject to the supervision of the CNMV. - The Company is not registered under the Investment Company Act of 1940. - The AIFM Directive may apply to the Company and/or the Investment Vehicles. **TAX RISKS RELATED TO THE GROUP AND THE INVESTMENT VEHICLES** - Taxes have an important impact on the Group's business. A change in tax laws, or a challenge of the Group's tax position by the tax authorities, may have an impact on the Group's business, financial condition, results of operations and prospects. - The Group's business may be impacted by a change in the tax position of its Investment Vehicles. - The disapplication of the SOCIMI Regime to Colón Viviendas and Hispania may have an impact on the Group's business. - The Company may be treated as a passive foreign investment company for United States federal income tax purposes which may result in adverse tax consequences for U.S. Holders.
D.3	Key information on the key risks that are specific to the securities:	**RISKS RELATING TO THE SHARES AND THE OFFERING** - The market price of the Company's ordinary shares may fluctuate significantly in response to various factors, many of which are outside of its control, and may decline after the Offering. - The interests shown by certain investors in the Offering may not materialize. - There is no established trading market for the Company's ordinary shares and an active trading market may not develop. - There is no assurance that the Company will pay dividends or regarding the level of any such dividends. - It may be difficult for shareholders outside Spain to serve process on, or enforce foreign judgments against the Company or its Directors. - Shareholders in certain jurisdictions other than Spain, including the United States, may not be able to exercise their pre-emptive subscription rights in order to acquire further ordinary shares or participate in buy-back programs. - The Shares will not be freely transferable in the United States. - An investor whose currency is not the euro is exposed to exchange rate fluctuations.

Section E- Offer		
E.1	The total net proceeds and an estimate of the total expenses of the issue:	The Company will issue up to 47,250,048 New Shares in the Offering in exchange for cash contributions and would raise gross proceeds of approximately €454.55 million, using the Indicative Offer Price as the Offer Price; and assuming (i) full subscription of the New Shares; and (ii) no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Company will issue the Over-allotment Shares in exchange for cash contributions and would raise additional gross proceeds of approximately €45.45 million using the Indicative Offer Price as the Offer Price. The commissions, fees and expenses that will be payable by the Company in connection with the Offering are expected to be approximately €11.71 million (assuming no exercise of the Over-allotment Option) or approximately €12.85 million (assuming exercise of the Over-allotment Option in full). Consequently, after deducting underwriting commissions and other expenses in connection with the Offering, the Company estimates the net proceeds of the Offering to amount to approximately €442.83 million (assuming no exercise of the Over-allotment Option) and €487.15 million (assuming the Over-allotment Option is exercised in full).
E.2a	Reasons for the Offering, use of proceeds:	The Company intends to use the net proceeds of the Offering to fund: (i) the acquisition of investment opportunities within the Strategic Property-Type-Verticals in accordance with the Company's business strategy as well as in other selected opportunities, which may be considered in special situations, including the acquisition of operating platforms and other asset management companies; (ii) the acquisition of (x) 621,929 shares in Carey, representing approximately 21.79% of its share capital, from Ibernia Iniciativa, S.C.R. de regimen simplificado, S.A. (a wholly-owned subsidiary of Hermanos Bécquer 10, S.L., holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño), Baztán Consultores, S.L. (holding company controlled by Ms. María Concepción Osácar Garaicoechea) and Verport Hotel Opportunity B.V. a vehicle owned by entities advised or managed by Canepa's affiliates (consideration amounts approximately to €35.51 million), and (y) the contractual right to subscribe for 61,397 new shares of Carey; and (iii) the acquisition of 301,000 shares in Azora Capital, representing 25% of its share capital, from Canepa (consideration to amount to approximately €58.71 million using the Indicative Offer Price as the Offer Price). In addition, the Company may also use the proceeds for general corporate purposes. The Company expects the net proceeds of the Offering to be deployed in approximately 12 months following completion of the Offering.
E.3	A description of the terms and conditions of the Offering:	The Offering consists of the offer of up to 47,250,048 New Shares, representing 67.74% of the Company's post-Offering share capital (assuming no exercise of the Over-allotment Option), of €1 nominal value each, to investors within and outside of Spain, including a placement in the United States to persons who are reasonably believed to be QIBs (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A. The Offering outside the United States will be made in compliance with Regulation S. The Offering in Spain will include a placement to certain members of the Board of Directors, certain members of the Senior Management

		Team and employees of the Group (in total, no more than 50 persons). In connection with the Offering, the Company will grant an option to the Stabilizing Manager, acting on behalf of the Managers, to subscribe for up to 10% of the New Shares (this is, 4,725,005 shares) at the Offer Price**.** The Over-allotment Option will expire upon the date falling 30 calendar days after the date of Admission and may be exercised on one occasion only, in whole or in part, for the purpose of covering over-allotments (if any) and short positions resulting from stabilization transactions (if any), upon notice by the Stabilization Manager, in its own name and on behalf the Managers, to the Company. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the New Shares, including for all dividends and other distributions declared, made or paid on the New Shares, if any, will be subscribed on the same terms and conditions as the New Shares being sold in the Offering and will form a single class for all purposes with the other ordinary shares of the Company. On the Transaction Date (*fecha de operación bursátil*), which is expected to be on or about May 10, 2018, investors' payment orders will be processed via the Spanish Stock Exchanges and Iberclear and, assuming the Managers have not exercised the termination rights contained in the Underwriting Agreement, investors will be entitled to receive the New Shares subscribed for the Offering. In order to expedite the listing of the ordinary shares of the Company, it is expected that the Joint Global Coordinators, in their capacity as prefunding banks, will subscribe and pay for the New Shares on the Transaction Date, each acting in the name and for the account of the Managers, and each Manager acting for the account of the final investors. Payment for the New Shares by the prefunding banks is expected to be made by 8:00 CET on the Transaction Date to the Company's account maintained with the Agent Bank. Payment by the final investors for the New Shares subscribed and paid for on the Transaction Date by the Joint Global Coordinators as prefunding banks will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the New Shares to final investors, which is expected to take place on or about May 14, 2018, the Settlement Date. The ordinary shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about May 11, 2018, under the symbol "AZR". The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on April 25, 2018 and end on May 9, 2018 (both inclusive), the Managers will market the New Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this Prospectus. Investors may make their subscription proposals during this period, indicating the number of New Shares and the price at which they would be interested in subscribing for New Shares. The Offer Price will be determined by the Company and the Joint Global Coordinators upon the finalization of the book-building period (expected to be on or about May 9, 2018). The Offer Price will be announced through a relevant fact disclosure (*hecho relevante*) reported to the CNMV. No independent experts will be consulted in determining the Offer Price. In addition, up to 2.44% of the New Shares will be offered to members of the Board of Directors (other than the members of the Senior Management Team), the Senior Management Team (other than Ms. Osácar and Mr. Gumuzio) and employees of the Group (up to 50 persons in total). These New Shares will be offered at the Offer Price. Orders placed and confirmed by such persons will be fully attended

E.4	A description of any interest that is material to the issue/offer including conflicting interests:	The Managers and their affiliates are full service financial institution engaged in various activities, which may include securities trading, commercial investment banking, financing advisory, investment management, principal investment, hedging, financing and brokerage activities. From time to time, the Managers and their affiliates may have provided the Group and its Investment Vehicles with investment banking, commercial banking, and other advisory services (including in connection with certain of the Company's, such affiliates' or such Investment Vehicles' outstanding financings and derivatives), for which they have received customary fees. They may provide the Company, its affiliates or its Investment Vehicles with similar or other services, and engage in similar activities, in the future. Moreover, in the ordinary course of their various business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments, including corporate debt facilities, of the Company, its affiliates and its Investment Vehicles. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
E.5	Name of the person or entity offering to sell the securities and details of any lock-up agreements:	The Company is offering the New Shares. The New Shares are being placed by the Managers. Lock-up agreements *vis-á-vis* the Managers - The Company will agree vis-á-vis the Managers that, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares, the Company will not, without the prior written consent of the Joint Global Coordinators: (i) directly or indirectly, issue, offer, pledge, sell, announce an intention to or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the ordinary shares, in each case, whether any such swap or transaction described in sub-section (i) or (ii) above is to be settled by delivery of ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, in cash or otherwise. The foregoing restrictions will not apply to (i) the issue and sale of the Shares (and, if applicable, the issue and sale of additional new ordinary shares of the Company if the Company were to increase the number of new ordinary shares offered in the Offering) or (ii) any ordinary shares issued, sold or transferred or options granted to purchase ordinary shares in connection with the share component of the Annual Bonus and Carried Interest. - Each of Baztán and Hermanos Bécquer will agree *vis-á-vis* the Managers that, during the period commencing on the date of the Underwriting Agreement and ending 360 days after the date of listing of the Company's ordinary shares, it will not, without the prior written consent of the Joint Global Coordinators: (i) directly or indirectly, issue, offer, pledge, sell, announce an intention to or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable

		or exchangeable for ordinary shares or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the ordinary shares, in each case, whether any such swap or transaction described in sub-section (i) or (ii) above is to be settled by delivery of ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, in cash or otherwise. The foregoing restrictions will be subject to customary exceptions. - To the extent Canepa subscribes for New Shares in the Offering, Canepa will agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares. - Furthermore, Ms. Osácar and Mr. Gumuzio will agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 360 days after the date of listing of the Company's ordinary shares. - The relevant members of the Senior Management Team (other than Ms. Osácar and Mr. Gumuzio) that have agreed to subscribe, whether directly or through one of their respective controlled companies) for New Shares in the Offering, and the relevant members of the Company's Board of Directors (other than the Senior Management Team) that have indicated to the Company their interest in subscribing for New Shares in the Offering (to the extent such members of the Board of Directors actually subscribe for New Shares in the Offering, whether directly or through one of their respective controlled companies), will also agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares. Lock-up agreements *vis-á-vis* the Company - Each of Baztán and Hermanos Bécquer have agreed *vis-á-vis* the Company not to dispose or transfer of the ordinary shares of the Company held by them as of Admission (excluding those shares needed to fund the Employee Share Plan), except within the following thresholds and conditions: (x) up to 25% of these shares, after one (1) year from Admission; (y) up to an additional 25% of these shares, after two (2) years from Admission; and (z) up to an additional 25% of these shares, after three (3) years from Admission. - The relevant members of the Senior Management Team that have agreed to subscribe for New Shares, have also agreed *vis-á-vis* the Company, and subject to customary exceptions, to abide by similar restrictions as follows in respect of the New Shares subscribed by each of them in the Offering: (*x*) in respect of 100% of the New Shares, during the period commencing on Admission and ending 360 days after the date of listing of the ordinary shares of the Company; (*y*) in respect of 50% of the New Shares subscribed by them in the Offering, during the period commencing on Admission and ending two (2) years after the date of listing of the ordinary shares of the Company; and (*z*) in respect of 25% of the New Shares subscribed by them in the Offering during the period commencing on Admission and ending three (3) years after the date of listing of the ordinary shares of the Company. The Company may through a resolution of the Board of Directors, waive the restrictions above in the event of extraordinary personal circumstances applicable to the relevant member of the Senior Management Team.

		- Shares received under the Annual Bonus and Carried Interest arrangements may not be disposed or transferred, except within the following thresholds and conditions: (*x*) Executive Directors must hold 50% of the shares received for, at least, one year after receiving the shares and the remaining 50% for, at least, two years; and (*y*) remaining members of the Senior Management Team must hold 25% of the shares received for, at least, one year after receiving the shares and the remaining 25% for, at least, two years.
E.6	Dilution:	The Offering will result in the beneficial interest of Baztán and Hermanos Bécquer in the Company being diluted to an aggregate of 32.26% of the Company's share capital following the Offering (on the basis of (i) no materialization of the interest shown by Baztán and Hermanos Bécquer in the Offering; (ii) full subscription of the New Shares; and (iii) no exercise of the Over-allotment Option). Please see section B.6 and E.3.
E.7	Estimated expenses charged to the investor by the Issuer:	For the purpose of the transfer of the Shares, the Company will not charge investors any expense in addition to the Offer Price. Purchasers of the Shares may be required to pay stamp taxes and other charges in accordance with the practices of the country of purchase in addition to the Offer Price. In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Shares.

RISK FACTORS

Investing in and holding the Shares is subject to a number of risks. Accordingly, you should carefully consider the following risk factors and the other information contained in this Prospectus before making an investment decision.

The risks described below are considered to be material for you in your investment in the Shares; however, the following is not an exhaustive list or explanation of all the risks that you may face when making an investment in the Shares and, should therefore, be used as guidance only. Additional risks and uncertainties not presently known to the Group or that the Group currently believes not to be material may also adversely affect the Group's financial condition, business, prospects and results of operations. In such case, the trading price of the ordinary shares could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

The order in which the risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Group's financial condition, business, prospects and results of operations. You should consider carefully whether an investment in the Shares is suitable for you in light of the information in this Prospectus and your personal circumstances. No assurance can be given to the fact that you will realize any profit, or recover the value of, your investment in the Shares. It should be taken into consideration that the trading price of the Shares and the profit from them can go down as well as up. The Shares are only suitable for investors who understand the potential risk of capital loss and who understand and are willing to assume all of the risks involved in investing in and in holding the Shares.

You should carefully review the entire Prospectus and should reach your own views and decisions on the merits and risks of investing in and holding the Shares. Furthermore, you should consult your financial, legal and tax advisors and/or any competent independent professional adviser specialized in advising on the acquisition of listed securities to carefully review the risks associated with an investment in and holding the Shares.

RISKS RELATING TO THE GROUP'S MARKET AND INDUSTRY

As the Group's business is primarily concentrated in the Spanish real estate market, a deterioration of the Spanish macroeconomic and political conditions as well as of the Spanish real estate market itself will adversely affect the business of the Group

As an investment and management company specialized in the real estate industry and with its principal operations in Spain (with assets under management in Spain representing approximately 88% of the Group's total assets under management as of December 31, 2017 (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017)), the Group's business may be influenced significantly by political and economic conditions in Spain, and to a certain extent, the EU and global financial performance given unexpected changes in global trends affecting local market dynamics. Although the Group intends to diversify its investments to reduce concentration in the Spanish real estate sector and expand into new geographic markets (within the EU area and, in particular, in the Mediterranean zone and key European cities with a strong tourist component), there is no assurance that it will successfully achieve so (amongst other reasons, due to limited experience in the relevant new markets, material and/or resource limitations, the wrong or a not appropriate strategy to enter those markets or unsuccessful sourcing opportunities given a deterioration of the key drivers of the particular investment market). As a result, the Group's performance may remain highly dependent on the economic and political situation of Spain.

After the 2008 global financial crisis, and the subsequent Spanish financial crisis, the Spanish economy has experienced a period of improvement since the beginning of 2014 (year-on-year GDP growth was 3.3% in 2016 and 3.1% in 2017 and GDP is expected to grow by 2.4% and 2.1% in 2018 and 2019, respectively, higher than the expected average of the European Euro area economies of 2.2% and 2.0% in 2018 and 2019, respectively, according to the January 2018 World Economic Outlook by the International Monetary Fund). Although this improvement is having a positive effect on the real estate market conditions in general, there can be no assurance that this growth of the Spanish economy (or that of the Spanish regions where the Group has more presence) or the general recovery of the Spanish real estate market will reach the levels of growth that are anticipated or will be sustained.

In addition, as at the date of this Prospectus, the Spanish economy faces challenges due to internal factors, such as the current Spanish Government having no majority in the parliament following the elections in June 2016 and requiring the support of other political parties to promote and approve new laws and/or the annual national budget, and social and political instability in Catalonia due to movements calling for the region's secession from Spain. Such uncertainty may slow the pace of reforms, law enactments, regulations and policies, or impact economic growth in Spain and in Catalonia in particular. Furthermore, given that the Spanish economy is dependent on the EU economy, external factors, such as negative trends affecting the EU globally, geopolitical uncertainties (including the impending exit of the United Kingdom from the EU and the potential exit of other countries from the Eurozone and/or the EU), volatility in commodity prices or a negative market reaction to central bank policies, may affect the growth of the Spanish economy and, in particular, the disposable income.

Finally, as the business strategy of the Company currently contemplates direct and indirect investments in assets located primarily in Spain and the management of those assets (see "*Business –Business Strategy*"), the Group's business is affected by any factor which may affect the Spanish real estate market. These factors, all of which may be subject to significant variation over time, include, among others, the following: (i) the investment activity of companies; (ii) the supply and demand of real estate in respective locations, as well as special factors affecting the local markets; (iii) the general economic trend, in particular the level of interest rates for the financing of real estate acquisitions; (iv) the cyclical fluctuations in value and demand of the real estate market as real estate markets are typically cyclical in nature and are affected by the economic environment as a whole; (v) regulatory changes; (vi) the relative illiquidity of the assets, which may affect the Group's ability to vary, dispose or liquidate the portfolio of its Investment Vehicles or of its own assets in a timely fashion and/or at satisfactory prices in response to changes in economic, real estate market or other conditions; and (vii) the demographic development in Spain, the development and attractiveness of the Spanish tourist industry and the vacation tourist industry, in particular; and (viii) developments in new social and consumer trends mainly derived from technological changes.

These changing developments and political uncertainties as well as a potential deterioration in the Spanish economy and of the economies of other EU countries (and in particular, in the real estate market in the focus geographical areas) can adversely affect the implementation of the existing business strategies of the Company as well as the results of the Group; thus having a material adverse effect on the Group's business, financial conditions, prospects and results of operations.

The Strategic Property-Type-Verticals in which the Group plans to invest through Investment Vehicles present certain particular inherent risks

As part of the Company's strategy, the Company intends to create and sponsor tailor-made Investment Vehicles with a view to further develop the following Strategic Property-Type-Verticals, which are subject to certain particular inherent risks.

Lodging Real Estate. Demand for lodging accommodation is seasonal in nature, depending principally on location and on the customer base served. In addition, the lodging industry is cyclical and demand generally follows, with a certain lag, the general trends of the economy. The seasonality and cyclicality of the industry may affect the gross margins and the valuation of the lodging-related assets of the Investment Vehicles or the Company, which may contribute to fluctuations in the Group's results of operations and financial condition. In addition, the lodging industry is highly competitive and the Company's or Investment Vehicles' lodging assets are likely to face intense competition from other lodging REITs or other investment managers which, in recent times, have announced the launch of investment vehicles to invest in the European lodging real estate industry, among other competitors. Whereas hotels typically compete on the basis of brand name recognition and reputation, location, room rates, property size and availability of rooms and conference space, quality of the accommodations, amenities offered and the ability to earn and redeem loyalty program points, other lodging accommodation such as hostels or campsites usually compete on the basis of location, quality of the accommodations and the rates of the stays. Failure by the operators of the Company's or Investment Vehicles' lodging assets to compete successfully for hotel/hostels/campsite guests may adversely affect the Company's or Investment Vehicles' gross rental income and, in turn, the value of such assets. Furthermore, the strength of the Spanish and the European vacation lodging industry is closely correlated to the performance of the tourism industry in such geographic areas, which could vary in the future as a result of, among others, changes in the popularity of these targeted areas as tourist destinations, increased attractiveness of existing competing destinations, the emergence and increased connectivity of new competing destinations and the general strength of the economy of the targeted areas' main source markets and, in particular, the disposable income available to tourists.

Residential Real Estate.

- *Rented Residential.* Overall demand for rented residential assets is dependent on a number of factors, including overall economic conditions, employment levels, labour mobility, cost-of-living and real income dynamics, affordability of the rents compared to salary levels, the removal of fiscal incentives for either landlords or tenants, availability and affordability of mortgage loans and other forms of credit to home buyers to facilitate purchasing versus renting, short-term and long-term interest rates and the inflation rate, changes in family composition and general changes of cultural patterns which affect the desire of renting over owning. In addition, the attractiveness of a particular location is normally driven by transportation accessibility and availability of other services and amenities in the area, as well as by the evolution of the tastes and preferences for certain property size, designs and layouts versus others. Low demand for certain rented residential assets can occur at any time because private tenants deem a particular location to be undesirable or if the private tenants move to other areas as a result of economic, social or other conditions leading to higher vacancy rates. Moreover, the recovery of the Spanish economy may result in private tenants increasingly opting to buy residential assets rather than renting (in fact, renting residential assets in Spain is less popular than in other European countries, accounting rented housing units for 22% of total available housing units versus 34% in the 19 European Union as of 2016 (Source: Eurostat). General low demand for rented residential assets or reduced attractiveness of the locations of the rented residential assets of the Company or its Investment Vehicles could force the Company and/or the Investment Vehicles to face higher vacancy rates, lease its residential units on less favorable terms or become unable to find tenants, all of which will subsequently result in lower gross rental income and, potentially, in lower portfolio values.

- *Healthcare.* While the demand for healthcare facilities, and, in particular, the demand for hospitals, care homes, senior housing and the ancillary services provided in such facilities, is expected to increase due to an aging population, new healthier habits in the population of the Company's targeted areas may lead to lower the traditional demand of healthcare services in the future. The healthcare industry in Spain, with particular focus on hospitals, is still very dependent on the public sector, the autonomous communities being the public entities in charge of managing the budget and setting the quality standards for the healthcare assets. As a result, healthcare services are subject to a strict regulatory framework, which may be subject to changes from time to time, and which may require additional investments to adapt the healthcare facilities to the new regulatory framework. The provision of healthcare services is arranged through two schemes: (i) directly by a public entity; or (ii) by a private entity which offers services whose expenses are borne by a public entity plus additional private services. There is no guarantee that healthcare public entities will pay on a timely basis if they face a period of uncertainty and so delay their payments to the service providers of healthcare services, who ultimately pay the rent of such healthcare asset. All of this could prevent the Company and/or the Investment Vehicles from yielding its investments in the healthcare assets at the expected rate.

Commercial Real Estate:

- *Offices*. Demand for office space is dependent on a number of factors, including overall economic conditions and the attractiveness of a particular location due to changes in transport links, the proximity of other office space and commercial tenants and general trends in the commercial real estate market, such as trends in the usage of office space. Even where demand for office space is generally high, the offices held by the Company or by the Investment Vehicles may not be suitable for potential commercial tenants because they may seek spaces of different sizes or a particular layout of office space different from that offered by the Company or by the Investment Vehicles. In addition, a downturn in a particular economic sector may adversely affect the Company or the Investment Vehicles where they have let offices to commercial tenants from that particular economic sector. Furthermore, any excess in supply is likely to exert downward pressure on the rental income, which in turn would reduce the portfolio value of the Company's or the Investment Vehicles' investments as the rent-generating capacity of these office assets would be reduced.

- *Logistics*. While the increase in e-commerce and online retail and the corresponding delivery services has seen a certain rise in demand for logistics space, potential tenants increasingly require such space to be suitable for more efficient and complex storage, classification and distribution processes, in accordance with the needs of online retail, which are different from traditional warehousing needs. In addition, even though the attractiveness of logistic spaces continues to be closely linked to access to infrastructure and large cities, there is new demand for locations within the last mile of large cities and even within the cities themselves, all of which open up new opportunities as well as new threats that any investment in logistics attracts the right demand or even if it does, that it may become quickly obsolete. In the event the Company's or Investment Vehicles' logistics assets were to fail to meet such requirements, this could negatively affect their ability to attract tenants for logistic assets or may force the Company or its Investment Vehicles to accept leasing conditions on less favorable terms or become unable to find tenants, all of which will result in lower gross rental income and, potentially, negatively impact the property value of the asset/portfolio.

- *Retail*. Demand for retail space is closely linked to general economic conditions, including levels of employment and consumption, and demand for residential assets in adjacent areas. In addition, the retail sector, which is currently experiencing an excess of supply in certain segments of the market, is also facing competition from large retail centers, as well as considerable competition from e-commerce and online retail, with consumer shopping habits increasingly shifting from in-store to online shopping, which is putting pressure on retailers' revenues. Moreover, the demand for new type of retail assets, such as retail parks or flagship stores, may affect the current demand for more traditional retail assets. These factors could have an adverse impact on demand for retail space. General low demand for physical retail assets or a reduced attractiveness of the locations of the assets of the Company or its Investment Vehicles could force the Company or the Investment Vehicles to face higher vacancy rates, lease its assets on less favorable terms or become unable to find tenants, all of which will subsequently result in lower gross rental income and, potentially, negatively impact the property value of the asset/portfolio.

Real Estate Debt. Traditionally, the real estate sector has required a significant volume of financing resources resulting in a higher loan-to-value ratio than in other sectors. The tightening of the minimum capital requirements imposed by Basel III on financial institutions, requisites to get access to real estate financing (including, but not limited to mortgages) have become more demanding. As such, a new market opportunity is emerging to provide direct lending through various debt strategies such as mezzanine debt or bridge loans to Spanish small and medium sized entreprises (**"SMEs"**) who are in need of funds for new development projects and capital growth for traditional or non-traditional real estate assets. However, demand to provide direct lending may depend on a number of factors that are beyond the control of the Company, such us for example, overall economic conditions, short-term and long-term interest rates and the inflation rate, and the availability and affordability of mortgage loans (due to for example, more players entering into the direct real estate financing). In addition, potential borrowers such as SMEs are particularly dependent on economic conditions, being more liable to become unable to repay in case of an economic downturn. Real estate loans may become non-performing due to the inability of the borrower to repay the loan. A claim of unpaid debt may become a time consuming and costly legal process and there is no guarantee that such unpaid debt will be ever recovered. Additionally, if the borrower becomes insolvent, the Company or its Investment Vehicles will be subject to the creditors collecting order set forth in the Spanish insolvency legislation. Following such order, the Company or Investment Vehicles may recover part or any of the debt. Therefore, providing real estate debt may lead to costly proceedings or eventual total loss if no amount is recovered. Additionally, the Company or its Investment Vehicles cannot assure that by providing real estate debt they will be able to have access to the collateral of such debt, if any, in the event of a default by the borrower. Normally, the collateral will be the asset which was leveraged for its development, acquisition or refurbishment. In case the debt becomes non-performing, there is no guarantee that the Company or its Investment Vehicles may be able to, either get repaid as a result of a negotiation of an insolvency procedure nor to take possession of or sell such asset due to the enforcement of the security. As a result, any investment in such real estate debt as well as any interest due, whether ordinary or related to delays in its payment, may be lost, partially or totally, resulting subsequently in a lower return from such investment.

For details on the business operations of the Strategic Property-Type-Verticals please see "*Business – Business Strategy*".

Any of these factors, may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's industry is intensely competitive

The real estate investment and management business is intensely competitive, with competition based on a variety of factors, including but not limited to investment performance, business relationships, type of services provided to clients, quality of service provided to clients, client liquidity and willingness to invest, fund terms, fees charged for both asset and property services, brand recognition as well as size of the management firm, business reputation and investment policy. Likewise, investing in the real estate market is particularly competitive due to the increasingly larger number of investors, both private and institutional, interested in making direct acquisitions of real estate assets.

Numerous factors increase the Group's competitive risks, including, but not limited to:

- a number of the Group's competitors in some of its businesses have greater financial, technical, marketing and other resources as well as more personnel;

- several of the Group's competitors have raised significant amounts of capital, and many of them have similar investment and management objectives to the Group's, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that otherwise could be exploited;

- some of the Group's competitors may have a lower cost of capital and access to funding sources that are not available to the Group, which may create competitive disadvantages for the Group with respect to its Investment Vehicles and/or Direct and Controlling Investments, particularly investments that directly use leverage to generate superior investment returns;

- some of the Group's competitors may have more flexibility than it does in raising certain types of funds under the management agreements they have negotiated with their clients;

- some of the Group's competitors may have better expertise or be regarded by clients as having better expertise in a specific asset class or geographic region;

- the Group's competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for such investment; and

- other industry participants may, from time to time, seek to recruit the Group's key personnel.

The Group may lose investment opportunities for its Investment Vehicles and/or Direct and Controlling Investments (as defined in "*Certain Terms and Conventions - Direct and Controlling Investments*) in the future if the Group does not match investment prices, structures and/or terms offered by its competitors. Alternatively, the Group may experience decreased profitability, rates of return and increased risks of loss if it matches investment prices, structures and terms offered by its competitors, which may have an impact on the fees earned by the Group and/or on the determination of fee structures for future Investment Vehicles to the extent that fees are adapted to market conditions and/or industry trends of decreasing fee-based revenues. Moreover, if the Group is forced to compete with other investment managers on the basis of price, it may not be able to maintain its current or target fee structure terms.

In addition, the attractiveness of the Investment Vehicles relating to investments in other investment products or vehicles could decrease due to changes in economic conditions. This competitive pressure could adversely affect the Group's ability to make successful investments and limit its ability to raise new capital from existing or new clients, and therefore, limit the Group's ability to create and sponsor future Investment Vehicles, either of which would adversely impact its businesses, revenues, results of operations and cash flows.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group's reputation and performance may be hampered due to its inability to acquire or source investment opportunities or to implement its business strategy

As part of the Company's business strategy, it will seek to sponsor new Investment Vehicles from time to time and make Direct and Controlling Investments to enlarge its current business (see "*Business –Business Strategy*") by focusing on identifying new investment themes and opportunities and on attracting new clients and/or retaining existing clients to pursue these investment themes and opportunities through tailor made vehicles.

However, the Group's ability to find clients and raise capital from them depends on a number of factors, including market-driven factors beyond the Group's control, and actual, potential or perceived conflicts of interest that the Group fails to deal with appropriately. In particular:

- Clients may downsize their investment allocations to other managers dedicated to investing in and managing real estate related assets, including private funds and hedge funds; they may rebalance a disproportionate weighting of their overall investment portfolio among asset classes other than real estate or they may prefer to invest in other real estate investment proposals and/or vehicles not offered by the Group. In addition, clients may prefer to invest in vehicles with sufficient assets rather than on a purely blind pool basis.

- Although the Company has implemented certain policies and procedures to mitigate conflicts of interest, these policies may be ineffective from time to time. Actual, potential or perceived conflicts of interest could give rise to client dissatisfaction, litigation and other adverse outcomes, making it more challenging for the Company to find clients and raise capital from them and, thus, to achieve its business strategy (see "*There might be potential business-related conflicts of interest between the Group's Direct and Controlling Investments and the Investment Vehicles and between different Investment Vehicles*").

In addition, as part of its business strategy, the Group will seek to further develop, organically or via targeted acquisitions, in-house operational platforms to improve the day-to-day performance of the business, implement appropriate maintenance capital expenditure and letting programs as well as strengthen tenant relationships, all of which is expected to enhance the overall profitability of investments. However, the Company cannot assure that these new operational platforms may be successfully developed, as it is dependent on a number of factors beyond the control of the Company, nor that the current existing operational platforms for the rented residential and the lodging businesses may successfully render the relevant services for the new asset classes within the Strategic Property-Type-Verticals.

Furthermore, the costs associated with the Group's business may be higher than anticipated or may increase in the future. For example, the costs related to identifying attractive investment opportunities suitable for Direct and Controlling Investments or for each Investment Vehicle, and with establishing new Investment Vehicles (both inside and outside of Spain) may initially exceed the revenues such investments generate. Likewise, the Group expects to incur certain third party costs, including but not limited to the financing, valuation and professional services associated with the sourcing and analysis of suitable assets for its Investment Vehicles or for its Direct and Controlling Investments or for the divestments of the assets of its Investments Vehicles or of its Direct and Controlling Investments. If the Direct and Controlling Investments and/or the new Investment Vehicles are not successful, the revenues earned by the Company and/or its Investment Vehicles, as appropriate, may not be sufficient to compensate for these third-party costs. Accordingly, poor performance of the Investment Vehicles and of the Direct and Controlling Investments may deter future investment in the Group's Investment Vehicles and thereby decrease the capital invested in its Investment Vehicles. This may ultimately decrease its fee-based revenues as well as its dividend income where the Company has made an Alignment Capital Investment (as defined in "*Certain Terms and Conventions – Alignment Capital Investments*"). Similarly, in the case of Investment Vehicles' poor performance, clients could demand lower management fees or fee concessions for existing or future Investment Vehicles which would likewise adversely affect the Group's business, revenues, results of operations and cash flows.

Likewise, to a large extent, the Group's reputation is connected to and dependent upon the reputation of clients in the Investment Vehicles of the Group. The Group has internal compliance controls and mechanisms to verify the background and reliability of clients and to ensure a legitimate origin of the funds to be committed. In particular, any time a new client intends to invest funds within a Group's Investment Vehicle, the Group conducts comprehensive know-your-customer and anti-money laundering procedures. However, there is a risk that the internal compliance controls fail to identify any potential risks. The inclusion of a client with a negative reputation may have a negative impact on the Group's reputation and the Group may suffer financial losses, a disruption of its business, regulatory intervention and reputational damage, which in turn may have a negative impact on the Group's business, prospects, results of operations and financial conditions.

All of the foregoing could materially reduce the Group's revenues and cash flows and could negatively affect the Groups' reputation.

Failure to effectively make investments and delays in the deployment of the net proceeds of the Offering (including due to delays in locating and/or acquiring suitable investments) may have an adverse impact on the Group's financial condition, profitability, business, prospects, results of operations and cash flows

While the Company believes it has identified a number of suitable potential investment opportunities, which would be pursued either as Direct and Controlling Investments or through existing and new Investment Vehicles created by the Group, the Company has not yet identified all potential investments to be made with the net proceeds of the Offering. Moreover, there can be no guarantee that suitable investment opportunities will be materialize in a timely manner or at all.

When deploying the net proceeds of the Offering, the Company may face delays and contingencies (in particular, relating to locating suitable investments, negotiating purchase agreements and conducting the due diligence exercise, among others). In addition, necessary authorizations or approvals may be refused, or granted only on onerous terms, and any such refusal, or the imposition of onerous terms, may result in an investment not proceeding according to the timetable originally envisaged and/or significant costs being incurred by the Group in relation to such investment. Furthermore, market conditions and other factors described in this section may adversely affect the Group's ability to identify and execute investments that may be capable of generating, on the whole, the returns targeted by the Company.

Although the Company estimates that the net proceeds of the Offering will be deployed in approximately 12 months following completion the Offering, there can be no guarantee that the Company will be able to apply the net proceeds of the Offering in full in accordance with that estimated timeline or that the Company will be able to make any investments in a timely manner or at all. Although the Company may adopt a policy of active management of its cash and liquid investments portfolio to enhance returns of any idle cash held (see "*Business – Cash management guidelines*" for a further description of cash management guidelines for the period prior to full deployment of the net proceeds of the Offering), any such cash management investments made would typically generate returns that may be significantly lower than the returns the Company would typically aim to achieve through its Direct and Controlling Investments and fee-based revenues generated by its Investment Vehicles.

Failure to deploy the net proceeds of the Offering in a timely manner or at all would thus reduce the Group's revenues and could adversely affect its reputation which could, in turn, harm the Group's ability to make further investments and to raise additional capital in line with its business strategy. This could exacerbate the uncertainty and the risks entailed by an investment in the Shares of the Company.

The Group depends on the members of its Senior Management Team and on the expertise of its key personnel and may be unable to retain them or to attract additional highly skilled and experienced personnel. The loss of their services or the inability to attract and retain additional key personnel may impair the Group's operations and growth

The success of the Group's business and the execution of the Company's business strategy depends, to a significant degree, upon the retention and motivation of the Senior Management Team and key personnel, who are critical to the overall management of the Group, as well as its culture, strategic direction and operating model, and upon the ability to attract new employees. The Senior Management Team of the Group and key personnel possess substantial experience and expertise and have strong business relationships with the clients in the Group's Investment Vehicles and other members of the business communities and industries in which the Group operates. Indicative of the importance of the Group's Senior Management Team is the fact that the Hispania Investment Manager Agreement contains a key man provision whereby Hispania may terminate the agreement if Mr. Gumuzio and Ms. Osácar cease to be significantly involved in the management of Hispania (see "*The termination of investment or property manager agreements or the removal of a member of the Group as the investment and/or property manager for one or more of the Company's existing Investment Vehicles may result in a reduction of the revenues from the Investment Management Activity*").

However, the ability of the Group to retain its Senior Management Team and key personnel or to attract suitable replacements is dependent upon, among other things, the competitive nature of the employment market and the career opportunities and compensation that the Group can offer. The (unexpected) loss of the services of any member of the Management Team and/or key personnel, a limitation in their availability or the failure by the Group to develop a succession plan for its Management Team and/or key personnel could hamper the Company's ability to successfully execute its business strategy and, in some instances, to the termination of some of the existing management agreements.

In addition, experienced employees in the real estate industry are fundamental to the ability of the Group to generate, obtain and manage business opportunities. The success of the Group may make its employees attractive hiring targets for competitors, and in order to retain key employees, the Company may be required to keep pace with increases in remuneration in the marketplace. The Company anticipates that it will be necessary for it to add investment and management professionals both to grow its business and to replace any who depart.

However, the market for qualified investment and management professionals is extremely competitive, both in Spain and internationally, and the Company may not succeed in recruiting additional experienced personnel or it may fail to effectively replace current personnel who depart with qualified or effective successors. Failure to attract and retain such personnel or to ensure that their experience and knowledge is retained within the Group, even when they leave the Group, may materially adversely affect the Group's know-how and internal best practices as well as the Group's business, results of operations, financial condition and prospects.

The Group derives most of its current revenues from Investment Vehicles pursuant to agreements that are due to expire in the coming years

The Group derives most of its current revenues from the Investment Vehicles that it manages pursuant to investment and/or property management agreements some of which are due to expire by the end of the year ended December 31, 2022 (see "*Material Contracts*" for details on the agreements due to expire in the coming years). The termination of these agreements would mean the loss of approximately 70% of the Group's total assets under management as of December 31, 2017 (including the assets under management derived from the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017; and assuming the successful consummation of ongoing private placement processes in respect of certain Investment Vehicles which accounted for approximately 26% of the Group's total assets under management as of December 31, 2017) and the loss of 58.24% of total revenues generated during the year ended December 31, 2017 (excluding other revenues and the revenues related to the Student Accommodation Transaction which were generated in the year ended December 31, 2017; and assuming the successful consummation of ongoing private placement processes in respect of certain Investment Vehicles which accounted for approximately for 33.20% of total revenues generated during the year ended December 31, 2017 adjusted by other revenues and the revenues related to the Student Accommodation Transaction) (see "*Business – Business Segments*"). In particular, as a result of the value return proposal approved by Azora Gestión S.G.I.I.C., S.A.U. ("**Azora Gestión**") in respect of Hispania Activos Inmobiliarios, SOCIMI, S.A. ("**Hispania**"), Hispania is expected to be liquidated by March 14, 2020, with the Hispania Investment Manager Agreement terminating on such date. The termination of the Hispania Investment Manager Agreement would mean the loss of 59.90% of total assets under management as of December 31, 2017 and 52.56% of total revenues generated for the year ended December 31, 2017 (excluding other revenues and the revenues related to the Student Accommodation Transaction) (see "*Business – Business Segments*").

Although the Group is already working on raising new capital from third parties for an Investment Vehicle focused on investing in sun and beach hotels located in established Mediterranean touristic destinations with a large share of European clientele, as well as in building a sizeable pipeline of other attractive investment opportunities, there is no assurance that the Group will be able to raise sufficient new client capital or to complete the acquisition of investment opportunities, or that the terms of new management agreements will be comparable to or more favourable than those under the investment and property management agreements that are due to expire in the coming years.

The termination of investment or property management agreements or the removal of a member of the Group as the investment and/or property manager for one or more of the Group's existing Investment Vehicles may result in a reduction of the revenues from the Investment Management Activity

In addition, as of the date of this Prospectus, all of the Group's current management agreements may be terminated under certain conditions prior to their initial term in the event of, among others, breach of contract by the relevant Group company or where the relevant Group company has acted negligently. In addition, certain of the Group's management agreements contain termination clauses that include, among other provisions, "change of control" termination events which would be triggered by the Offering. Although the Group has obtained waivers from the relevant counterparties in respect of all such "change of control" clauses and similar termination events that could be triggered as a result of the Offering, some of these waivers are subject to conditions (see "*Material Contracts – Encasa Cibeles Investment Management Agreement*" and "*– Selección de Inmuebles Property Management Agreement*"). If the Group were to breach any such conditions, the relevant waivers would be jeopardized. Furthermore, some of the management agreements in place as of the date of this Prospectus include key man provisions and, therefore, could be terminated, if certain members of the Senior Management Team (notably, Mr. Gumuzio and Ms. Osácar) cease to be involved in the management of the relevant entity (see "*Material Contracts – Hispania Investment Manager Agreement, Encasa Cibeles Investment Management Agreement and Carey Asset Management Agreement*"). In particular, given the substantial proportion of the Group's assets under management and total fee-based revenues represented by Hispania, termination of the Hispania Investment Manager Agreement prior to the expiry of its term (see "*Material Contracts – Hispania Investment Manager Agreement*" for further details on the termination of the Hispania Investment Manager Agreement), could materially adversely affect the Group's business and results of operations.

In relation to the above, on April 5, 2018, Alzette Investment S.á r.l., ("**Alzette**"), a company owned by entities advised by affiliates of Blackstone Group International Partners LLP ("**Blackstone**"), announced through a relevant fact disclosure (*hecho relevante*) that it had entered into an unconditional agreement with QP Capital Holdings Limited and QPB Holdings Ltd. to purchase from them a stake amounting to 16.56% of the outstanding share capital of Hispania. On the same date, Alzette announced through a further relevant fact disclosure (*hecho relevante*) a voluntary public tender offer for the remaining ordinary shares of Hispania, excluding the ordinary shares already owned by Alzette (the "**Blackstone Tender Offer**") (see "*Business – "Recent Developments – The Blackstone Tender Offer*"). Based on the information available at the time of this Prospectus, it is uncertain whether or not, following settlement of the Blackstone Tender Offer (if successful), the Hispania Investment Manager Agreement will be terminated.

In addition, both Lazora S.I.I., S.A. ("**Lazora**") and Carey Value Added, S.L. ("**Carey**") are currently in the process of private placements of their respective shares (which, in the case of Lazora, is expected to close by June 2018) to replace the majority (or a portion in the case of Carey) of their existing shareholder base, increase their capital and investment capacity and re-launch such Investment Vehicles. There is no assurance that these relaunches will be completed satisfactorily or that the terms of the new management agreements will be comparable to or more favourable than those of the existing management agreements with Lazora and Carey, respectively. Fee-based revenues obtained from Lazora and Carey accounted for 13.53% and 2.96%, respectively, of total revenues generated for the year ended December 31, 2017).

Any transitional period until the replacement or renewal of management and/or property agreements could result in significant loss of income for the Group and material disruptions to the Group's management and investment activities. In addition, the Group may be unable to replace or renew existing management and/or property agreements in the future on favourable terms or at all which may materially adversely affect the Group's reputation and the Group's business, financial condition, results of operations and prospects.

There may be uncertainty in the payment and value of the revenues generated by the Group from the Investment Management Activity

The main revenue sources of the Group are: (i) revenues from the Investment Management Activity; (ii) revenues from the Alignment Capital Investment Activity; (iii) revenues from the Direct and Controlling Investment Activity; and (iv) other Operating Income (see "*Operating and Financial Review - Description of Key Line Items – Revenue*").

Revenues generated by the Group from the Investment Management Activity, and, therefore, the Group's results of operations, could vary substantially as both its asset management fees and property management fees are currently linked to certain parameters (i.e. EPRA NAV, investment yields, rental growth and GAV, revenues, among others) that can fluctuate considerably over time (see *"Material Contracts"* for further details on the asset and property management fee calculations). Furthermore, the Group's incentive fees are uncertain and can fluctuate considerably not only based on the parameters described above, but also on timing as their accrual may require certain disposals or liquidity events which are contingent on factors beyond the Group's control. Any of the foregoing could have an adverse impact on the performance of the Investment Vehicles (see *"Material Contracts"* for further details on the incentive fee calculations).

In light of this uncertainty regarding the realization and value of incentive fees, the Group avoids recording a value in its financial statements for incentive fees not yet accrued until the time of accrual of the relevant incentive fee. This results in high variability in the Group's results of operations, depending on whether or not incentive fees have indeed been accrued in the relevant period (for example, incentive fees accrued in the Consolidated Financial Statements amounted to 0 euros in the year ended December 31, 2015, €20.1 million in the year ended December 31, 2016 and €30.3 million in the year ended December 31, 2017). Notwithstanding the foregoing, the Group's Investment Vehicles may estimate the value of future incentive fees to be paid, if accrued, to members of the Group, which may be recorded as provisions in the relevant Investment Vehicle's financial statements. For example, in its consolidated financial statements as of and for the year ended December 31, 2017, Hispania recorded a provision amounting to €95.0 million relating to the incentive fee potentially becoming payable to the Group (see "*There can be no assurance that the value of the investments* *that the Group reports from time to time will in fact be realized*"). However, as explained above, the fact that Hispania has recorded such amount as a provision in its accounts does not translate into the Group recording such amount in its accounts.

In addition to the above, the announcement of the Blackstone Tender Offer by Alzette, dated April 6, 2018, acknowledges an incentive fee to Azora Gestión of approximately €173 million, calculated on the basis of the proposed Blackstone Offer Price and in accordance with the incentive fee calculation methodology disclosed in the Hispania IPO Prospectus (see "*Business – "Recent Developments –The Blackstone Tender Offer*"). The actual amount of fees that Azora Gestión is entitled to receive will depend, however, on the circumstances following the settlement of the Blackstone Tender Offer (if successful).

The past or current performance of the existing Investment Vehicles as of the date of this Prospectus may not be indicative of their future results or the results of Investment Vehicles the Group may create and sponsor in the future or of the Direct and Controlling Investments the Company may execute

The past or current performance of the existing Investment Vehicles as of the date of this Prospectus or the Investment Vehicles already monetized may not be indicative nor is it intended to be indicative of the future performance of the Investment Vehicles the Group may create and sponsor in the future or of the Direct and Controlling Investments the Company may execute. Differences between the circumstances of the Group and the circumstances under which the track-record information included in this Prospectus was generated, include, but are not limited to, actual acquisitions and investments made, investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, performance targets, market conditions and different investment horizons. For example, the historical performance may be due to favorable investment opportunities and positive and/or adverse economic and market conditions which existed in the relevant period and may not exist in future periods.

If the future performance of the Investment Vehicles or of the Direct and Controlling Investments the Group may execute is poor (see "*The Group's reputation and performance may be hampered due to its inability to acquire or source investment opportunities or to implement the Company's business strategy)* this could have a material adverse effect on the Group' reputation, business, financial condition, results of operations and prospects.

The operating targets sought by the Company may not be achieved

The Company is currently engaged in building up a substantial, credible and attractive pipeline of investment opportunities across the Strategic Property-Type-Verticals for its Alignment Capital Investments and Direct and Controlling Investments as well as opportunities for the Investment Management Activity. By executing its investment pipeline, the Company seeks to meet certain operating targets (see "*Business – Business Strategy – a) Development of the pipeline within the Strategic Property-Type-Verticals";* and "*Business – Business Strategy – f) Target pace of investment and operating targets*"). However, there can be no assurance that the Company's investments will meet these targets or that the Company will achieve or successfully implement its business strategy. As there can be no guarantee for investors that such targets will be achieved, either in whole or in part and, any decision to invest in the Shares should not be based on such targets. The Company aims to achieve the operating targets through a careful implementation of its business strategy. The operating targets are based on numerous assumptions, estimates, regulatory and financial conditions, and projections regarding the Group's future business and the environment in which the Group expects to operate, including the Spanish and EU economy in general, and the real estate market in Spain and elsewhere in particular. Although the Company believes such assessments to have been made on a reasonable basis, there can be no assurance that these assessments and expectations will be proven correct, and failure to achieve any or all of them may materially adversely impact the Company's ability to achieve the operating targets. Furthermore, market conditions in general and the performance of the Company's share price in particular, among other factors, may impede the Company's ability in the future to raise capital through offerings of equity securities, thus adversely limiting its ability to achieve its operating targets and implement its business strategy.

There can be no assurance that the value of the investments that the Group reports from time to time will in fact be realized

A substantial portion of the investments that the Group has made in the past and expects to make in the future are investments accounted for using the equity method. In order to ensure alignment between the accounting policies of the associated companies that hold such investments, on the one hand, and the accounting policies of the Group, on the other hand, certain uniformity adjustments are made, mainly in relation to estimates of the fair value of the investment property. This estimate requires making significant assumptions and assessments, mainly to determine the gains associated with the real estate assets that constitute the core business of the associated companies, which are based mainly on appraisals by external experts.

Valuations of real estate assets or real estate companies, and, in particular, valuations for which market quotations or liquidation values are not readily available, are inherently uncertain and/or subjective due to, among other things, the following factors: (i) all real estate valuations are made on the basis of assumptions, such as market rental levels, replacement costs, land costs, liquidity and client appetite for each particular asset (some of which are based on third party information that the Company has provided) which may not prove to be accurate; (ii) an asset may be valued differently by different appraisers; (iii) the expected profitability of the assets may vary or may differ from the actual realized profitability; (iv) a delay in the process of obtaining a license which may affect the timing of the expected future cash flows; (v) a valuation may become obsolete as a result of legislative changes; (vi) the illiquid nature of real estate assets; and (vii) the valuation methodology used. In this respect, although the valuation of the real estate assets, which are very relevant for the overall valuation of the Group's investments, is normally entrusted to professional reputable independent appraisers which tend to use the RICS methodology, widely accepted and recognized as the industry standard, these valuations require that the appraisers make certain assumptions.

As a result of the above, there may be fluctuations in value over short periods of time and these values may differ materially from the values that would have resulted if a ready market quotation or liquidation value had existed. Even if market quotations or liquidation values are available for the Group's investments (the Group's current investments include, among others, shareholding interests in Hispania and Colón Viviendas SOCIMI, S.A. ("**Colón Viviendas**"), for which market quotation values are readily available, and Lazora, for which a liquidation value is available on a monthly basis) such quotations may not reflect the value the Group would actually be able to realize because of various factors, including future market price volatility or the potential for a future downturn in the market. Changes in the values attributed to investments from time to time may result in the Group incurring a loss or a profit and a variation in the results of operations of the Group from time to time.

The Group's business activity involves investments in relatively high-risk, illiquid assets, and it may fail to realize any profits from these activities for a considerable period of time or lose some or all of its principal investments

Investments in real estate can be relatively illiquid due to the unique nature of each asset, the specialist nature of the market participants, the large lot sizes in the case of some assets and the potential time and cost implications of disposing of the assets. Such illiquidity, especially during periods of financial stress, may affect the Group's ability to vary the portfolio of its Investment Vehicles or of its Direct and Controlling Investments or to dispose of or liquidate all or part of the assets in a timely fashion and/or at satisfactory prices in response to changes in economic, real estate market or other conditions. Should these events occur, it could reduce the performance of the Group's Investment Vehicles, which could affect its fee income and its revenue from the Alignment Capital Investments or reduce the performance of the Group's Direct and Controlling Investments, which could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Company may be subject to the risks associated with joint venture investments or holding minority stakes

Pursuant to the Company's business strategy (see *"Business – Business Strategy"*), the Company will typically invest in Investment Vehicles and make Controlling Investments alongside other clients, in the form of partnership agreements, commingled funds, evergreen structures or joint venture agreements among others, with the remaining ownership interests being held by one or a number of third parties, thus leading to the Company not having full control over such vehicles.

In particular, and where the number of clients is limited, the Group will need to negotiate suitable arrangements with each of them. This process could prove to be time-consuming, and these arrangements could restrict the Group's ability to act quickly or unilaterally with respect to the relevant assets. Also, the Group's residential property management business is carried out through Azzam Vivienda, S.L.U. ("**Azzam Vivienda**"), which is a wholly-owned subsidiary of Azzam Gestión Inmobiliaria, S.L. ("**Azzam**") in which the Group holds 51% of the share capital (the remaining 49% is held by Larcovi Alquila, S.L., whose parent company, Larcovi, S.A.L., is currently in insolvency proceedings). Considering the importance of the role played by Azzam Vivienda within the residential property management business of the Group, together with the fact that the Company's business strategy involves, among others, further developing and strengthening the operational management platform of the Group, with platforms being jointly developed with a third-party, or investments being made alongside clients, the Group is subject to the risks associated with joint venture investments or holding minority stakes.

The joint venture and minority stakes investments expose the Group to the following risks among others:

- it may be unable to exert effective influence in important decisions (including the distribution of dividends);

- co-owners have economic or other interests that are inconsistent with the Company's interests and are in a position to take or influence actions contrary to the Group's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Group's ability to implement its sale or hold strategy;

- disputes between the Group and co-owners, with any litigation or arbitration resulting from any such disputes increasing the Company's expenses and distracting the Board of Directors and the Management Team from their other managerial tasks;

- co-owners become insolvent or bankrupt (with decisions being taken or subject, as appropriate, to the consent of the insolvency receiver), or fail to fund their share of any capital contribution or mortgage or other debt payment which might be required, which may result in the Group having to pay the co-owner's share or risk losing the investment;

- co-owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;

- co-owner breach of agreements related to an investment, which may cause a default under such agreements and result in liability for the Group;

- decisions taken between the co-owner and the Group regarding a particular investment may be subject to shareholder agreements and the corresponding company regulations, which may impact the Group's ability to deploy its perspective strategy on the particular investment;

- in some of the Investment Vehicles there may be rights of first refusal or first offer and investment structure agreements may provide for buy-sell or similar arrangements, including, the so-called "drag-along rights", whereby if investors holding a high enough proportion of the shareholding interest decide to sell to a third party, the Group's interests would also have to be sold for an equivalent price;

- the Group may, in certain circumstances, be liable for the actions of co-owners; and

- a default by a co-owner may constitute a default under mortgage or other loan financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Group.

Any of the above business relationship scenarios could impact the value of its investments, the returns from its investments (either via dividends or capital gains) and its fee-based revenues, thus having a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Due diligence performed in connection with an investment may not identify all risks and liabilities

Prior to entering into an agreement to directly or indirectly make an investment, the Group will expect to perform due diligence in respect of such proposed investment. In so doing, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including technical and legal analysis, commercial analysis and property valuation). Investments undertook by the Group for itself or on behalf of its Investment Vehicles may be subject to hidden material defects that were not apparent at the time of the investment. To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the Group may incur, directly or indirectly, unexpected liabilities, such as defects in title, an inability to obtain permits and/or approvals enabling it to use the asset as intended, environmental, structural or operational defects or liabilities requiring remediation which may require time and additional expenses. Any due diligence exercise which fails to identify any such defects, liabilities or risks may result in investments which are not consistent with the Company's business strategy or which fail to perform in accordance with expectations, which, in turn, could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group and/or the Investment Vehicles may be subject to potential losses relating to contingencies or issues (whether identified or not) in real estate assets

The Group and/or the Investment Vehicles may be subject to claims or other losses due to defects relating to their assets, including latent construction defects unknown to the Group and/or the Investment Vehicles, as appropriate, but that could have been identified at the time of the acquisition. In addition, although the Group seeks to obtain contractual protection from the seller of a property against undisclosed claims and contingencies as well as against other issues/contingencies which have been identified during the due diligence, there can be no assurance that such contractual protection will always be successfully obtained, or that it would be enforceable or effective if obtained under contract. Any claims for recourse that the Group and/or the Investment Vehicles may have against parties from which the Group and/or the Investment Vehicles have purchased a property may fail because of, among other reasons, the expiration of the warranty period and the statute of limitations, the insolvency of the seller or lack of proof of the knowledge that the seller had or should have had regarding the corresponding defect or contingency. Furthermore, insurance maintained by the Group and/or the Investment Vehicles to cover such risks may not adequately protect the Group and/or the Investment Vehicles from the consequences of the potential liabilities referred to above, including losses arising from the interruption of the Group's and/or the Investment Vehicles' businesses as a result of addressing such defects or litigating such claims.

The Group and/or the Investment Vehicles may also be exposed to future liabilities and/or obligations with respect to the disposal of investments. The Group and/or the Investment Vehicles may be required to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Group and/or the Investment Vehicles may be required to pay damages (including, but not limited to, litigation costs) to a purchaser to the extent that any representations or warranties that it had given to that purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any incorrect representations and warranties could give rise to a right by the purchaser to unwind the contract in addition to receiving damages. Furthermore, the Group and/or the Investment Vehicles may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities or liabilities arising from construction defects (*responsabilidad decenal*). Any such costs incurred as a result of such claims, litigation or obligations, and any steps which the Group and/or the Investment Vehicles are required to take to meet these costs, such as the sale of assets or increased borrowings, could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Delay or failure to obtain any material approval could prevent the Group and/or the Investment Vehicles from acquiring certain investments or could hinder the operations of certain investments

The Company may either invest (directly, indirectly and/or on behalf of the Investment Vehicles) in real estate assets that it believes have obtained all material approvals or it may invest (directly, indirectly and/or on behalf of the Investment Vehicles) in real estate assets that require additional approvals. Despite the Group's due diligence process in relation to these assets, there can be no guarantee that all material approvals have actually been obtained or that the Group and/or the Investment Vehicles are aware of all approvals that will be required. In addition, the Group and/or the Investment Vehicles may need the consent or approval of applicable regulatory authorities in order to acquire or hold particular investments.

Even where consents or approvals have been obtained, the investments carried out by the Company and/or the Investment Vehicles (directly, indirectly and/or on behalf of third parties) could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on its investments. As such, additional regulatory approvals, including without limitation, ownership restrictions, renewals, extensions, transfers, assignments, reissuances or similar actions, may become necessary in the future due to a change in laws and regulations or for other reasons. There can be no assurance that the Group and/or the Investment Vehicles will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals.

Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of the asset as intended or at all, sales to third parties or could result in additional costs, all of which may adversely impact the financial performance of the Group.

There are certain employment-related risks associated with investments where an industry operator may potentially be required

The Group and/or its Investment Vehicles may invest in real estate assets, let such assets to third-party industry operators (through property or industry leases), indirectly manage such assets through temporary third-party management contracts or, in certain cases, following their acquisition, the Group may directly manage such assets.

Managing real estate assets is a personnel-intensive activity. From an employment perspective, risks associated with real estate assets which require an industry operator include: (i) employment responsibilities and social security responsibility for employees employed by the operator of the property; (ii) joint and several responsibilities, and/or secondary responsibility, for potential social security or employment obligations with respect to employees who provide related services; and (iii) the potential transfer of existing employees to the Group and/or the Investment Vehicles (*sucesión de empresa*). Therefore, as a result of investing in real estate assets where an industry operator is required, the Group's and/or Investment Vehicles' headcount and, accordingly, its employment-related risks and costs (including social security contributions), could be further increased, and the Group and/or the Investment Vehicles may also be exposed to employment disputes or litigations.

Should any of the above take place, the Group's financial condition, business, prospects and results of operations may be materially adversely affected.

There are certain inherent risks relating to property development, repositioning and maintenance which may impact the Group's ability to implement the business plan for its Investment Vehicles or for its Direct and Controlling Investments

There may be certain projects for the Group's Investment Vehicles or for its Direct and Controlling Investments which could comprise the acquisition of plots, securing building rights and provision of further project planning. The Group and its Investment Vehicles will typically and generally be dependent on the performance of third party contractors who undertake the management or execution of such development projects. Such development projects would expose the Group and its Investment Vehicles to various risks, including, but not limited to (i) delays in the timely completion of projects; (ii) failure by third party contractors in performing their contractual obligations or poor quality workmanship from such contractors; (iii) cost overruns in relation to the services provided by the third party contractors that are not borne by such contractors; (iv) disputes with third party contractors; (v) liability of the Group and its Investment Vehicles for the actions of the third party contractors; and (vi) inability to obtain governmental and regulatory permits on a timely basis or at all.

In addition, the Group may make significant investments in capital expenditure and/or maintenance costs for real estate assets held by itself or by its Investment Vehicles in order to reposition or maintain those assets so they remain desirable to tenants and generate the targeted revenues over the long-term or maintain any operating standards associated with a brand. Maintaining and improving the condition of real estate assets is important to capture any increase in market demand as well as, in some cases, to retain well-known operators and can entail significant costs. There can be no assurance that the Group will be able to achieve the desired yield in the future on such capital invested.

The risks referred to above may cause increases in costs in excess of those initially estimated and delays of, or the cancellation of, future projects. Should the above happen, it could reduce the performance of the Group's Investment Vehicles and Group's Direct and Controlling Investments which could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group's and/or the Investment Vehicles' results of operations may be affected by the loss of income in connection with pending licenses, permits and authorizations

In order to own and lease the real estate assets of the Group's Investment Vehicles or Direct and Controlling Investments, the Group and/or the tenants or managers of these assets are required to obtain certain licenses, permits and authorizations. Due to refurbishment works, change of intended use, and/or on-going works to modernize the real estate assets and bring them into conformity with regulations, it will generally be necessary for the Group, the Group's Investment Vehicles or, if appropriate, the tenants or managers performing their activities or managing the assets, to obtain the corresponding licenses, permits and authorizations. In certain cases, the Group and its Investment Vehicles may acquire real estate assets that do not yet possess all necessary licenses, permits and authorizations at the time of such acquisition and/or fail to comply with planning and sectorial legislation. Also, the actual process for obtaining such licenses, permits or authorizations or bringing the assets into conformity with regulations is subject to regulations and administrative procedures. As a result, the Group may not be able to manage such real estate assets as and when originally planned due to (i) delays in obtaining or renewing (or failure to obtain or renew) the necessary licences, permits and authorisations and/or (ii) failure to bring the assets into conformity with zoning and sectorial legislation.

All of the above could have an adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group and the Investment Vehicles may invest in real estate assets through a variety of instruments

The Company's business strategy contemplates not only direct investments in real estate assets but also indirect investments in underlying real estate assets through a variety of instruments, including equity stakes where it is believed that the Group or the Investment Vehicles, can exercise significant influence to protect the interest of their respective shareholders, as well as via the investment in hybrid, junior, mezzanine and senior debt arrangements.

Any such indirect investment is subject to inherent risks, in particular the risk that the Group or the relevant Investment Vehicles may ultimately be unable to acquire entire control of the underlying real estate asset or that the amount of the Group's or Investment Vehicles' indirect investment may exceed the realization value of the underlying real estate asset. Furthermore, investment through debt with the objective of taking possession of the underlying real estate asset entails certain risks which differ from those of direct investments in real estate assets or investment in the share capital of a company with real estate-related assets and differ also from those investments made via debt instruments with no implicit purpose of getting possession of the underlying real estate asset (e.g., direct lending). (see "*Business – Business Strategy – a) Development of the pipeline within the Strategic Property-Type-Verticals – Real estate debt*").

In addition, the Group or Investment Vehicles invest in debt arrangements secured on property assets and with the objective of taking ultimate possession of the asset itself, and the investment will consist of the loan receivables rather than the secured collateral. Where the borrower under any such loan repays the loan in full, the Group or the Investment Vehicles will be unable to acquire the underlying real estate asset and the loan proceeds may result in a lower return than the Group or the Investment Vehicles may have been able to realize if they had been able to acquire the underlying real asset. Furthermore, in the event of a default of any real estate-backed loan assets which would entitle the Group or the Investment Vehicles to enforce the underlying security, the process could prove overly expensive and time-consuming depending on the type of security held, and enforcing the collateral through these means may reduce the value recovered. To the extent that there is an enforcement of collateral and insufficient amounts are available from the realization of assets to repay all amounts outstanding, the amounts due to the Group or the Investment Vehicles under the loan may be reduced by sharing the recovered funds with other creditors. Any failure or delay in enforcing security, or where the realization yields insufficient funds, could have a material adverse impact on the Group's financial condition, business, prospects and results of operations.

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

The Group and/or its Investment Vehicles may choose to invest in companies that are involved in bankruptcy proceedings

The Group and/or its Investment Vehicles may invest in companies that are involved in bankruptcy proceedings as a way to access the underlying assets and extract value through their active management. Unless and until such bankruptcy proceedings are terminated, the Group and/or its Investment Vehicles may not have full control over such assets.

Under Spanish insolvency law, as a consequence of the declaration of insolvency, the insolvent company is subject to insolvency proceedings, which may end with the approval of a creditors' agreement, or, failing that, in the liquidation of such company. Alternatively, the insolvency proceedings could also be terminated during the common phase through the sale of the "production unit". Under certain scenarios within an insolvency proceeding, the powers to manage and dispose of assets may be limited or subject to the prior authorization of the insolvency administrator.

Investing in assets of highly distressed or bankrupt companies is subject to the uncertainty of outcome of insolvency proceedings and this could have a material adverse impact on the Group's financial condition, business, prospects and results of operations.

The Group may be exposed to material unanticipated losses due to legal or operational risks

In order to manage the risks inherent to its business and to protect itself against legal risks and other potential harm, the Group maintains policies, procedure and systems that enable it to identify, monitor and control its exposure to operational, legal and reputational risks. If the Group's risk management efforts are ineffective due to their design, control mechanisms or implementation or as a result of the lack of adequate, accurate or timely information or otherwise, it may suffer losses or may be subject to fines or sanctions that may have a material adverse effect on its business, financial condition, prospects and results of operations.

Furthermore, applicable environmental, health, safety, stability and planning laws and regulations, as currently in effect and as amended from time to time, impose obligations and potential liabilities on the owners of real estate assets (including liabilities that were incurred or that arose prior to the acquisition of such assets). Such obligations and liabilities may result in significant investigation, removal or remediation costs regardless of whether the Group and/or its Investment Vehicles originally caused directly or indirectly the relevant environmental, health, safety, stability or planning risk or damage.

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

The Group may suffer material losses in excess of insurance coverage, if any, or from uninsured events and such insurance coverage may not be sufficient to cover any claims the Investment Vehicles might have against it

Assets held by the Group or its Investment Vehicles may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. Furthermore, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also result in insurance proceeds being unavailable or insufficient to repair or replace a real estate asset or pay for environmental clean-up costs. Should an uninsured loss or a loss in excess of insured limits occur, then it may lower the returns of the Group or the Investment Vehicles, which in turn would adversely affect the Group's business, financial condition, results of operations and prospects.

Although the Group maintains insurance to cover claims its Investment Vehicles may have against it, such claims may not be compensated under such insurance in full or at all. If any claims by the Investment Vehicles against the Group are not compensated or are only partially compensated, this may have a material adverse effect on the Group's financial condition, business, prospects and results of operations**.**

The Group is dependent on information technology systems, which may fail, be inadequate for the tasks at hand or be subject to cyber-attack

The Group is dependent on sophisticated information technology ("**IT**") systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses. IT systems need regular upgrading. The Group may be unable to implement necessary upgrades on a timely basis, or at all, such as for example the Group's SAP HANA platform, may not function as anticipated or may be subject to vulnerabilities. The Group's business strategy depends in part on its IT systems, and it may not be successful in managing these systems. Furthermore, any failure by the Group to protect its operations from cyber-attacks could result in the loss of sensitive information relating to its business or its clients, which could result in reputational damage, litigation and remediation costs. Threats to IT systems are increasingly sophisticated, and there can be no assurance that the Group will be able to prevent all threats. Although the Group has a business continuity plan in place and it maintains back-up systems for its operations, the Group may also incur costs as a result of any failure of its IT systems. A major disruption to the Group's IT systems could have a material adverse effect on its business, results of operations, financial condition or prospects.

The use of leverage may expose the Group and the Investment Vehicles to risks associated with borrowings

The Company aims to achieve loan-to-value ratios in the range of 40% to 60% at the asset investment level (see "*Business – Business Strategy – a) Development of the pipeline within the Strategic Property-Type-Verticals – f) Target pace of investment and operating targets*") and, from time to time, it may also consider to raise financial debt to fund the Group's Direct and Controlling Investments. The use of leverage increases the exposure to adverse economic factors such as rising interest rates and downturns in the economy, and exposes the Group and the Investment Vehicles to risks associated with borrowings, including but not limited, limitation on the ability to sell, transfer or dispose of assets and to pay dividends.

LEGAL AND REGULATORY RISKS

The Group and/or the Investment Vehicles are subject to certain laws and regulations relating to real estate assets

In connection with the real estate assets that the Group and/or the Investment Vehicles owns as of the date of this Prospectus and in respect of those that the Group and/or the Investment Vehicles may own in the future, the Group and the Investment Vehicles will be required to comply with the applicable laws and regulations of the jurisdiction in which the assets are located, which relate to, among other matters, property, land use, tax, development, zoning, health, safety, stability requirements and environmental compliance. In addition, certain of the real estate assets in which the Group and the Investment Vehicles invest may also be subject to specific laws and regulations applicable to such assets. For example, should the Group or the Investment Vehicles invest in regulated housing assets in Spain, the Group or the Investment Vehicles will only be able to let such units to tenants who meet the relevant statutory requirements, such as, among other things, having an income not exceeding a certain level and other requirements set by the public authorities. Additionally, the applicable laws within Spain may vary from one autonomous region to another, and between different assets within the same autonomous region.

These laws and regulations often provide broad discretion to the administering authorities. Additionally, in the event new laws or regulations are implemented (some of which may be retrospective), or the interpretation or enforcement of existing laws or regulations changes, this may cause the Group and/or the Investment Vehicles to incur increased capital expenditure or running costs to ensure compliance with the new applicable laws or regulations, which may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Environmental, health, safety, stability and planning laws, regulations and standards may expose the Group and/or the Investment Vehicles to the risk of substantial unexpected costs and liabilities

Applicable environmental, health, safety, stability and planning laws and regulations, as currently in effect and as amended from time to time, impose obligations and potential liabilities on the owners of real estate assets (including liabilities that were incurred or that arose prior to the acquisition of such assets). Such obligations and liabilities may result in significant investigation, removal or remediation costs regardless of whether the Group and/or the Investment Vehicles originally caused the relevant environmental, health, safety, stability or planning risk or damage. In addition, liabilities could adversely affect the Group's ability to construct, manage, sell, lease or redevelop a property, or to borrow using a property as security. See also "*The Group and/or the Investment Vehicles are subject to certain laws and regulations relating to real estate assets*".

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

Furthermore, applicable environmental, health, safety, stability and planning laws and regulations may also limit the uses for which the assets of the Group and/or Investment Vehicles can be deployed, and may impose liability for, among other things, the types of activities that may be developed in them. The Group's and the Investment Vehicle's investments may include real estate assets historically used for commercial, industrial or manufacturing uses. Such assets are more likely to contain, or may have contained, storage tanks for the storage of hazardous or toxic substances. Leasing real estate assets to tenants that engage in industrial, manufacturing and other commercial activities will cause the Group and/or the Investment Vehicles to be subject to increased risk of liability under environmental, health, safety, stability and planning laws and regulations.

In addition, under applicable statutory tax, zoning and planning regulations, the Groups' and the Investment Vehicle's real estate assets are subject to certain regulatory restrictions and encumbrances, the enforcement of which may affect the Group's and the Investment Vehicles' title to such assets.

In the event the Group and/or the Investment Vehicles are exposed to environmental, health, safety, stability or planning liabilities or encumbrances, other regulatory restrictions or increased costs or limitations on its use or disposal of real estate as a result of applicable laws and regulations, this could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may be subject to litigation risks and may face liabilities and damage to its professional reputation as a result

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against investment managers has been increasing. The Group makes management and investment decisions on behalf of the Investment Vehicles that could result in substantial losses. This may expose the Group to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract.

In addition, the Group has in the past and may in the future source investment opportunities in the context of insolvency proceedings or tender or auction processes by public administrations. Such insolvency proceedings or public processes may be subject to subsequent public or regulatory scrutiny which may give rise to litigation or administrative proceedings involving the Group. For example, in the case of the competitive auction for the sale by the Housing Institute of the Community of Madrid ("*Instituto de la Vivienda de la Comunidad de Madrid*") ("**IVIMA**") (now renamed the Social Housing Agency of the Community of Madrid ("*Agencia de Vivienda Social de la Comunidad de Madrid*")) of a portfolio of 2,935 regulated housing units and other properties (parking areas, retail premises and storage rooms) (the "**IVIMA Portfolio**"), which was awarded to Azora Gestión on 29 August 2013 and the acquisition was implemented on 25 October 2013 through a newly incorporated company named Encasa Cibeles, S.L. ("**Encasa Cibeles**"), in which share capital a Goldman Sachs entity held a major stake, certain tenants have brought proceedings against IVIMA and Azora Gestión demanding that the auction and sale of the IVIMA Portfolio be declared null and void. If the courts of competent jurisdiction were to declare the auction and sale of the IVIMA Portfolio null and void, the competent civil and administrative courts could require that the IVIMA Portfolio revert to the ownership of the IVIMA, potentially resulting in the termination of the Encasa Cibeles Investment Management Agreement (see *"Business – Legal Proceedings*").

Further, the Group, its Investment Vehicles themselves and those of its employees who are the Group's and/or the Investment Vehicles' officers and Directors are each exposed to the risks of litigation specific to the Group's or Investment Vehicles' investment activities. Moreover, the Group is exposed to risks of litigation or investigation by investors or regulators relating to having engaged, or the Investment Vehicles having engaged, in transactions that presented conflicts of interest and that were not properly addressed (see "*There might be potential business-related conflicts of interest between the Groups's Direct and Controlling Investments and the Investment Vehicles and between different Investment Vehicles*").

Any of the proceedings described above may continue for extended periods of time without resolution and may have outcomes that materially adversely affect the Group. Furthermore, any legal dispute or claim brought against the Group or its Directors may result in reputational damage to the Group, thus impacting the Group's businesses, results of operations, financial condition and prospects. In addition, although the Group, where appropriate, records accounting provisions for estimated potential litigation costs on the basis of available information, such costs may exceed estimates and render the relevant accounting provisions insufficient, as a result of which ongoing or future legal disputes and claims could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

There might be potential business-related conflicts of interest between the Group's Direct and Controlling Investments and the Investment Vehicles and between different Investment Vehicles

As part of the business strategy, the Group intends to create and sponsor new Investment Vehicles, which may have mandates within the same Strategic Property-Type-Verticals. As a result, potential conflicts with respect to how to allocate investment opportunities to the Investment Vehicles may arise when the investment period of different Investment Vehicles coincides. In addition, when some of the Investment Vehicles may be going through a divestment period, and others may be going through an investment period, the Group may present investment opportunities resulting from the portfolio of the Investment Vehicles going through a divestment period to those Investment Vehicles going through an investment period and which may not be deemed by all parties and at all times as an appropriate investment or divestment according to the relevant investment policy of the relevant Investment Vehicles. Moreover, the business strategy of the Company contemplates making direct investments outside its Investment Vehicles and within the Strategic Property-Type-Verticals which may also give rise to potential conflicts around allocation of those investment opportunities.

The performance by the Group of the activities encompassed under the business strategy described above and elsewhere in this Prospectus (*see "Business – Business Strategy"*), together with the fact that the Group will seek to be contracted as manager of both of the new Investment Vehicles it develops, on the one hand, and the vehicles for the Group's Direct and Controlling Investments, on the other hand, will require substantial time and resources, which may give rise to conflicts of interests with regard to the time allocated to each Investment Vehicle, on the one hand, and to the vehicles for the Group's Direct and Controlling Investments, on the other, within a given Strategic Property-Type Vertical.

In addressing these conflicts the Group has implemented certain policies and procedures that may from time to time be ineffective at mitigating actual, potential or perceived conflicts of interest (see "*Business - Conflicts of Interest Policy*").

Azora Gestión is a collective investment institution management company subject to the supervision of the CNMV

Azora Gestión, the main asset manager within the Group, is a collective investment institution management company (*Sociedad Gestora de Instituciones de Inversión Colectiva*) supervised by the CNMV. Should Azora Gestión lose its collective investment institution license, Azora Gestión may be unable to perform and conduct its business as it currently does, thus materially adversely affecting the Group's financial condition, business, prospects and results of operations.

The Company is not registered under the Investment Company Act of 1940

The Company is not registered with the United States Securities and Exchange Commission (the "**SEC**") as an investment company pursuant to the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Company's business strategy includes plans for Alignment Capital Investments, which are minority investments made by the Group in an Investment Vehicle, where the Company or a subsidiary will act as the manager of such Investment Vehicle under a management agreement. Depending on the actual investment structure in such Investment Vehicles and the overall weight of those investments on the consolidated statement of financial position of the Company, the Company may in the future be deemed an investment company under the Investment Company Act.

The Investment Company Act prohibits a company deemed an investment company from making a public offering of securities into the United States unless it registers as an investment company, which it is unlikely to be able to do. Also, being an investment company under the Investment Company Act would restrict the Company's ability to carry out private placements in the United States, including placements to existing investors as part of a rights issue (e.g., Rule 144A is not available for resales of securities issued by companies that are required to register under the Investment Company Act). As a result, if the Company were in the future deemed an investment company under the Investment Company Act, its ability to raise capital from US investors in the future, including existing US shareholders, would be severely limited and as a result the holdings of such holders would be diluted in the event of a new offering. This limitation could have a material adverse effect on the Company's ability to achieve its business strategy.

In addition, if the Company violates or is alleged to violate the Investment Company Act, possible consequences include, but are not limited to: (i) the SEC taking legal action against the Company; (ii) investors suing the

Company and seeking recovery of any damages caused by the violation; and (iii) any contract to which the Company is a party being unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act.

Finally, if the Company were required to register as an investment company, the Company would be subject to costs relating to compliance, which may be significant, and any such registration may impose additional restrictions on the ability of the Company to implement its business strategy.

The foregoing could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The AIFM Directive may apply to the Company and/or the Investment Vehicles

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) (the "**AIFM Directive**") regulates entities involved in the management of alternative investment funds in the EU and aims to create an effective regulatory and supervisory framework for the managers of such funds. The AIFM Directive has been transposed into the national legislation of most EU Member States, including Spain, where it was implemented by means of Law 22/2014. The AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs, of the investment managers and investment funds that are subject to the AIFM Directive. In addition, marketing of units and/or shares in an AIF is subject to specific restrictions across the EU.

The Company believes it is neither an alternative investment fund (an "**AIF**") nor an alternative investment fund manager ("**AIFM**") within the meaning of the AIFM Directive and, therefore, it does not intend to register in either respect nor does it intend to comply with the AIFM Directive requirements. This belief is based on the conclusion that the Company does not meet the applicable criteria to qualify as an AIF or as an AIFM under the AIFM Directive (notably, due to the nature of its business operations and its lack of a defined investment policy). However, given the scope of interpretation of the rules and stipulations of the AIFM Directive in relation to the AIF qualification, the Company might be considered an AIF in certain European jurisdictions other than Spain, in which case its securities could only be marketed or offered in such jurisdictions in compliance with and subject to the terms of such jurisdictions' implementation of the AIFM Directive, or any available exemption therefrom.

In addition, certain of the Group's managed Investment Vehicles, in which third parties hold investments, may be considered an AIF and certain of the Company's subsidiaries, particularly those whose main activity is the management of the Group's Investment Vehicles, may be considered an AIFM, in each case, within the meaning of the AIFM Directive. The Company will endeavour to assess whether its Investment Vehicles may qualify as an AIF, in order to identify whether a particular Investment Vehicle is required to be registered as an AIF and/or is required to appoint an external AIFM. There is a risk, however, that the Company does not properly identify an Investment Vehicle as an AIF that is required to register and/or appoint an AIFM (or that having identified the Investment Vehicle as such, the Company is still in the process of bringing it in full compliance with the AIFM Directive). In the event that a third party or a competent regulatory authority takes a different view as to the factual circumstances, and assesses that a particular Investment Vehicle has not obtained or does not have sufficient registration or authorization under the AIFM Directive, such Investment Vehicle and/or its management may face fines and business management restrictions. This may also lead to restrictions to the further distribution of units or shares of the relevant Investment Vehicle and lead to reputational damage.

The foregoing could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

TAX RISKS RELATED TO THE GROUP AND THE INVESTMENT VEHICLES

Taxes have an important impact on the Group's business. A change in tax laws, or a challenge of the Group's tax position by the tax authorities, may have an impact on the Group's business, financial condition, results of operations and prospects

Although the Group believes that it is in material compliance with applicable tax laws (including transfer pricing legislation), it may be subject to a reassessment by the tax authorities, and, in that event, it cannot be disregarded that the tax authorities' interpretation of such laws may differ from the Group's. Further, there is a risk of adverse changes in applicable tax legislation which could cause higher taxes to be paid by the Group. All these matters may have an impact on the cash and financial position of the Group, and may materially affect its business, results of operations, financial condition or prospects.

The Group's business may be impacted by a change in the tax position of its Investment Vehicles

The tax efficiency of the Investment Vehicles is an integral part of their realized return profiles. If any change of law, administrative decision or reassessment by the tax authorities, results in the payment of higher taxes by the Investment Vehicles (or in the restriction on the use of tax losses or other deferred tax assets to offset them against taxable income in future years) and thus in a reduction of their net returns, this could reduce the income the Group receives in relation to such Investment Vehicles. Such potential reduction of income may have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

The disapplication of the SOCIMI Regime to Colón Viviendas and Hispania may have an impact on the Group's business

The application of the Spanish real estate investment company ("**SOCIMI**") tax regime (the "**SOCIMI Regime**") to Colón Viviendas and to Hispania, is conditional on compliance with certain requirements including, among others, the listing of the SOCIMI's shares and free-float requirement in respect thereof, investment in "qualifying assets" under the SOCIMI Regime from time to time (such as urban property to be leased, land plots acquired for development of urban real property to be leased or shares in other SOCIMIs), the receipt of income from certain sources and mandatory distribution of certain profits. For example, Colón Viviendas is required to comply with the relevant free-float requirement before July 2, 2018.

Failure to comply with such requirements will result in the loss of the special tax regime except where the regulations allow for such failure to be remedied.

The disapplication of the SOCIMI Regime to Colón Viviendas and to Hispania would (i) have a negative impact in respect of both direct and indirect taxes; and (ii) affect the liquidity and financial position of Colón Viviendas and Hispania. This could reduce the income the Group receives in relation to such Investment Vehicles, and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Company may be treated as a passive foreign investment company for United States federal income tax purposes which may result in adverse tax consequences for U.S. Holders

As discussed further in the "*Taxation—Certain U.S. Federal Income Tax Considerations*" section of this Prospectus, the application of the United States federal income tax rules relating to Passive Foreign Investment companies (or "**PFIC**s") to the Company is uncertain. If the Company qualifies as a PFIC in any taxable year, then a U.S. Holder (as defined in "*Taxation—Certain U.S. Federal Income Tax Considerations*") may be subject to adverse tax consequences. Among other things, unless a U.S. Holder makes a valid mark-to-market election with respect to Shares, a U.S. Holder generally will be required to treat any excess distribution received on its Shares, or any gain realised upon the disposition of Shares, as ordinary income, and potentially to pay an interest charge on a portion of such distribution or gain. Further information concerning the United States federal income tax considerations relevant to U.S. Holders is contained in the "*Taxation—Certain U.S. Federal Income Tax Considerations*" section of this Prospectus.

RISKS RELATING TO THE SHARES AND THE OFFERING

The market price of the Company's ordinary shares may fluctuate significantly in response to various factors, many of which are outside of its control, and may decline after the Offering

There is no assurance that the Offer Price will be indicative of the future share price of the Company's ordinary shares. The price of shares sold in an offering is frequently subject to volatility for a period of time following the offering and investors may realize less than the original sum invested. Following the Offering, the price of the Company's ordinary shares may not always accurately reflect the underlying value of the business of the Company and the market price of the Company's ordinary shares may be subject to wide fluctuations (it may widely decrease as well as increase) in response to, among other things, the following factors, some of which are beyond the Company's control: (i) change in the financial performance of the Company, its peers or the industry; (ii) success or failure in implementing the business and growth strategies, including the gain or loss of any important business relationship; (iii) changes in law, rules and regulations applicable to the Company and its operations, including laws, rules or regulations applicable to the Strategic Property-Type-Verticals of the Company; (iv) changes in conditions affecting the general economic conditions and political environment in the geographies where the Company operates, both in terms of management and direct or indirect investments; (v) changes in securities analysts' recommendations, perception or estimates of the Company's financial performance; and (vi) negative publicity.

In addition, during the past few years, securities markets in Spain and worldwide have experienced significant volatility in prices and trading volumes. This volatility could have a negative impact on the market price of the ordinary shares of the Company, irrespective of its financial condition and results of operations. In such cases, investors may not be able to resell their ordinary shares at or above the Offer Price.

The interests of the current shareholders' of the Company or any other significant shareholders may conflict with the interests of other shareholders

Immediately following the completion of the Offering and assuming the issuance of 47,250,048 ordinary shares as well as full exercise of the Over-allotment Option, Mr. Gumuzio and Ms. Osácar, through Baztán Consultores, S.L. ("**Baztán**") and Hermanos Bécquer 10, S.L. ("**Hermanos Bécquer**"), are expected to jointly own at least 30.21% of the Company's outstanding share capital post Offering (without considering the impact of a subscription, if any, by Baztán or Hermanos Bécquer for New Shares in the Offering). In addition, Tamerlane, S.à r.l., ("**Tamerlane**") and Canepa Iberia Holdings, S.à r.l. ("**Canepa**") have notified the Company of their intention to subscribe for New Shares in the Offering in an amount of €50 million in the case of Tamerlane and in an amount of approximately €58.71 million in the case of Canepa. It is possible that, in the future, other investors may have significant holdings of ordinary shares of the Company.

Due to these relatively large shareholdings, these major shareholders, and any other significant shareholder, if any, will be in a position to exert significant influence at the Company's General Shareholders' Meeting and, consequently, on matters decided by the Company's General Shareholders' Meeting, including the appointment of Directors, the distribution of dividends and any proposed capital increases. The interests of these major shareholders or any other significant shareholder may deviate from, or conflict with, the interests of other shareholders. There can be no assurance that any matter brought to a shareholder vote will be resolved in a manner that other shareholders would consider to be in their best interests.

Future sales of ordinary shares by the Company's major shareholders, members of the Board of Directors and members of the Senior Management Team may adversely affect the market price of the Company's ordinary shares

Sales of the Company's ordinary shares by the Company's major shareholders, members of the Board of Directors and members of the Senior Management Team, or the perception that such sales could occur, could adversely affect the market price for the Company's ordinary shares or the Company's ability to raise capital through future offerings of equity securities.

As at the date of this Prospectus, Mr. Gumuzio and Ms. Osácar indirectly own 100% of the Company's ordinary shares through Baztán and Hermanos Bécquer. Following completion of the Offering and assuming the issuance of 47,250,048 ordinary shares as well as full exercise of the Over-allotment Option, Mr. Gumuzio and Ms. Osácar are expected to indirectly jointly own at least 30.21% of the Company's resulting share capital post Offering (without considering the impact of a subscription, if any, by Baztán or Hermanos Bécquer for New Shares in the Offering). Although Mr. Gumuzio and Ms. Osácar, through Baztán and Hermanos Bécquer, the Senior Management Team and members of the Company's Board of Directors have agreed to certain restrictions on the transfer of the ordinary shares of the Company such restrictions will only apply for a certain period of time and, depending on the cases, in respect of some but not all of their ordinary shares currently held or to be subscribed for in the Offering. In addition, such lock-up arrangements may provide for certain exceptions and, in any case, these restrictions may be waived. Please see "*Management and Board of Directors — Remuneration*" and "*Plan of Distribution – Lock-up periods*" for further information. Other shareholders of the Company will not be subject to any such lock-up arrangements and may sell their ordinary shares at any time.

The interests shown by certain investors in the Offering may not materialize

Baztán, Hermanos Bécquer, Canepa and Tamerlane have notified the Company of their intention to subscribe New Shares for an amount of approximately €2.87 million in the case of Baztán, approximately €14.84 million in the case of Hermanos Bécquer, approximately €58.71 million in the case of Canepa, and €50 million in the case of Tamerlane, amounting to a total of approximately €126.42 million. However, none of Baztán, Hermanos Bécquer, Canepa and Tamerlane have entered into a legally binding agreement and, therefore, notwithstanding their expression of intention, Baztán, Hermanos Bécquer, Canepa and Tamerlane may ultimately decide not to execute their investment in the New Shares, in part or in full.

There is no established trading market for the Company's ordinary shares and an active trading market may not develop

This Offering constitutes the Company's initial offering of new ordinary shares, and no public market for the Company's ordinary shares currently exists. The Company will apply to list its ordinary shares on the Spanish Stock Exchanges and it expects Admission to occur on or about May 11, 2018, subject to completion of customary procedures in Spain. Any delay in the commencement of trading of the ordinary shares on the Spanish Stock Exchanges would impair the liquidity of the market for the Company's ordinary shares and make it more difficult for holders to sell the Company's ordinary shares.

Even if the Shares are listed on the Spanish Stock Exchanges and quoted on the AQS, there can be no assurance that an active and liquid trading market will develop or be sustained after the Offering is completed or that analysts will maintain research coverage of the Company. The Offer Price is being determined by way of a book building process. The Offer Price for the Shares may bear no relationship to the price at which the ordinary shares will trade upon completion of the Offering. Therefore, it cannot be assured that the Indicative Offer Price and the Offer Price will match the future price of the ordinary shares of the Company following the Offering. If an active and liquid trading market does not develop or is not maintained, the liquidity and trading price of the ordinary shares could be seriously harmed. As a result, investors could lose all or part of their investment in the Shares.

The Offering will be revoked as a result of the non-admission to trading of the ordinary shares

As described in *"Plan of Distributions"*, the Offering will be automatically revoked in the event admission to trading of the Company's ordinary shares on the Spanish Stock Exchanges does not occur before 11:59 pm CET on May 28, 2018. In such an event, the Company would proceed to repurchase the newly-issued ordinary shares from shareholders who have subscribed and paid for them, and will subsequently reduce its share capital through the redemption of the repurchased New Shares in an amount equivalent to that of the share capital increase carried out in connection with the Offering in order to return to shareholders the amount paid for the Shares.

It is expected that the amount the Company would pay shareholders (or, as the case may be, the Managers) having subscribed for New Shares in the Offering will be equivalent to the sum of the nominal value of the New Shares plus the premium paid by such shareholders (or, as the case may be, by the Managers) plus the accrued interest from the date in which shareholders made the payment of the New Shares until the effective date of repayment (calculated at the statutory rate (*interés legal*) currently set at 3%) (See *"Plan of Distribution"*). However, any claims in respect of any security commissions and any cost incurred in connection with the subscription by an investor will be based solely on the legal relationship between the investors and the institution to which they submitted their subscription order.

There is no assurance that the Company will pay dividends or regarding the level of any such dividends

Once the results of operations have stabilized, which is aimed to be achieved in 2022, the Company intends to pay recurring and stabilized dividends to its shareholders for an amount equal at least to 50% of the FFO generated over the course of a certain financial year (see *"Dividends and Dividend Policy*"). The Company may in any case, at any time and at its sole discretion, pay dividends in a reduced amount or not at all depending, among other factors, on the performance and prospects of the business, its capital structure and financial needs and any other factors that the Board of Directors of the Company may deem relevant from time to time.

Furthermore, the Company's ability to pay dividends to shareholders will depend on its success to generate net income and capital gains from the Group's Direct and Controlling Investments, from its ability to receive management and incentive fee income from the Investment Vehicles and on the ability of the Investment Vehicles where the Group has made an Alignment Capital Investment to generate net income distributable to their respective shareholders. The Investment Vehicles' and Controlling Investment's ability to pay dividends to the Company, and the ability of the Company to pay, in turn, dividends to its shareholders, will depend on, amongst other things, achieving sufficient earnings, the level of profitability, cash-flow generation as a result of the business of the Group and of the existence of debt instruments (and, in particular, of short term debt), application of restrictions on the payment of dividends under applicable laws or contractual arrangements, compliance with covenants in debt instruments or any other factor as the management team may deem relevant from time to time. Therefore, any limitation on the ability of the Investment Vehicles or the Direct and Controlling Investments to pay dividends, may adversely affect the ability of the Company to pay the dividends to its shareholders.

The Company may in the future issue new shares or equity-linked securities, which may dilute investors' interests

In the future, the Company may seek to raise additional capital through further offerings of equity securities or equity-linked securities (if made on a non-pre-emptive basis or, if made on a pre-emptive basis, where shareholders elect not to take up their preferential subscription rights) that could dilute the interests of the Company's shareholders (including upon the conversion of any convertible securities it may issue) and could have an adverse effect on the market price of the Company's ordinary shares as a whole.

Likewise, the Company will be subject to a lock-up period ending 180 days after the date of listing of the Shares, during which the Company will not be able to freely issue new ordinary shares. Such restriction may have a material adverse effect of the market price of the ordinary shares of the Company (see "*Plan of Distribution – Lock-up periods*").

The requirements of being a publicly traded company may increase the Company's overall operating costs and subject it to increased costs and regulatory risk which could negatively impact its business

As publicly listed company, the Company will be subject to certain listing requirements. The financial reporting, legal and other obligations associated with the Company being listed could require it to incur significant costs and place additional demand on the governing bodies of the Company, as well as its administrative, operational and financial personnel and resources. Additionally, if the Company is unable to meet these requirements in a timely manner, it may be subject to sanctions, which could adversely affect its business, results of operations, financial condition and prospects and, therefore, it could adversely affect the price of the Company's ordinary shares.

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

The ability of an overseas shareholder to bring action against the Company may be limited under law. The Company is incorporated under the laws of Spain. The rights of the shareholders are governed by Spanish law and by the Company's bylaws. These rights may differ from the rights of shareholders of non-Spanish corporations. Most of the Company's current Directors are residents in Spain and most of its assets are currently located in Spain. As a result, it may be difficult for shareholders outside Spain to serve process on, or enforce foreign judgments against the Company or its Directors, and shareholders may not be able to effect service of process or enforce judgments in their country of residence.

The Company's corporate governance regime is principally determined by Spanish corporate law, the bylaws and the Company's internal rules governing the meetings of the Board of Directors and the shareholders as further described in "*Management and Board of Directors*" herein. Shareholders' rights and the fiduciary responsibilities of directors, officers and controlling shareholders are different under Spanish law when compared with the statutes and judicial precedents of other jurisdictions, including most states in the United States. As a result, shareholders may have more difficulty in protecting their interests with regard to any acts or any failure to act by the Company's Directors, officers or shareholders than would shareholders of a corporation incorporated in another jurisdiction or a state in the United States. In addition, Spanish or other courts may not impose civil liability on the Company, the Directors or officers, in any action based solely on foreign securities laws brought in a court of competent jurisdiction in another country.

Shareholders in certain jurisdictions other than Spain, including the United States, may not be able to exercise their pre-emptive subscription rights in order to acquire further ordinary shares or participate in buy-back programs

Pursuant to the Spanish Companies Act, holders of shares generally have the right to subscribe and pay for a sufficient number of shares to maintain their relative ownership percentages prior to the issuance of any new shares against monetary contributions or the issue of convertible securities, unless such right is expressly excluded under special circumstances by a resolution passed at the General Shareholders' or Board of Directors' Meeting. Even if the right is not excluded and therefore exercisable, it is possible that holders of ordinary shares located in jurisdictions other than Spain (or other EU countries), depending on the regulations applicable in such jurisdictions, may not be able to exercise pre-emptive subscription rights unless certain legal requirements (for example, a requirement to register the rights offering with the securities market regulator of the relevant jurisdiction) are fulfilled or an exemption from such requirements applies. The Company may determine that it is not in its best interests to comply with these formalities and there can be no assurance that such exemptions will be available. Accordingly, the pre-emptive subscription rights of any such affected shareholders may lapse and their proportionate interests be reduced. In particular, holders of ordinary shares resident in the United States may not be able to exercise any future pre-emptive subscription rights in respect of the ordinary shares they hold unless a registration statement under the Securities Act is effective or an exemption from the registration requirements under the Securities Act is available, nor may they be able to participate in any buyback program. No assurance can be given that the Company would file or have any such registration statement to be declared effective or that any exemption from such registration requirements would be available or that the Company would make use of an exemption, if available. In addition, the Company is not currently registered under the Investment Company Act and may in the future be deemed an investment company under the Investment Company Act, which may result in further requirements applicable to any pre-emptive rights offering by the Company pursuant to a registration statement under the Securities Act as well as restrict the availability to the Company of certain exemptions from the registration requirements under the Securities Act for private placements in the United States (see " *Risk Factors - The Company is not currently registered under the Investment Company Act of 1940*").

The Company intends to evaluate at the time of any pre-emptive rights offering or buyback program the costs and potential liabilities associated with the granting of pre-emptive rights or extending of the buyback program to U.S. holders of ordinary shares, as well as the benefits to the Company of enabling the exercise by such holders of pre-emptive rights for the ordinary shares or participation in the buyback, as the case may be. In doing so, the Company will also evaluate any other factors it may consider appropriate at the time. It is possible that it may opt not to extend pre-emptive rights or any buyback offer to U.S. holders or holder in other jurisdictions outside Spain.

The Shares will not be freely transferable in the United States

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

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

The Shares will be priced in euro and any future payments of dividends, if any, on the ordinary shares will be denominated in euro. Any investment in Shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. The U.S. dollar or other currency equivalent of any dividends paid on the Shares or any distributions made on an investment made in the Shares could be adversely affected by the appreciation of the euro against other currencies, or its depreciation in the sale of the Shares.

CERTAIN TERMS AND CONVENTIONS

As used herein, the following terms shall have the meanings indicated:

"**1st Milestone**" means the situation where the TSR corresponding to the first (1) year following Admission is at least 10%.

"**1st. Maximum Amount**" means one third of the Maximum Amount.

"**2016 and 2015 Consolidated Financial Statements**" means the audited consolidated financial statements and related notes thereto as of and for the years ended December 31, 2016 and December 31, 2015.

"**2017 Consolidated Financial Statements**" means the audited consolidated financial statements and related notes thereto as of and for the year ended December 31, 2017.

"**2nd Maximum Amount**" means one third of the Maximum Amount.

"**2nd Milestone**" means the situation where the TSR corresponding to the two-year period following Admission is at least 21%

"**3rd Maximum Amount**" means one third of the Maximum Amount.

"**3rd Milestone**" means the situation where the TSR corresponding to the three-year period following Admission is at least 33.1%.

"**Admission**" means the date the Company's ordinary shares are listed on the Spanish Stock Exchanges and quoted on the AQS and it is expected to be on or about May 11, 2018.

"**Agent Bank**" means Banco Santander, S.A.

"**AIF**" means alternative investment fund under the AIFM Directive.

"**AIFM Directive**" means the EU Alternative Investment Fund Managers Directive (No. 2011/61/EU).

"**AIFM**" means alternative investment fund manager under AIFM Directive.

"**Alignment Capital Investment Activity**" means the activity relating to Alignment Capital Investments.

"**Alignment Capital Investments**" means minority investments made by the Group alongside its clients in its Investment Vehicles to align its interests with the ones of its clients.

"**Alzette**" means Alzette Investment S.á r.l., a company owned by entities advised by affiliates of the Blackstone Group International Partners LLP.

"**APMs**" means alternative performance measures.

"**AQS**" means the Automated Quotation System (*Sistema de Interconexión Bursátil o Mercado Continuo*) of the Spanish Stock Exchanges.

"**Audit Committee**" means the audit committee constituted by the Board of Directors.

"**Azora Capital Transfer**" means the conditional transfer of 301,000 shares of Azora Capital between the Company, as purchaser, and Canepa, as seller, as executed in the public deed granted on April 3, 2018.

"**Azora Capital**" means Azora Capital, S.L.

"**Azora Europa Asset Management Agreement**" means the asset management agreement entered into between, among others, Azora Europa and Azora International Management, on February 15, 2007.

“**Azora Europa**” means Azora Europa I, S.A.

“**Azora International Management**” means Azora International Management Sp. Z.O.O.

“**Azzam Vivienda**” means Azzam Vivienda, S.L.U.

“**Azzam**” means Azzam Gestión Inmobiliaria, S.L.

“**Bad Leaver Event**” means any other event different from those qualifying as a Good Leaver Event that triggers the termination of and employment or a services agreement of a relevant employee beneficiary of the Employee Share Plan.

“**Bad Leaver**” means a beneficiary of the Employee Share Plan, whose employment or services agreement is terminated due to a Bad Leaver Event.

“**BAY Asset Management Agreement**” means the asset management agreement entered into, among others, BAY and Azora Gestión, on October 15, 2015.

“**BAY**” means Bay Hotels & Leisure SOCIMI, S.A.

“**Baztán**” means Baztán Consultores, S.L., a holding company controlled by Ms. María Concepción Osácar Garaicoechea.

“**Blackstone Offer Price**” means the offer price, expressed in euro per share, of €17.45 per Hispania’s share under the Blackstone Tender Offer, which would be paid in cash.

“**Blackstone Tender Offer**” means the voluntary public tender offer launched by Alzette for the remaining shares of Hispania, excluding the shares already owned by Alzette.

“**Board of Directors**” means the board of directors of the Company.

“**Board of Directors Regulations**” means the regulations that govern the Board of Directors.

“**CAGR**” means compound annual growth rate.

“**Canepa European Activist**” means Canepa European Activist Holding, S.à r.l.

“**Canepa**” means Canepa Iberia Holdings, S.á r.l.

“**Canepa European Activist Transfers**” mean the transfers by Azora Capital, as seller, and Canepa Global Managers, SCS, Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. and Ms. María Concepción Osácar Garaicoechea, as purchasers, of 525, 787.5 and 787.5 shares of Canepa European Activist, respectively, pursuant to the respective share purchase agreements dated April 3, 2018.

“**Carey Asset Management Agreement**” means the asset management agreement entered into between Carey and Azora Capital, S.L. on May 11, 2011.

“**Carey**” means Carey Value Added, S.L.

“**Carey Transfer**” means the conditional transfer of 621,929 shares of Carey and of the contractual right to subscribe for 61,397 new shares of Carey, between the Company, as purchaser, and Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U., Baztán Consultores, S.L. and Verport Hotel Opportunity B.V. as sellers, as executed in the public deed granted on April 3, 2018.

“**Carried Interest**” means the incentive fees accrued upon the exit from Investment Vehicles (i.e., once the investment is realized) and where there has been a positive return for the Investment Vehicle’s shareholders in excess of a specified hurdle rate.

“**CBD**” means central business district.

"**CISA**" means collective investment schemes.

"**CIT Law**" means Law 27/2014, of November 27 (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*).

"**CIT**" means Spanish corporate income tax.

"**Clearstream**" means Clearstream Banking, Société Anonyme.

"**Closing Date**" means the closing date of the Offering or "*fecha de operación bursátil especial*".

"**CNMV**" means the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*).

"**Co-Lead Managers**" means Fidentiis, ING, JB Capital, Jefferies and Kempen.

"**Colón Viviendas Investment Management Agreement**" means the investment management agreement entered into between Colón Viviendas and Azora Gestión on March 1, 2017.

"**Colón Viviendas Outsourcing Management Agreement**" means the outsourcing management agreement entered into between Azora Gestión and Azzam Vivienda, on March 1, 2017.

"**Colón Viviendas**" means Colón Viviendas SOCIMI, S.A.

"**Committees of the Board of Directors**" means the Audit Committee and the Corporate Governance, Appointments and Remuneration Committee.

"**Company**" means Azora Altus, S.A.

"**Consolidated Financial Statements**" means the 2017 Consolidated Financial Statements and the 2016 and 2015 Consolidated Financial Statements.

"**Core**" refers to segments characterized as by assets of high quality real estate assets, with a stabilized long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalization rates.

"**Core+**" refers to segments characterized by assets of good quality, normally typically representing to an investor an opportunity to increase the asset investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some upgrades or renovations by means of which the owner can then demand higher rents and improve returns.

"**Corporate Governance, Appointments and Remuneration Committee**" means the corporate governance, appointments and remuneration committee constituted by the Board of Directors.

"**Corporate Governance Code**" means the recommendations of the Corporate Governance Code (*Código de Buen Gobierno*), approved by the CNMV in February 2015.

"**CRE**" means Commercial Real Estate.

"**DBK**" means Sectors Analysis DBK, a brand of INFORMA D&B, specialized in the elaboration of concurrence and sectorial analysis studies.

"**Delegated Regulation (EU) 2016/1052**" means the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

"**Direct and Controlling Investment Activity**" means the activity relating to Direct and Controlling Investments.

"**Direct and Controlling Investments**" means the investments made by the Group in the form of acquisition of assets or the acquisition of all or a majority shareholding interest in a company that owns the relevant assets whether held directly or indirectly through vehicles in which the Group has a controlling stake where one-off opportunities are identified that do not fit into any of the investment mandates of the Investment Vehicles managed by the Group from time to time.

"**DTC**" means convention for the avoidance of double taxation.

"**EBITDA**" means profit from operations minus changes in fair value of investment property minus gains or losses on disposals of non-current assets minus excessive provisions plus depreciation and amortisation charge and impairment losses recognized.

"**EEA**" means the European Economic Area.

"**EIU**" means Economist Intelligence Unit.

"**Employee Share Plan**" means the incentive share plan that the current shareholders of the Company have put in place with the objective of rewarding certain members of the Senior Management Team and selected employees for their contribution to the Offering process and in order to retain them duly motivated and aligned with the shareholders' interest.

"**Employee Share Plan Shares**" means the total number of ordinary shares of the Company that the beneficiaries under the Employee Share Plan would be entitled to receive.

"**Encampus**" means Encampus Residencias de Estudiantes, S.L. (formerly Encampus Residencias de Estudiantes, S.A).

"**Encasa Cibeles**" means Encasa Cibeles, S.L.

"**Encasa Cibeles Conditions**" means the following three (3) conditions to which the waivers granted by Encasa Cibeles dated April 16, 2018 in respect of the Encasa Cibeles Investment Management Agreement are subject and which must be complied with during the term of the Encasa Cibeles Investment Management Agreement: (i) Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding no less than 45% of the shares that they currently hold in the Company for a period of three (3) years after the Admission; (ii) each of Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding office as director or senior manager in the Company after completion of the Offering and for the entire term of this agreement; and (iii) the Company controlling Azora Capital after completion of the Offering (see "*Material Contracts – Encasa Cibeles Investment Management Agreement*").

"**Encasa Cibeles Property Management Agreement**" means the property management agreement entered into between, among other, Encasa Cibeles and Azora Capital, on October 22, 2013.

"**EPRA**" means the European Public Real Estate Association. Further information on EPRA, as well as the EPRA Reporting Best Practice Recommendations are available at www.epra.com.

"**EPRA NAV**" means the 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**" means EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

"**ESMA Guidelines**" means the "European Securities and Markets Authority Guidelines on Alternative Performance Measures" published in October 2015 and the "Q&A on Alternative Performance Measures Guidelines" published in October 2017.

“**ESMA**” means the European Securities and Markets Authority.

“**EU**” means the European Union.

“**EURIBOR**” means the Euro Interbank Offered Rate, currently administrated by the European Money Markets Institute (EMMI a.i.s.b.l.), as published by Reuters Screen EURIBOR01 page. EURIBOR is a registered trademark of European Money Markets Institute (EMMI a.i.s.b.l.), which is not yet registered at the ESMA Benchmarks Register.

“**Euroclear**” means Euroclear system.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**FFO**” (*Funds From Operations*) means EBITDA plus finance income less finance cost plus or less Net exchange differences plus cash generated by the Alignment Capital Investment Activity (less finance income and cost) less income tax (paid/receive) less current corporate tax.

“**Fidentiis**” means Fidentiis Equities S.V., S.A.

“**First Vesting Date**” means the date falling one (1) year after Admission or, if such date is not a trading day, the next trading day, on which the 1st Maximum Amount can accrue.

“**FSMA**” means the Financial Services and Markets Act 2000.

“**GAV**” means gross asset value.

“**GDP**” means gross domestic product.

“**General Shareholders’ Meeting Regulations**” means the regulations that govern the General Shareholders’ Meeting.

“**GLA**” means gross leasable area.

“**Goldman Sachs**” means Goldman Sachs International.

“**Good Leaver**” means a beneficiary of the Employee Share Plan, whose employment or services contract is terminated due to a Good Leaver Event.

“**Good Leaver Event**” means any of the following events triggering the termination of an employment or a services agreement of a relevant employee beneficiary of the Employee Share Plan: (i) termination by the Company without cause (*desistimiento*); (ii) termination by the Company giving rise to an unfair dismissal (*despido improcedente*); (iii) termination by the Company giving rise to a null and void dismissal (*despido nulo*); (iv) termination by the beneficiary for substantial changes to the terms and conditions of the contract and/or substantial breach of contract by the Company; (v) dismissal due to economic, technical, organization and production grounds (*despido por causas económicas, técnicas, organizativas o de producción*) of the beneficiary; and (vii) termination by mutual agreement between the beneficiary and the Company.

“**GOP**” means gross operating profit.

“**Group**” means the Company and its subsidiaries.

“**GS REPIA Competitor**” means any real estate investment fund or other entity which is regularly engaged in or established for the purposes of making investments of €30,000,000 or more in real estate assets and any of their respective affiliates and/or any real estate investment vehicle sponsored, managed, and/or controlled (directly or indirectly) by a major international real estate investor.

“**Hermanos Bécquer**” means Hermanos Bécquer 10, S.L., a holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño.

"**Hispania Distribution**" means any distribution of gross dividends, reserves, premiums or other equivalent form of distribution, return of capital or payment to or against equity (or related items), or any declaration thereof, approved, made or paid by Hispania prior to the settlement of the Blackstone Tender Offer (if successful).

"**Hispania Investment Manager Agreement**" means the investment agreement entered into between, among other, Hispania and Azora Gestión on February 21, 2014, as amended from time to time.

"**Hispania**" means Hispania Activos Inmobiliarios, SOCIMI, S.A.

"**Hispania IPO Prospectus**" means the prospectus dated March 3, 2014 in connection with the admission to listing of Hispania.

"**Iberclear**" means the book-entry facilities of the Spanish securities, clearance and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.*).

"**IFRS 9**" means International Financial Reporting Standard 9 – Financial instruments-

"**IFRS-EU**" means the International Financial Reporting Standards as adopted by the EU.

"**IGT**" means Spanish inheritance and gift tax.

"**IGT Law**" means Law 29/1987, of December 18 (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*).

"**Indicative Offer Price**" means the indicative offer of €9.62 per Share at which Shares will initially be offered in the Offering, determined based on negotiations between the Company and the Joint Global Coordinators.

"**INE**" means *Instituto Nacional de Estadística* (Spanish Statistics Bureau).

"**ING**" means ING Bank N.V.

"**Internal Code of Conduct**" means the *Código Interno de Conducta en materias relativas a los Mercados de Valores.*

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Vehicles**" means the investment vehicles created by the Group from time to time whose assets are managed by one or more members of the Group under investment and/or property management agreements.

"**IRR**" means a gross levered post tax internal rate of return, excluding the impact of any potential incentive fees payable to the relevant investment manager.

"**IRS**" means United States Internal Revenue Service.

"**IT**" means information technology.

"**JB Capital**" means JB Capital Markets, S.V., S.A.U.

"**Jefferies**" means Jefferies International Limited.

"**Joint Global Coordinators**" means Goldman Sachs and UBS.

"**Kempen**" means Kempen & Co N.V.

"**KPI**" means key performance indicator.

"**Law 19/2003**" means Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering.

"**Lazora Investment Management Agreement**" means the investment management agreement entered into between, among others, Lazora and Azora Gestión, on March 27, 2012.

"**Lazora Property Management Agreement**" means the property management agreement entered into between Lazora and Azzam Vivienda, on March 27, 2012.

"**Lazora**" means Lazora S.I.I., S.A.

"**LEED Platinum**" means the leadership in energy and environmental design certification awarded by the U.S. Green Building Council to buildings with a total of 90 points out of 136

"**LMV**" means the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*).

"**lower-tier PFIC**" means direct and indirect subsidiaries and other non-U.S. companies in which the Company invests, if the Company were to become a PFIC.

"**MAB**" means Alternative Stock Market (*Mercado Alternativo Bursátil*)

"**Management Team**" means the Senior Management Team, the CEO of Azzam, the Compliance Officer, the Chief Financial Officer and the General Counsel of the Company, as amended from time to time.

"**Managers**" means the Joint Global Coordinators, the Co-Lead Managers and the Underwriter Manager.

"**Managing Partner**" means the managing partners of the Company, from time to time, which as of the date of this Prospectus are: Mr. Juan Antonio del Rivero Bermejo, Ms. Cristina García-Peri Álvarez, Mr. Javier Picón García de Leániz, Mr. Jean Marc Parnier, Mr. Javier Rodríguez Heredia, Mr. Javier Arús Castillo, Ms. Mónica Garay Írizar and Mr. Carlos Fernández de Araoz.

"**MAR**" means Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.

"**Markets in Financial Instruments Directive**" means Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, as amended.

"**Maximum Amount**" means a total aggregate amount of €15 million for all beneficiaries of the Employee Share Plan.

"**MiFID II**" means EU Directive 2014/65/EU on markets in financial instruments, as amended.

"**MiFID II Product Governance Requirements**" means MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and local implementing measures.

"**NAV**" or "**Net Asset Value**" means the total equity less non-controlling interests plus deferred tax liabilities from investment properties under IAS40.

"**New Shares**" means new ordinary shares of the Offering.

"**NOI**" means net operating income.

"**Norbolsa**" means Norbolsa S.V., S.A.

"**NRIT Law**" means the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004, of March 5 (*texto refundido de la Ley del Impuesto sobre la Renta de no Residentes, aprobado por Real Decreto Legislativo 5/2004, de 5 de marzo*).

"**OECD**" means Organisation for Economic Co-operation and Development.

"**Offer Price**" means the final price of the Shares offered in the Offering, determined based on negotiations between the Company and the Joint Global Coordinators upon the finalization of the book-building period.

"**Offering**" means the initial offer Shares as described in this Prospectus.

"**Order**" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

"**Over-allotment Option**" means the option granted by the Company to the Stabilizing Manager, acting on behalf of the Managers, at the Offer Price, to cover over-allotments in the Offering, if any, and short positions resulting from stabilization transactions.

"**Over-allotment Shares**" means up to 4,725,005 additional ordinary shares of the Company granted as an option to the Stabilizing Manager, acting on behalf of the Managers.

"**PFICs**" means passive foreign investment companies.

"**PIK**" means payment in kind.

"**PIT Law**" means Personal Income Tax Law 35/2006, of November 28 (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*).

"**Prospectus**" means this Prospectus, a prospectus for the purposes of the Prospectus Directive prepared in accordance with, and including the information required by, the Prospectus Regulations.

"**Prospectus Directive**" means the Directive 2003/71/EC of the European Parliament and of the Council of the EU (as amended, including by Directive 2010/73/EU).

"**Prospectus Regulation**" means Regulation (EC) No. 809/2004 and the amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012.

"**Prospectus Rules**" means the Prospectus Directive and the Prospectus Regulation.

"**PwC**" means PricewaterhouseCoopers.

"**QEF**" means qualified electing fund.

"**QIBs**" means qualified institutional buyers as defined in Rule 144A.

"**Qualified Investors**" means qualified investors under Article 2(1)(e) of the Prospectus Directive.

"**Quick Refund Procedure**" means surplus amounts withheld, which will be credited to the non-Spanish tax resident shareholder.

"**RDL 3/2016**" means Royal Decree-Law 3/2016, of December 2, adopting tax measures aimed at the consolidation of public finances and other urgent social security measures.

"**Regulation (EU) 596/2014**" means the Commission Regulation (EU) No. 596/2014 of April 16, 2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.

"**Regulation S**" means the Regulation S of the Securities Act.

"**REIT**" means real estate investment trust.

"**Relevant Member State**" means a member state of the EEA that has implemented the Prospectus Directive.

"**Relevant Persons**" means qualified investors (i) who have professional experience in matters relating to investments falling within the definition of "investment professionals" under Article 19(5) of the Order or (ii) falling within Article 49(2)(a)-(d) of the Order.

"**Renta Corporación**" means Renta Corporación Real Estate, S.A.

"**RESA**" means Residencias de Estudiantes, S.L. (formerly, Residencias de Estudiantes, S.A.)

"**RevPar**" means revenue per available room.

"**RICS**" means The Royal Institution of Chartered Surveyors.

"**Rule 144A**" means Rule 144A under the Securities Act.

"**SAREB**" means *Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria* (the Spanish company for the management of assets proceeding from the restructuring of the banking system).

"**SEC**" means the United States Securities and Exchange Commission.

"**Second Vesting Date**" means the date falling two (2) years after Admission or, if such date is not a trading day, the next trading day, on which the 2nd Maximum Amount can accrue.

"**Selección de Inmuebles**" means Selección de Inmuebles, S.L.U.

"**Selección de Inmuebles Conditions**" means the following three (3) conditions to which the waivers granted by Selección de Inmuebles dated April 16, 2018 in respect of the Selección de Inmuebles Property Management Agreement are subject and which must be complied with during the term of the Selección de Inmuebles Property Management Agreement: (i) Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding no less than 45% of the shares that they currently hold in the Company for a period of three (3) years after the Admission; (ii) each of Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding office as director or senior manager in the Company after completion of the Offering and for the entire term of this agreement; and (iii) the Company controlling Azora Capital after completion of the Offering (see "*Material Contracts – Selección de Inmuebles Property Management Agreement*").

"**Selección de Inmuebles Property Management Agreement**" means the property management agreement entered into between Selección de Inmuebles and Azora Capital, on April 21, 2015.

"**Senior Management Team**" means the Executive Directors and the Managing Partners of the Company.

"**Settlement Date**" means the second business day after the Transaction Date against delivery through the facilities of Iberclear of the New Shares to final investors, which is expected to take place on or about May 14, 2018.

"**Shares**" means the New Shares and the Over-allotment Shares.

"**Siresa**" means Siresa Campus S.L. (formerly, Siresa Campus S.I.I. S.A.).

"**SMEs**" means small and medium sized entreprises.

"**Sociedad de Bolsas**" means Sociedad de Bolsas, S.A.

"**SOCIMI Regime**" means the special tax regime applicable to SOCIMIs pursuant to Spanish Law 11/2009, of October 26, 2009, on listed real estate investment companies, as amended from time to time.

"**SOCIMI**" means the Spanish real estate investment companies (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*), as defined in the Spanish Law 11/2009, of October 26, 2009, on listed real estate investment companies, as amended from time to time.

"**SPAC**" means special purpose acquisition company.

"**Spanish Central Bank**" means the *Banco de España*.

"**Spanish Companies Act**" means the *Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el Texto Refundido de la Ley de Sociedades de Capital*, as amended.

"**Spanish Foreign Investment Law**" means the Royal Decree 664/1999, of April 23 (*Real Decreto 664/1999, de 23 de abril*), which was approved in conjunction with Law 18/1992, of July 1.

"**Spanish Stock Exchanges**" means the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

"**Stabilization Period**" means the period, expected to commence on May 11, 2018 and end on June 10, 2018, in which stabilization transactions shall be carried out for a maximum period of 30 days from the date of the commencement of trading of the Company's ordinary shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting.

"**Stabilizing Manager**" means Goldman Sachs International.

"**Strategic Property-Type-Verticals**" means the Company's strategic verticals of (i) lodging real estate, (ii) residential real estate (iii) commercial real estate, and (iv) real estate debt.

"**Student Accommodation Transaction**" means the disposal by the Group of RESA (former Group company in charge of managing student accommodation), Encampus and Siresa (former Investment Vehicles which invested in student accommodation in Spain).

"**Tamerlane**" means Tamerlane, S.à r.l.

"**Target Market Assessment**" means the product approval process used to determine that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II.

"**Témpore Investment Management Agreement**" means the investment management agreement entered into between Témpore and Azora Gestión on November 24, 2017.

"**Témpore**" means Témpore Properties SOCIMI, S.A., a SOCIMI incorporated by the SAREB in 2017.

"**Third Vesting Date**" means the date falling three (3) years after Admission or, if such date is not a trading day, the next trading day, on which the 3rd Maximum Amount can accrue.

"**Transaction Date**" means the transaction date of the Offering (*fecha de operación bursátil*).

"**Transferee**" means any of Baztán or Hermanos Bécquer's controlled companies and Affiliates (as defined in Rule 501(b) under the Securities Act) to which any of the Company's ordinary shares owned by Baztán or Hermanos Bécquer are transferred.

"**Treaty**" means the income tax treaty between the United States and Spain.

"**TSR**" means total shareholder return, which is calculated as the evolution in the Company's share price plus the value of the dividends, if any, during the period of reference, assuming they are reinvested in Company's ordinary shares on the day they are received.

"**U.S. Holder**" means a beneficial owner of Shares that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court; or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"**UBS**" means UBS Limited.

"**Underwriter Manager**" means Norbolsa.

"**Underwriting Agreement**" means the underwriting agreement to be entered into on or about May 9, 2018 among the Company and the Managers with respect to the offer sale of the Shares.

"**Underwritten New Shares**" means the New Shares underwritten by the Managers pursuant the Underwriting Agreement.

"**UNWTO**" means World Tourism Organization.

"**Value-added**" refers to segments involving medium-to-high-risk real estate investments. Assets in this category typically exhibit management or operational problems, require physical improvement and the lease of the assets until a stable occupancy rate is reached and/or suffer from capital constraints.

"**Vivenio Property Management Agreement**" means the property management agreement entered into between Vivenio represented by Renta Corporación Real Estate, S.A. and Azzam Vivienda, S.L.U., on April 5, 2018.

"**Vivenio**" means Vivenio Residencial SOCIMI, S.A.

"**WALT**" means weighted average lease term.

"**WTTC**" means World Travel & Tourism Council.

All references to "Azora Altus" and "Company" in this Prospectus are to "Azora Altus, S.A." All references to "we," "us," "our," or "Group" are to the Company and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires.

All references to "Spain" are to the Kingdom of Spain, and all references to "United States" or "U.S." herein are to the United States of America.

Unless otherwise specified herein or the context otherwise requires, all references in this Prospectus to "euros" and "€" are to the common lawful currency of the member states participating in the third stage of the European Economic and Monetary Union, including Spain, and all references in this Prospectus to "U.S.$," "dollars" and "U.S. dollars" are to United States dollars, the official currency of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Financial Statements

The financial information presented in this Prospectus is provided for information purposes only and is not necessarily indicative of the Group's future results of operations.

This Prospectus includes an English translation of the Group's (i) audited consolidated financial statements and related notes thereto as of and for the year ended December 31, 2017 (the "**2017 Consolidated Financial Statements**"), as well as (ii) audited consolidated financial statements and related notes thereto as of and for the years ended December 31, 2016 and December 31, 2015 ("**2016 and 2015 Consolidated Financial Statements**") (the 2017 Consolidated Financial Statements and the 2016 and 2015 Consolidated Financial Statements together, will be referred to as the "**Consolidated Financial Statements**"). The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS-EU**") and have been audited by Deloitte, S.L. The audit reports corresponding to the Consolidated Financial Statements are unqualified. As the Consolidated Financial Statements have been translated from Spanish to English, in case of any discrepancy between the English version and the Spanish version, the Spanish version shall prevail.

Pursuant to Spanish regulatory requirements, the 2017 Consolidated Financial Statements are required to be accompanied by a directors' report. The directors' report is included in this Prospectus only in order to comply with such regulatory requirements. Investors are strongly cautioned that the directors' report contain information as of specific historical dates and do not contain a current description of the Group's business, affairs or results. The information contained in the directors' report has been neither audited nor prepared for the specific purpose of this Prospectus. Accordingly, the directors' report should be read together with the other sections of this Prospectus, and particularly "*Risk Factors*" and "*Operating and Financial Review*." Any information contained in the directors' report is deemed to be modified or superseded by any information contained elsewhere in this Prospectus that is subsequent to or inconsistent with it. Furthermore, the directors' report includes certain forward-looking statements that are subject to inherent uncertainty (see "*Important Information—Forward-Looking Statements*"). Accordingly, investors are cautioned not to rely upon the information contained in such directors' report.

The financial information included in this Prospectus is expressed in euros unless otherwise indicated.

The financial information included in this Prospectus is not intended to comply with the reporting requirements of the U.S. Securities and Exchange Commission. Compliance with such requirements would require the modification or exclusion of certain information presented in this Prospectus and the presentation of certain other information not included in this Prospectus.

Alternative Performance Measures

This Prospectus contains certain management measures, which are used to evaluate the Group's overall performance and facilitate the comparability of its financial information, such as: NAV, GAV, assets under management, EBITDA, Adjusted Performance Result, EBITDA Margin, Adjusted Performance Result Margin, revenues like-for-like, FFO, gross financial debt and adjusted net financial debt. These management measures are not audited, reviewed or subject to a pro-forma review by the Group's independent auditors and are not measurements required by, or presented in accordance with, IFRS-EU. These management measures are not measurements of the Group's financial performance under IFRS-EU and should not be considered as alternatives to the information included in the Consolidated Financial Statements or to any performance measures prepared in accordance with IFRS-EU.

Many of these management measures are based on the Group's internal estimates, assumptions, calculations and expectations of future results, and there can be no guarantee that these results will actually be achieved. Furthermore, these management measures, as the Company defines and calculates them, may not be comparable to other similarly-titled measures used by other companies. Investors should not consider such information in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Group's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Investors are advised to review these management measures in conjunction with the Consolidated Financial Statements included in this Prospectus. Accordingly, investors are cautioned not to place undue reliance on these management measures.

The Company believes that the description of these management measures that constitute Alternative Performance Measures ("**APMs**") follows and complies with the "European Securities and Markets Authority Guidelines on Alternative Performance Measures" published in October 2015 and the "Q&A on Alternative Performance Measures Guidelines" published in October 2017 (the "**ESMA Guidelines**").

Rounding

Certain numerical figures presented in this Prospectus have been subject to rounding adjustments for ease of presentation. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the numbers that precede them. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculation were based upon the rounded numbers.

Trademarks

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

Legislation

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

MARKET AND INDUSTRY INFORMATION

Certain of the market, market share, industry and certain other data contained in this Prospectus has been taken from, or based upon, industry reports and other sources named in the sections of this Prospectus entitled "*Business*" and "*Industry Overview*". Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. The Company believes that these industry publications, surveys and forecasts are reliable but the Company has not independently verified them and cannot guarantee their accuracy or completeness and certain of this information, including market studies, are frequently based on information and assumptions which may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

Where information contained in this Prospectus has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this Prospectus has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

This Prospectus also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by the Group based on third-party sources and the Group's own internal estimates. While the Company believes that these estimates of the Group's competitive position and market share are helpful in order to give investors a better understanding of the Group's position within the industry in

which the Group operates, in many cases there is no publicly available information supporting theses estimates. Although the Company believes the Group's internal market observations are reliable, the Group's own estimates are not reviewed or verified by any external sources. Accordingly, investors are cautioned not to place undue reliance on such estimates. Whilst the Company is not aware of any misstatements regarding the industry, market share or similar data presented in this Prospectus, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading "Risk Factors" in this Prospectus.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFERING STATISTICS

Expected Timetable of Principal Events

Event	Estimated date
Approval of this Prospectus by CNMV	April 24, 2018
Commencement of the book-building period in which proposals are made by Qualified Investors	April 25, 2018
Finalization of book-building period	May 9, 2018
Setting of the Offer Price	May 9, 2018
Execution of the Underwriting Agreement	May 9, 2018
Publication of a relevant fact disclosure disclosing the Offer Price	May 9, 2018
Selection of subscription proposals and allocation of the New Shares	May 9, 2018
Confirmation by investors of allocation of the New Shares	May 9, 2018
Subscription and pre-funding by the Joint Global Coordinators of the New Shares	May 10, 2018
Execution of the public deed relating to the capital increase before a Notary Public	May 10, 2018
Registration with the Commercial Registry of the public deed relating to the capital increase	May 10, 2018
Closing Date of the Offering	May 10, 2018
Execution of the special stock exchange transaction (*operación bursátil especial*)	May 10, 2018
Admission to listing of the Company's ordinary shares on the Spanish Stock Exchanges and commencement of the Stabilization Period	May 11, 2018
Settlement of the special stock exchange transaction (*operación bursátil especial*)	May 14, 2018
End of the Stabilization Period	June 10, 2018

Each of the times and dates is subject to change by decision of the Company after consultation with the Joint Global Coordinators without proper notice. Any change, including in particular any shortening of the book-building period, and, therefore, the date of setting of the Offer Price, will be published, including by filing of a relevant fact disclosure (*hecho relevante*) with the CNMV.

Offering Statistics

Indicative Offer Price (per Share)	€9.62
Number of New Shares in the Offering to be issued by the Company	Up to 47,250,048 (67.74% of post-Offering share capital assuming no exercise of the Over-allotment Option and full subscription of the New Shares)
Over-allotment Shares	Up to 4,725,005
Estimated gross proceeds of the New Shares receivable by the Company(1)	€454.55 million
Estimated gross proceeds of the Over-allotment Shares receivable by the Company (1)(2)	€45.45 million
Estimated fees and expenses of the Offering(1)(2)(3)	€12.85 million
Estimated net proceeds of the Offering receivable by the Company in relation to the Shares(1)(2)(3)	€487.15 million
Expected market capitalization of the Company following the Offering(1)(2)	€716.45 million

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Notes:

(1) Assuming the Indicative Offer Price as the Offer Price.

(2) Assuming the Over-allotment Option is exercised in full.

(3) Assuming payment of the maximum amount of the Managers' discretionary commission excluding VAT on the basis that Tamerlane is allocated with 5,197,505 New Shares in the Offering. If Tamerlane is allocated with fewer than 5,197,505 New Shares, the underwriting commissions may increase by an additional amount of up to approximately €1 million, depending on the number of New Shares ultimately subscribed by Tamerlane (and with a corresponding proportionate increase in the total estimated fees and expenses of the Offering).

IMPORTANT INFORMATION

Declaration of Responsibility

Mr. Fernando Gumuzio Íñiguez de Onzoño, acting in the name and on behalf of the Company, in his capacity as authorized representative of the Company, accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of his knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stabilization

In connection with the Offering, Goldman Sachs International, or any of its agents, as Stabilization Manager, acting also on behalf of the Managers, may (but will be under no obligation to), to the extent permitted by applicable law, engage in transactions that stabilize, support, maintain or otherwise affect the price of the ordinary shares or effect other transactions, all with a view to supporting the market price of the ordinary shares at a level higher than that which might otherwise prevail in an open market. Any stabilization transactions shall be undertaken in accordance with applicable laws and regulations, in particular, with Commission Regulation (EU) No. 596/2014 of April 16, 2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (hereinafter in this section, "**Regulation (EU) 596/2014**"), as regards exemptions for buy-back programs and stabilization of financial instruments set forth under the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures (hereinafter in this section, "**Delegated Regulation (EU) 2016/1052**").

The stabilization transactions will be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of the ordinary shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilization period is expected to commence on May 11, 2018 and end on June 10, 2018 (the "**Stabilization Period**").

For this purpose, the Stabilization Manager may carry out an over-allotment of ordinary shares in the Offering, which may be covered by the Stabilization Manager pursuant to a security loan granted by Hermanos Bécquer 10, S.L. and Baztán Consultores, S.L. The Stabilization Manager (i) is not required to enter into such transactions and (ii) such transactions may be effected on any securities market, or otherwise and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilization Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilization transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice to the duty to give notice to the CNMV of the details of the transactions carried out under Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052. In no event will measures be taken to stabilize the market price of the Company's ordinary shares above the Offering Price. In accordance with Article 5.5 of Regulation (EU) 596/2014 and Article 6.2 of Delegated Regulation (EU) 2016/1052, the details of all stabilization transactions will be notified by the Stabilization Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with Articles 5.4 and 5.5 of Regulation (EU) No. 596/2014 and Article 6.3 of Delegated Regulation (EU) 2016/1052, the following information will be disclosed to the CNMV by the Stabilization Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date at which stabilization transactions were initiated; (iii) the date on which stabilization transactions last occurred; and (iv) the price range within which the stabilization transactions were carried out, for each of the dates during which stabilization transactions were carried out.

NOTICE TO INVESTORS IN THE UNITED STATES

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES FOR OFFER OR SALE AS PART OF THEIR DISTRIBUTION AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD,

PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS. THE SHARES OFFERED HEREBY ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS IN RELIANCE ON RULE 144A AND OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS AS DEFINED IN, AND IN RELIANCE ON, REGULATION S. PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT ANY SELLER OF THE SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. SEE *"SELLING AND TRANSFER RESTRICTIONS*."

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. THIS PROSPECTUS DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF SECTION 10 OF THE SECURITIES ACT.

NOTICE TO INVESTORS IN THE EEA

This Prospectus has been prepared on the basis that the Offering of the Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Shares. Accordingly, any person making or intending to make any offer of the Shares within the EEA should only do so in circumstances in which no obligation arises for the Company, the Managers or any other person to produce a prospectus for such offer. The Company and the Managers have not authorized, nor do they authorize, the making of any offer of the Shares through any financial intermediary other than offers made by the Managers, which constitute the final placement of the Shares contemplated in this Prospectus.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any Shares which are the subject of the Offering contemplated by this Prospectus is not being made and will not be made to the public in that Relevant Member State, other than: (a) to any legal entity which is a "qualified investor" as defined in Article 2(1)(e) of the Prospectus Directive; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in any Relevant Member State; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer or sale of the Shares shall require the Company to publish a prospectus pursuant to the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice to investors in the EEA, the expression an "offer of the Shares" in relation to the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each subscriber of Shares in the Offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a qualified investor. The Company the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

For the purposes of this Prospectus, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in each Relevant Member State of the EEA and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is for distribution only to, and is directed only at, qualified investors who: (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Order; (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FSMA Order; or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons, including qualified investors, together being referred to as "R**elevant Persons**").

In the United Kingdom, this Prospectus is directed only at Relevant Persons and must not be acted on or relied on by anyone who is not a Relevant Persons. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

NOTICE TO PROSPECTIVE INVESTORS IN CERTAIN OTHER COUNTRIES

For information to investors in certain other countries, see "*Selling and Transfer Restrictions*."

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These forward-looking statements include matters that are not historical facts, including the statements under the headings "*Summary,*" "*Risk Factors,*" "*Business*" and "*Operating and Financial Review*" and elsewhere regarding future events or prospects. Statements containing the words "target," "aim," "ambition," "goal," "objective," "believe," "expect," "intend," "anticipate," "will," "positioned," "project," "risk," "plan," "may," "estimate" or, in each case, their negative and words of similar meaning are forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

The various factors and uncertainties described under "*Risk Factors*" could impact the Group's ability to perform its obligations or to realize revenue in accordance with its expectations. If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from those projected. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity. You should specifically consider the risks and other factors identified in this Prospectus, which could cause actual results to differ, before making an investment decision. Additional risks that the Company may currently deem immaterial or that are not presently known could also cause the forward-looking events discussed in this Prospectus not to occur. Readers should not place undue reliance on any forward-looking statements.

These forward-looking statements speak only as of the date of this Prospectus. Subject to any continuing obligations under Spanish, U.S. federal and other applicable securities laws and regulations and by applicable stock exchange regulations, the Company undertakes no obligation to publicly update or review any forward-looking statement contained in this Prospectus, whether as a result of new information, future developments or otherwise.

This Prospectus does not include profit forecasts or profit estimates as defined in section 13 of Annex I of the Prospectus Regulation for any period. No statement contained herein should be interpreted to mean that earnings per ordinary share after Admission will necessarily be greater or less than the historical earnings or earnings per ordinary share of the Company.

AVAILABLE INFORMATION

For so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the Securities Act.

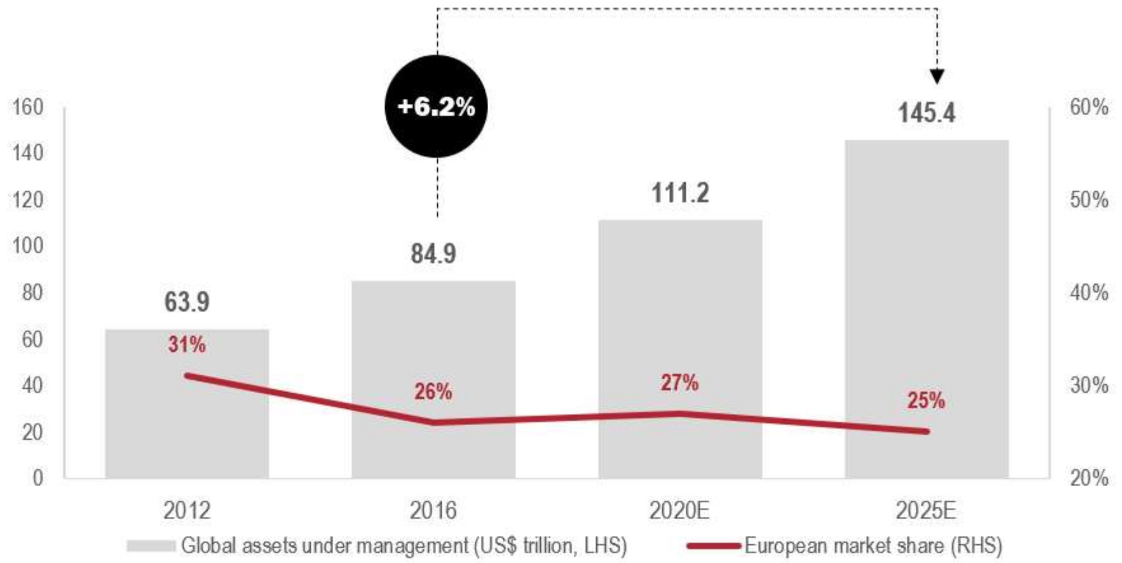
A. Introduction

The Group is a fully integrated real estate investment and management platform whose business is split into three different but interrelated activities: i) Investment Management Activity, ii) Alignment Capital Investment Activity and iii) Direct and Controlling Investment Activity. The Group's offering covers investment into and management of real estate assets in which institutional capital is scarce. By actively managing these assets throughout the entire lifecycle of investments, the Group's goal is to generate risk-adjusted returns for shareholders and third-party clients. Given the scope of the Group's activities, its performance is highly dependent upon trends within i) the asset management industry, and in particular, the real estate management industry, ii) the Spanish, European and global macroeconomic backdrop, and iii) the Spanish and, to a lesser extent, the European real estate markets.

B. Investment Management and Real Estate Asset Management Industry

The asset management industry has experienced significant growth in global assets under management in the past decade, driven by the performance of the global financial markets and growth in pension assets and savings in a context of low interest rates. According to PriceWaterhouseCoopers (**"PwC"**) "Asset & Wealth Management Revolution: Embracing Exponential Change" report, the total value of externally managed assets worldwide was US$84.9 trillion in 2016, representing an increase of 7.4% CAGR from 2012. It is expected that this trend will continue, with global assets under management forecasted to reach $145 trillion globally in 2025, equivalent to a 6.2% CAGR since 2016 (see Illustrative figure 1 — "*Growth in global assets under management (2012 – 2025E, expressed in US$ trillion)*". In particular, total assets under management in Europe are expected to grow at 5.6% CAGR for the period 2016-2025E, rising from US$21.9 trillion in 2016 to US$35.7 trillion in 2025.

Illustrative figure 1 — Growth in global assets under management (2012 – 2025E, expressed in US$ trillion)



Source: PwC "Asset & Wealth Management Revolution: Embracing Exponential Change"

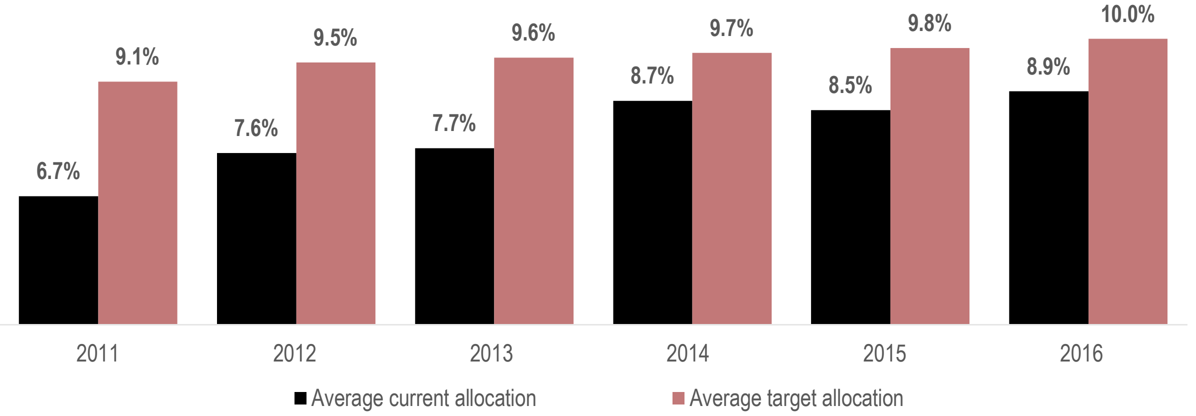
Within the asset management industry, alternative investment sectors[1] have shown strong momentum, accounting for 12% of total assets under management in 2016. A lasting low interest rate environment has prompted investors to turn to alternative asset classes providing higher returns, diversifying away from conventional instruments. It is expected that this trend will continue, with alternative assets expected to account for 15% of total global assets under management in 2025E, with a CAGR of 8.5% for the period 2016-2025E as per PwC "Asset & Wealth Management Revolution: Embracing Exponential Change" report.

Likewise, real estate, an asset class within the alternative segment, has gradually increased its share of institutional investors' average capital allocation from 6.7% in 2011 to 8.9% in 2016 and with a stated intention

[1] Including hedge funds, private equity, real estate, infrastructure and commodities (as per PwC classification in the mentioned report).

to further increase their average allocation to real estate opportunities up to 10% in 2017 as per "Preqin Investor Outlook: Real Estate H1 2017" report and "Preqin Investor Outlook: Real Estate H1 2016" report (see Illustrative figure 2 — "*Rising institutional average allocation to real estate investments (as % of total assets under management)*").

Illustrative figure 2 — Rising institutional average allocation to real estate investments (as % of total assets under management)



Source: Preqin Investor Outlook: Real Estate H1 2016 report and Preqin Investor Outlook: Real Estate H1 2017 report

According to PwC "Asset & Wealth Management Revolution: Embracing Exponential Change" report, total real estate assets under management in 2016 reached US$1.2 trillion, which represented almost two times 2012 levels, when the real estate assets under management amounted to $0.6 trillion. Real estate assets under management are expected to grow to US$1.5 trillion by 2020E (5.7% CAGR) and US$2.2 trillion by 2025E (7.0% CAGR). Key drivers behind this growth in the real estate as an asset class include, among others:

(i) institutional investors (e.g. insurance companies, public and private pension funds, sovereign wealth funds, endowment plants) increasing allocations towards non-traditional assets to satisfy return requirements;

(ii) portfolio diversification, as real assets tend to have uncorrelated return profiles relative to stocks and bonds;

(iii) predictable and steady cash-flows supported by contractual revenues and attractive operating margins, providing downside and inflation protection; and

(iv) low historical volatility of many real asset classes versus equities, leading to higher risk-adjusted returns.

Evidencing the increasing importance of an allocation towards real estate, total dry powder (i.e. uncalled investor capital) for closed-end real estate investment vehicles reached a record of $249 billion globally in 2017[2]. This is up c. 4.6% from $238 billion in 2016, and c. 4.4% on a CAGR basis from $176 billion in December 2009.

Overall positive performance in real estate assets has further fueled increased allocations towards the sector as distributions from funds have reached record levels: nearly $900 billion has been released back to institutions from fund investments over 2013-2016, including a record $278 billion distributed over the whole of 2016 according to 2018 Preqin Global Real Estate report (sample pages). Furthermore, as of June 2017, approximately 95% of surveyed investors[3] asserted that performance of real estate asset classes over the last 12 months had either met or exceeded their expectations higher than any other alternative asset class including private equity, private debt, natural resources and hedge funds. This has resulted in 're-up' rates reaching 90% for larger funds.

Despite the strong growth and momentum seen in recent years, global investors' portfolios seem to be still underexposed to the real estate segment as derived from current dry-powder availability close to all-time highs, alongside growing levels of target average allocation to real estate assets. As such, this is expected to support a steady growth in this asset class, which is forecasted to increase by 6.9% CAGR for the period 2016-2020E and

2 Preqin, "Private capital fundraising update 2017 data pack".

3 Preqin Investor Outlook: Alternative assets H2 2017.

7.5% CAGR for the period 2020E-2025E, according to PwC "Asset & Wealth Management Revolution: Embracing Exponential Change" report. Additionally, investors seem to be more willing to invest in real estate sub-sectors where a high operational component may be required as a potential way to crear (see Illustrative figure 3 — "*Strong expected prospects in the Company's Strategic Property-Type-Verticals (%)*").

Illustrative figure 3 — Strong expected prospects in the Company's Strategic Property-Type-Verticals (%)

	Student housing	Rented residential	Assisted living	Co-working	Logistics facilities	Healthcare	Hotels	Serviced apartments	Parking	Affordable housing	Data centres	House-building for sale	Industrial/ware-house	High Street shops	City centre shopping centres	Central city offices	Business parks	Suburban offices
Very good + Good	79	79	77	77	77	70	70	68	63	62	62	62	60	57	57	57	35	31
Fair and less	21	21	23	23	23	30	30	32	37	38	38	38	40	43	43	43	65	69

Source: PwC Emerging Trends Europe Survey 2017
Note: Grey highlight denotes the Company's real estate asset classes where it intends to implement its business strategy

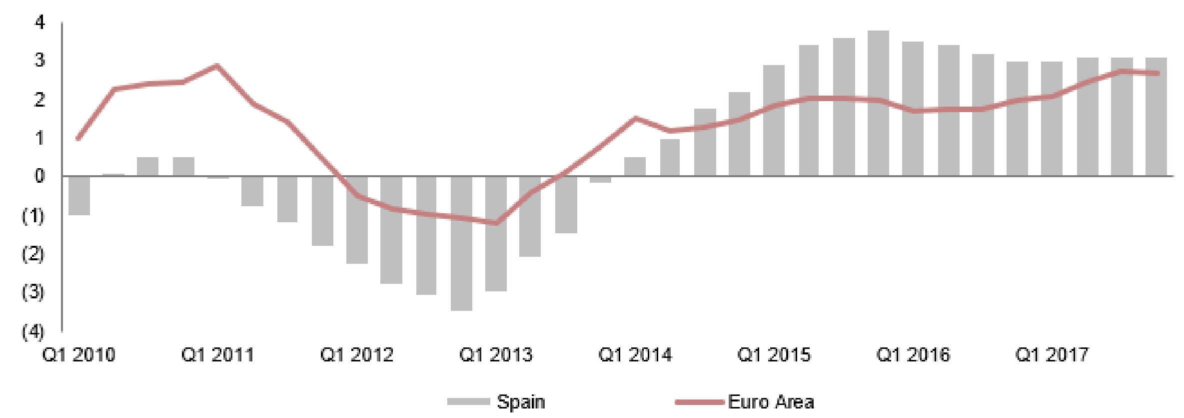
In Europe, this estimated growth is expected to be driven in the short to medium term by a number of real estate asset classes, which are currently enjoying strong prospects as they aim to satisfy new global trends (i.e. demographic trends, new urban developments, technology and social changes) and which, in many cases, play right into the Group's strenghs and are coincident with the Company's Strategic Property-Type-Verticals.

C. Spanish macroeconomic overview

Growth rates for the Euro Area and the EU beat expectations in 2017 as the transition from economic recovery to expansion continues. The Euro Area and EU economies are both estimated to have grown by 2.4% in 2017, the fastest pace in a decade, as per Eurostat data. This is a result of both stronger cyclical momentum in Europe, where labour markets continue to improve and economic sentiment is particularly high, and a stronger than expected pick-up in global economic activity and trade.

In this context, following twelve consecutive quarters of contracting real GDP from Q1 2011 to Q4 2013, Spain has recorded its fourth consecutive annual GDP expansion in 2017, growing at a 3.1% rate versus 2016 (Source: INE) and outpacing most European peers (see Illustrative figure 4 — "*Real GDP growth – (quarter-on-quarter annualized percentage change)*").

Illustrative figure 4 — Real GDP growth – (quarter-on-quarter annualized percentage change)

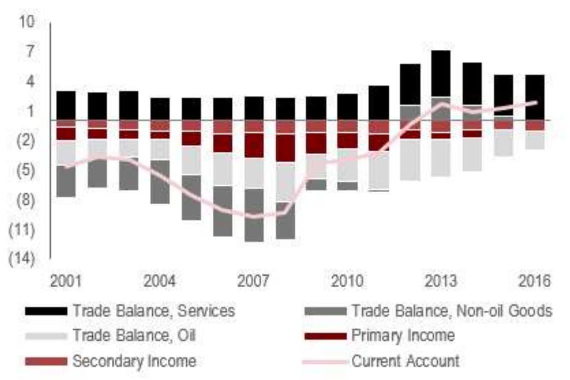


*Source: Organisation for Economic Co-operation and Development (**"OECD"**) and INE*

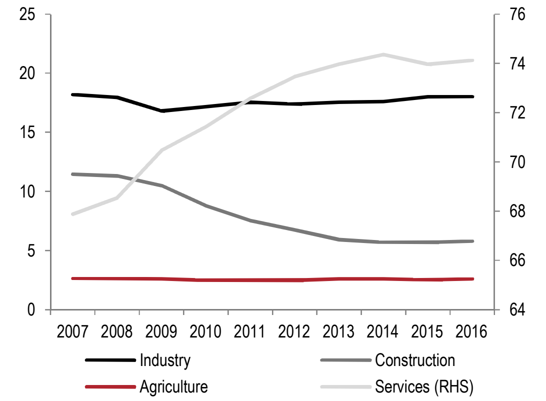
Against a backdrop of benign external conditions, low oil prices, easy financial conditions (mainly due to European Central Bank Expanded Asset Purchase Program launched in early 2015 with an initial duration of 21 months) and intensive structural reforms and adjustment of the Spanish Government spending combined with private debt reduction and adjustments in the financial industry resulted in a more balanced growth model compared to the pre-crisis credit-fueled economic expansion. Private consumption, investment and net exports have been the key contributors to the sustained growth experienced since the crisis.

In terms of sector contribution, export-led services (including tourism) have broadly offset the declining contribution from the construction sector since 2007, and helped Spain to record its fifth consecutive annual current account surplus.

Illustrative figure 5 — Current account components (as % of GDP)



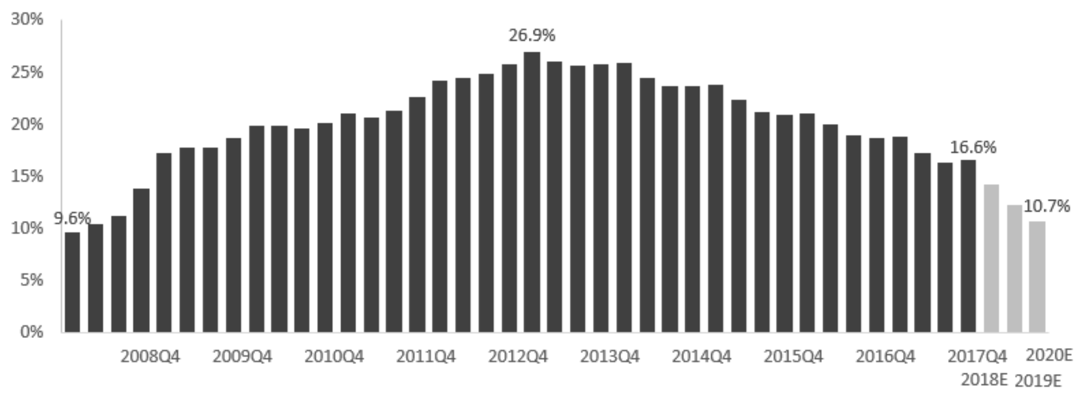
Illustrative figure 6 — Composition of the Spanish economy (% of nominal gross value added)



Source: IMF, World Economic Outlook as of October 2017

Economic expansion which was led by work-intensive services sectors, especially the tourist industry, has resulted in a strong and solid labour market, deriving in a significant drop in the unemployment rate (10.4 percentage points decrease from maximum levels registered in Q1 2013, reaching 16.6% unemployment level in Q4 2017 (source: INE)).

Illustrative figure 7 — Evolution of the unemployment rate in Spain (as % of active population)

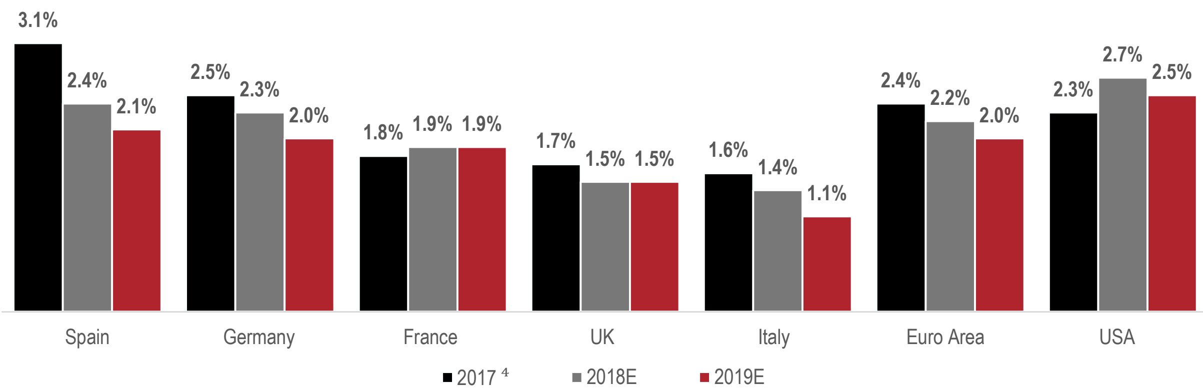


Source: INE and Bank of Spain, as of December 2017

Despite its recent sustained contraction, the unemployment rate in Spain is expected to continue decreasing in the medium term as business activity continues its upward trend over the next few years, reaching 12.3% levels by 2019E and 10.7% by 2020E (see Illustrative figure 7 — "*Evolution of the unemployment rate in Spain (as % of active population)*"). This positive trend has resulted in a strong creation of jobs in Spain – over 490,000 jobs created in 2017 alone, the largest number of jobs among developed economies, with 12.1% new employment generation since Q1 2014 when Spain was at its lowest levels of economically active population (versus 5.9% in Germany, 2.7% in France or 5.3% in UK), and an aggregate c. 2.0 million jobs created since Q1 2014) (source: INE, Destatis, Insee and ONS).

Looking ahead, with consumer confidence close to all-time highs (2017 average at 102.8 versus 102.9 for 2015, the highest on record (source: INE)), sustained economic growth is expected to continue in the near term and to stabilize over the medium term, with real GDP forecast to grow 3.1% in 2017, 2.4% in 2018E and 2.1% in 2019E according the January 2018 World Economic Outlook by the International Monetary Fund. In any case, real GDP growth expectations for the Spanish economy are high relative to other OECD countries, such as Germany, France or the United Kingdom (2.3%, 1.9% and 1.5% in 2018E, respectively) (see Illustrative figure 8 — "*Evolution of real GDP growth rate (%)*").

Illustrative figure 8 — Evolution of real GDP growth rate (%)[4]



Source: January 2018 World Economic Outlook by the International Monetary Fund

According to the Bank of Spain's outlook for 2018 published on December 2017, Spanish GDP growth is expected to be sustained next year by strong, albeit slightly decelerating, internal demand (mainly household consumption), which will more than offset restrictive monetary and fiscal policies. External demand will also continue to positively contribute to GDP growth, supported by price discipline of Spanish exports and easy financing conditions in the euro area.

This positive macroeconomic backdrop is expected to support growth in the Spanish real estate industry and, specifically, in the asset classes in which the Group intends to invest.

Spanish Real Estate Market Overview

The Strategic Property-Type-Verticals in which the Group intends to invest are enjoying strong momentum and offer attractive perspectives in the context of global mega-trends.

Over the past six decades, tourism has experienced a continued expansion and diversification to become one of the largest and fastest-growing economic sectors in the world. In 2016, international tourism represented 7% of the world's exports in goods and services. Moreover, world tourism GDP growth stood at 3.6% in 2017 versus 3.3% in 2016 (Source: UNWTO 2017 report, World Travel and Tourism Council: Travel & Tourism Economic Impact 2017 - March 2017). Spain is one of the most important tourism markets worldwide both by volume and revenues, hosting around 82 million international tourists in 2017 (source: INE) (Spain was ranked #2 with $60.3 billion international tourism receipts in 2016 versus $56.5 billion in 2015 holding #3 position) and generating revenues of approximately €87 billion in the same year (Source: World Travel and Tourism Council: Travel & Tourism Economic Impact 2017 - March 2017, UNWTO 2017). Demand for hotel keys, in terms of overnight stays, has increased steadily over the last 6 years in Spain, presenting a CAGR of 3.9% in the period between 2009 and 2017 reaching 340 million while the number of open establishments has remained stable, thus resulting in growing occupancy (24% in the period between 2009 and 2017) and ADR (24% in the period between 2009 and 2017) mainly driven by international overnights (source: INE)

In line with other commercial assets, prime offices capital values in Madrid and Barcelona have experienced a strong recovery since 2012 (+101% and +107%, respectively since the trough in 2012) driven by accelerating

[4] Numbers include actual and estimated figures.

investment volumes (from €831 million in 2012 up to €8.2 billion in the period between 2015 and 2017 according to Knight Frank Office Snapshot Q4 2017), yield compression (from a peak of 6.24% in 2009 and 6.77% in 2012 down to 3.75% and 4.00% in Q4 2017, respectively) and rental growth (+25.5% and 33.1% since 2013, respectively) (source: CBRE Madrid Office Snapshot Q3 2017 and Knight Frank Office Snapshot Q4 2017). Despite this strong recovery, capital values still represent a discount relative to other main European cities (source: Deloitte The Office Property Handbook 3.0). In addition, prime rents are still at 23% and 16% discount (Q4 2017) versus peak levels in 2007 in Madrid and Barcelona (source: Cushman & Wakefield Office Market Snapshot Q4 2017), comparing positively in terms of prospective rental growth to other European cities (source: *JLL: Oficinas: Las claves de un mercado en constante evolución*, February 2018). Despite the strong demand for yielding product from international investors and big office players, the lack of capital expenditures during the crisis has resulted in a lack of investable product, slowing down the investment volumes by roughly a third in 2017 versus 2015 (source: *JLL: Oficinas: Las claves de un mercado en constante evolución*, February 2018). This offers attractive opportunities for value-added real estate investors. Finally, and following the trends seen in other European cities, the co-working space segment is changing the office real estate landscape in Spain and is providing new attractive investment opportunities.

The supply of new housing units grew at a CAGR of 5.7% between 2001 and 2006 and peaked at 597,632 housing units in 2006. As credit conditions and the economic outlook worsened, demand for new housing units declined, falling from 412,439 transactions in 2007 to 47,114 in 2016. Construction of new housing units adjusted quickly, with the number of new non-regulated housing starts declining by 95.6% in 2013 from the peak, thus resulting in the collapse of homebuilders and the close of the real estate financing flow from banks. The unsold stock put increased pressure on housing prices, which fell by an average of 37.2% (adjusted by Spanish CPI) since their peak (Source: Ministry of Public Works and Transport). However, housing affordability ratio remains high (calculated as the housing price over annual salary), which coupled with the move from owning to renting (closer to European trend rental levels of 33.6% average of population living in rented homes in other countries of the Eurozone vs. 22.2% of the population in Spain (source: Eurostat)) is resulting in a growing rental market with increasing rents (22.9% and 19.2% rental growth between 2015 and Q3 2017 in Madrid and Barcelona, respectively) (source: Idealista).

Retail sales and industrial production increased in 2017 directly impacting the distribution business sector and its real estate component, logistics facilities and warehouses. In 2017, total investment volume in logistics and industrial is expected to stand at c. €2 billion (+126% over 2016 total investment of €875 million) (source: "Market View: *España logística – 2017"*, CBRE, 2017) driven by an increase in e-commerce (+11.5% growth per annum since 2015) and the expected growth in the demand for express delivery services (+4% CAGR for 2016-2021E) in Europe (source: TechNavio). Rentals are also expected to increase due to vacancy rates in both Madrid and Barcelona, which are close to the technical full occupancy level (7%). On the other hand, retail expansion continues since 2013. The retail real estate sector in Spain is currently at a mature stage but is to remain quite liquid as market fundamentals, consumption and consumers' sentiment will back-up economic expansion. In Spain, retail sales increased by 3.6% in 2016 while customer demand tends to be concentrated in smaller stores (c. 60 rental transactions in the high street rental sector involving stores of less than 300 sqm vs. c. 5 rental transactions of stores involving 300-500 sqm in 2016). High street capital values are already significantly above 2007 peak levels (approximately 80€/k/sqm in 2016 in Madrid and Barcelona versus 64€/k/sqm and 58€/k/sqm in Madrid and Barcelona, respectively in 2007). Nevertheless, rents are still 21% and 13% below the 2007 peak levels in Madrid and Barcelona, respectively in 2016 (source: CBRE, *Las Claves del Retail en España 2016-2017*).

Company's envisaged investment focus

The Company's business strategy is focused on the expansion and development of its Strategic Property-Type-Verticals (see *"Business – Business Strategy"*). In this regard, the investment focus will be on (i) Lodging Real Estate, (ii) Residential Real Estate, including rented residential and healthcare, (iii) Commercial Real Estate, including offices, logistics and retail, and (iv) Real Estate Debt.

<u>I) Lodging Real Estate</u>

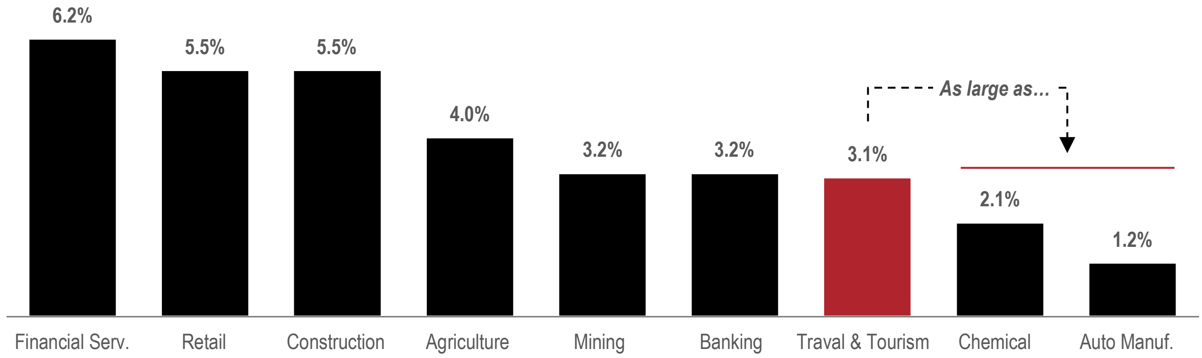
(i) Global Sector Overview

Lodging Real Estate belongs to the broader Travel & Tourism industry, which directly contributed about $2.3 trillion to global gross domestic product, or 3.1% of the total in 2016 (close to 10% taking into account its indirect and induced effects) (source: World Travel and Tourism Council: Travel and Tourism, Economic

Impact 2017 – March 2017). Among the top global industries, Travel & Tourism is larger than both Automobile Manufacturing (representing 1.2% of global GDP in 2016) and the Chemical Industry (representing 2.1% of global GDP in 2016) and is similar in size to Banking (see Illustrative figure 9 — "*Global Travel & Tourism: 3.1% of Global GDP in 2016*"). Globally, Travel & Tourism directly employs 109 million people and another 183 million indirectly, which represents 1 in 10 of the world's total jobs (source: World Travel and Tourism Council: Global Economic Impact and Issues 2017 Report).

Illustrative figure 9 — Global Travel & Tourism: 3.1% of Global GDP in 2016

Top global GDP constituents; data for year 2016



Source: World Travel and Tourism Council: "Global Economic Impact and Issues 2017" report

From a lodging perspective, there are approximately 14-17 million hotel rooms globally, which have been estimated to generate approximately $550 billion in revenues in 2016 (source: Hospitality Net). Historically, tourism is estimated to have outperformed the overall economy, and is set to continue in the years to come, fueled by continuous growth in international tourist arrivals, which are expected to grow at an annual rate of c. 4% between 2016 and 2026 (source: JLL, Hotel Investment Outlook 2017 report).

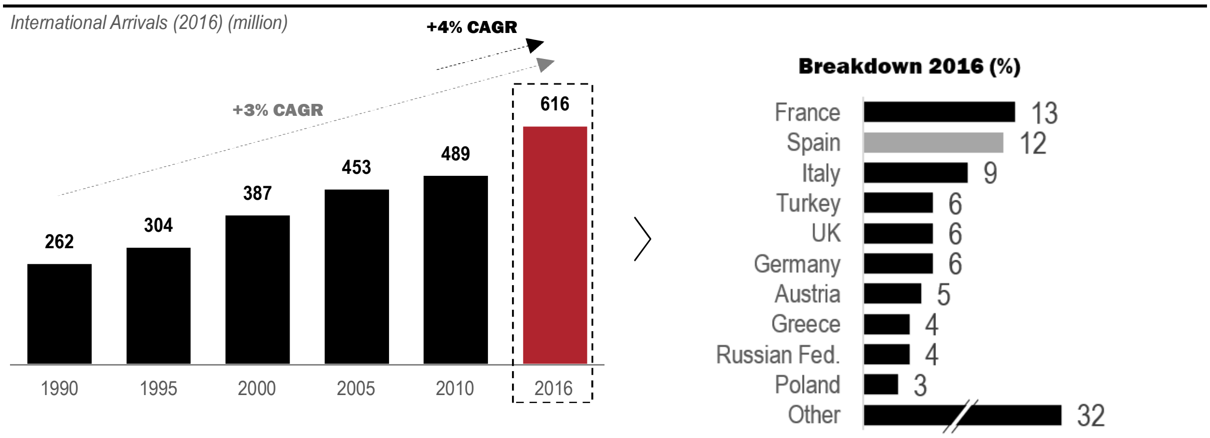
From an industry mix perspective, leisure travelling is currently predominant in the sector, generating 77% of global travel spending in 2016. Such predominance is expected to remain in the coming years, as business and leisure travelling are set to grow at similar rates (source: JLL, Hotel Investment Outlook 2017 report). From a regional perspective, leisure represented 77% of total travelling spending in Europe, and 71% in the United States in 2016 (source: World Travel and Tourism Council Economic Impact 2017 US and Other Europe reports).

Tourism outperformance, especially in the leisure segment, has been supported by the following structural factors, which are expected to continue contributing to the sector in the future: (i) cultural changes, as travelling is now considered a "basic need", especially among younger generations; (ii) an increase in air traffic, mainly driven by the significant growth of low-cost carriers; (iii) expansion of middle-class worldwide, particularly in developing countries; (iv) the evolution of technologies and internet that have fostered tourists' experience, research and comparability options; and (v) progressive population ageing, which means increasing available days for travelling. Particularly in Europe, available vacation days range between 30 and 40 per annum, also contributing favorably to the sector, especially if compared to the United States, with 10 vacation days per annum (source: Code du travail – Article L3133-1; Bundesministerium das Inner, UK Government – Bank Holidays; Office of Personnel Management US, World Bank). Within leisure travelling, leading destinations are city breaks and beach holidays (data for the United Kingdom (source: ABTA)).

(ii) European Sector Overview

Europe is the largest market in terms of international tourist arrivals, capturing 616 million international visitors or c.50% of global share as of 2016 (compared to 16% and c.200 million in Americas). European Mediterranean countries contribute significantly in terms of international tourist arrivals with c.276 million international visitors in 2016 (22% of the total), thus becoming the epicenter of "sun & beach" tourism worldwide (source: UNWTO Tourism Highlights 2017 report). Furthermore, international tourist arrivals in Europe have grown at solid levels, at c.3% annually in the period between 1990 and 2016, and at c.4% annually in the period between 2010 and 2016 (see Illustrative figure 10 — "*Solid growth of European international tourist arrivals*").

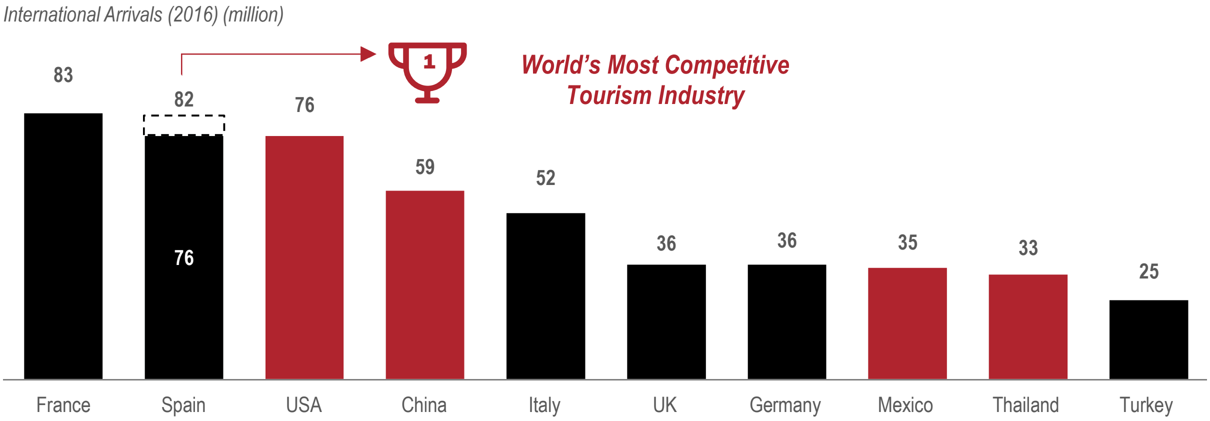
Illustrative figure 10 — Solid growth of European international tourist arrivals



Source: UNWTO "Tourism Highlights 2017" report

In 2016, France, United States and Spain continued to top international arrivals rankings, accounting for c.19% of total international tourist arrivals worldwide (see Illustrative figure 11 — "*Top 10 countries by international tourism arrivals in 2016 (million)*") (source: UNWTO - Tourism Highlights 2017 report). In 2017, international tourist arrivals in Spain rose to 82 million (source: INE), becoming the second most visited country worldwide and the world's most competitive destination according to the World Economic Forum's "Travel Competitiveness Report 2017".

Illustrative figure 11 — Top 10 countries by international tourism arrivals in 2016 (million)



Source: UNWTO "Tourism Highlights 2017" report

Lodging capacity in Europe is large, given the size of the tourism industry in the region. Top 5 European countries account for c.4.5 million keys, with Italy being the largest, with more than one million keys, followed by Germany, Spain, the UK and France (source: Eurostat). In addition to this, the European lodging market is highly fragmented, with only 43% of total keys managed by hotel chains, compared to 70% in the United States (source: Horwath HTL Report "European Hotels & Chains Report 2017"; press releases; fragmentation data for Europe includes France, Germany, Italy, Netherlands, Spain and UK).

Hotel investment in Europe has reached c.€22 billion in 2017, beating pre-crisis investment volumes, and only below the historical record achieved in 2015 of €24 billion. "Sun & Beach" markets have gained importance, with Spain being a clear example, as it has become the second largest hotel investment market in Europe, only after the UK. The latter is mainly due to the entrance of large institutional investors such as Hispania, Blackstone, OakTree, London & Regional, Starwood, KKR or Alchemy, particularly in "Sun & Beach" type of resorts (source: HVS European Hotel Investment reports, press releases).

(iii) European Sun & Beach Lodging Sector

Mediterranean countries' international arrivals have shown solid growth rates during the last two decades, growing at an annual rate of 3.3% in the 1995-2016 period, and reaching 323 million international visitors in 2016. Among these countries, France, Spain and Italy capture the vast majority of the market, with a share of

76%. The fastest growing markets within the sub-region have been Portugal, Greece, Croatia, Cyprus, Malta and Spain, posting annual arrivals growth rates of ranging between 6% and 9% (source: UNWTO 2017 Tourism Highlights; Ministry of Culture and Tourism of Turkey).

Within all European Mediterranean destinations, Spain remains as the clear leader given its ample leisure offering, multiple and diverse destinations and its positioning as most competitive destination worldwide (source: The Travel & Tourism competitiveness report 2017). Regions such as Catalonia, Canary Islands, Balearic Islands, Valencia and Andalusia are among the top 10 resort destinations worldwide by international tourist arrivals. Additionally, there are six Mediterranean destinations outside Spain among the top 25 resort destinations worldwide, which are Aegean Islands, Cóte d'Azur, Algarve, Djerba-Zarzis, Sousse and Languedoc (source: EY report *"Escenario Futuro del Mercado Hotelero Vacacional en España"*).

Despite large growth experienced in international tourist arrivals in the Mediterranean countries in the last years, hotel supply has remained relatively stable, with only 0.8% annual growth during the 2007-2016 period in Spain, France, Italy, Croatia and Portugal. This has helped occupancy to increase sharply, with a clear pass-through effect to hotel pricing (source: Eurostat). The Mediterranean lodging sector is very fragmented, with only 17% of hotels managed by hotel chains (source: Howard HTL "European Hotels & Chains Report 2017"; fragmentation data includes Spain, France, Italy, Croatia and Portugal).

The above-mentioned supply-demand imbalance across the region has fueled solid RevPAR growth in most of its submarkets, exception being countries with geopolitical issues. Spanish Islands (both Canary and Balearics) and the Portuguese coast (Algarve) have led the ranks, with c.8-10% CAGR in the 2010 - 2017 period, closely followed by Greek resort destinations (c.7%-8% CAGR in the same period). Geopolitical issues (especially the impact of terrorist attacks) have impacted the French Mediterranean Coast, and, on a larger scale, the Northern Africa destinations and Turkey. (source: Deloitte: "Observatoire du Tourisme de la Côte d'Azur"; IBESTAT; ISTAC; Turismo de Portugal; GBR Consulting).

Growth in European Mediterranean "Sun & Beach" destinations are expected to continue on a solid pace, on the back of healthy fundamentals of European issuing markets (namely Germany, the UK, France, Scandinavian Countries, and the Netherlands), with average GDP growth for 2018 and 2019 of 1.5-2.0% per annum (source: International Monetary Fund). Furthermore, "Sun & Beach" tourism is positively affected by the above-mentioned structural tailwinds that benefit the overall tourism sector.

The impact of geopolitical conflicts has moderated its effects. However, there are limited signs of significant recovery from affected countries and it will certainly take time for the international tourist community to regain confidence on stability and safety of those destinations. As of 2017, international tourism flying into Turkey improved compared to the previous year, however, growth came mostly from Russia and other non-European countries, rather than from Western European countries, which were showing declining numbers (source: Ministry of Culture and Tourism for Turkey).

(iv) European Urban Lodging Sector

Main European countries have performed very positively in terms of international tourist arrivals during the period between 2010 and 2016, top performers being Portugal, the Netherlands, Spain and Germany, with CAGRs between 5% and 9%. Taking also into account the UK, Italy and France, these seven countries embrace a total of 310 million international tourist arrivals (source: "UNWTO Tourism Highlights 2017" report). With regards to cities, London, Paris, Rome and Prague lead the international arrivals rank in 2017, with 20, 14, 10 and 9 million international tourists respectively (source: Euromonitor International Report "Top 100 City Destinations Ranking 2017"). In terms of lodging supply, London, Paris and Berlin are the largest markets, with 140, 77 and 66 thousand hotel keys, respectively.

Despite positive demand figures, supply has remained stable, with only 1.3% annual growth over the 2007-2016 period in France, Germany, Italy, the Netherlands, Spain and the UK, accounting for a total of 4.6 million keys as of 2016 (source: Eurostat).

Similar to the case in the Mediterranean countries, strong demand dynamics, coupled with limited supply growth, have fueled hoteliers' pricing capacity, and thus RevPAR growth. Secondary cities, such as Porto, Venice, Lisbon or Prague have posted the highest growth rates over the 2010-2016 period. Core cities such as London, Berlin or Amsterdam have grown at a more moderate pace, while Paris and Geneva have posted no growth over the same period. In terms of RevPAR levels, Venice is the highest-priced city in Europe, followed by Paris, Geneva and London (source: PwC: “European cities hotel forecast for 2017 and 2018”; CBRE public reports; Colliers: “Italy hotel market snapshot”).

Going forward, international tourists arriving in European cities are expected to keep growing in the following years, shouldered by the underlying leisure and tourism trend, increasing low-cost flight inside the European territory, and the rising Chinese outbound tourism worldwide and specially into European countries. Chinese tourism into Europe accounted for c.11 million visitors in 2016, representing 26% of total Chinese outbound (excluding trips to Hong Kong, Macau and Taiwan). On the back of a Chinese rising middle class and Chinese favorite tourism motivations, which include European’s strongest offerings, such as dining, sightseeing and shopping, inbound Chinese tourism into Europe is expected to grow more than 50% up to 2021 (source: European Travel Commission: “European Tourism in 2017: Trends & Prospects (Q3/2017)”; European Commission “The Chinese Outbound Travel Market”; Chinese International Travel Monitor).

(v) Smart lodging

Smart lodging is a consequence of the evolution of the hospitality sector in order to attract and fulfill the needs of the millennial generation. This generation of young people, between 16 and 35 years old, who have an intense travel motivation, staying longer and spending more at their destination compared to older generations, tends to spend more on travel experiences than on accommodation.

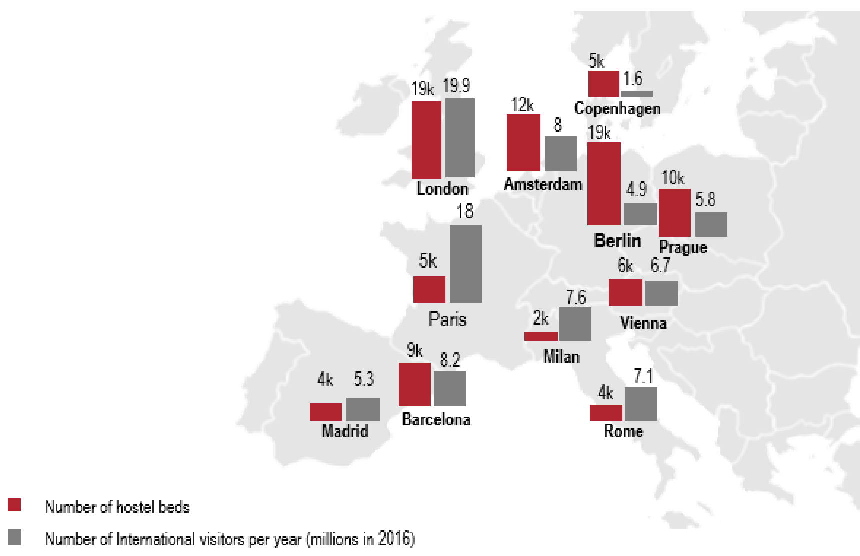
Definitely, with more than 1.8 billion millennials in the world (source: ITB World Market trends 2016-2017 report), this generation is year-on-year getting more relevant to the travel industry. As an example, millennials in Europe represented about 37% of all European outbound trips in 2017 (source: WYSE Travel Confederation press release) and by 2020, almost 370 million youth travelers are expected to spend a total of US$400 billion (source: WYSE Travel Confederation press release)

Alternative lodging types, like the new upscale hostels and campsite, are the answer to the need of a new accommodation experience, focused on millennials and families that look for a clean, comfortable, stylish accommodation at affordable prices, along with a local and social experience to share.

European hostels landscape

The global hostel industry has experienced a rapid growth in the last few years. The hostel sector revenue is expected to reach US$7 billion in 2018, up from US$5.2 billion in 2014 (source: Colliers International 2017 hostels report), and is expected to keep growing at a rate of 7% to 8% percent year-on-year in the next few years (source: Colliers International 2017 hostels report). If the hostel bed supply is analyzed in relation to the number of 'youth' visitors across main European cities, such supply is still constrained in relation to potential demand, which means there are opportunities to expand the hostel business.

Illustrative figure 12 — European hostel market overview

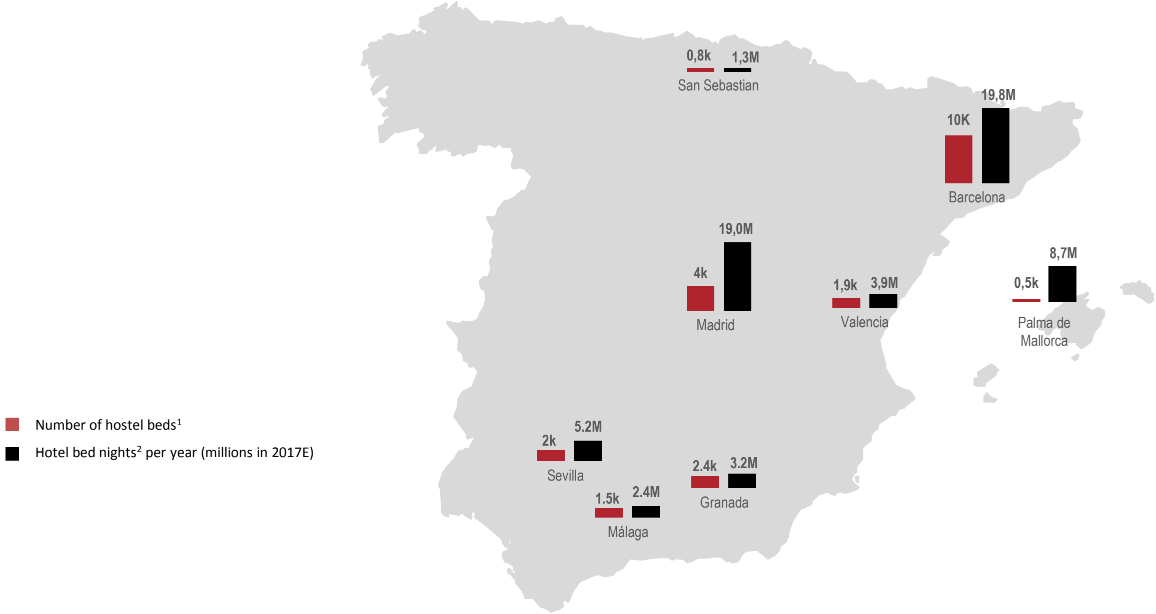


Source: Internal estimates and Master Card 2017 Global Destinations Cities Index

The global hostel market is fragmented into small properties and un-professionalized management. As an example, major hostels chains account just for 8% of the global hostel beds' supply worldwide, while the top hotel chains account for 20% of total room supply (source: *Colliers International 2017 hostels report*). The hostel market is set to consolidate and to grow exponentially over the next few years. New players entering the market, backed by institutional investors, private equity funds, including major hotel groups introducing hybrid hostel brands, will support the growth of this type of alternative accommodation.

In Spain, there is a lack of hostel supply in all major touristic cities. Moreover, there are few national hostel chains with presence in more than one Spanish city and only 3 major international chains with hostels in Madrid and/or Barcelona (Generator, St Christopher, Safestay). As new stylish hostels have grown in popularity and client approval, national demand for hostels has increased significantly in the last 4 years (120% growth of Spanish visitors to U Hostels group in the last 4 years, (source: Internal estimates)).

Illustrative figure 13 — Spanish hostels sector overview

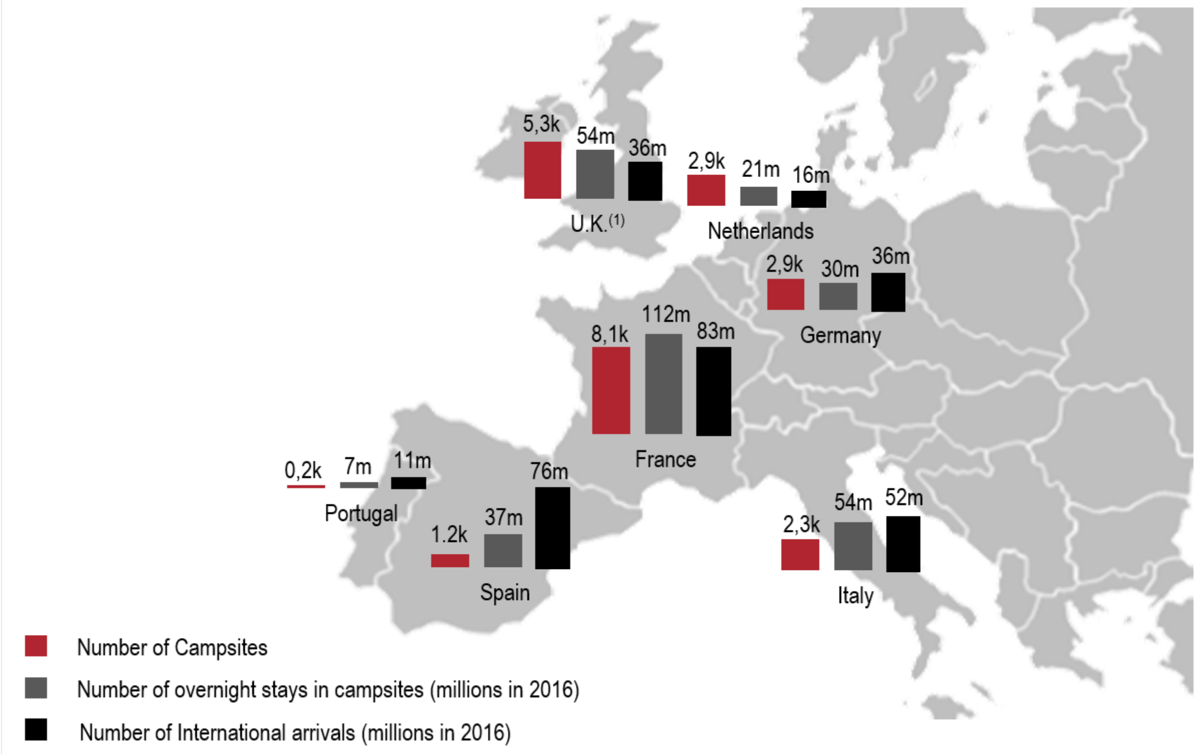


Source: (1) Internal estimates; (2) INE

Spanish camping sector overview

Similar to hostels, the camping sector is also transforming itself into a more appealing and attractive alternative accommodation option. Many new branded campsites have been refurbished to offer a clean, comfortable place, with different camping options (from premium bungalows to tents) that comply with all client economic means, where a wide range of leisure activities is also provided, so that a unique travel experience is delivered.

Illustrative figure 14 — European camping sector overview



Source: Eurostat, UNWTO Touristic Highlights Report 2017.

Note:

(1) Data for the UK refers to the year 2013

Moreover, the need to relax from fast-paced lifestyles and the increase of awareness of the benefits of having a healthy lifestyle have driven up the practice of outdoor physical activities while on vacation. Consequently, adventure tourism is continuously growing. In fact, Europe has been the fastest growing region in terms of adventure travelers.

The camping client is not just looking for just a place to set up their tents, but to enjoy the experience of meeting new people, enjoying nature, practicing sports and doing cultural activities. In this sense, countries like France have been leading a camping regeneration, improving their facilities and cultivating customer experience. This trend is extending to other countries such as Italy, the UK and Germany, and soon they are expected to become the preferred option for any camping client.

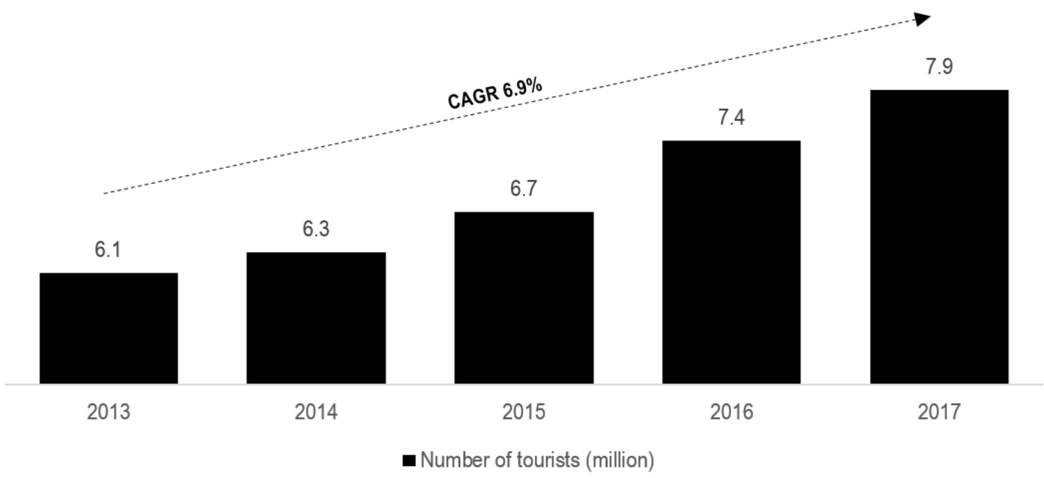
According to CIVD (Der Caravaning Industrie Verband e.V.), the total sales revenue generated by the European camping amounts to c. €18 billion with a total of 367 million camping and caravan overnight stays at approximately 28,000 campsites (source: CIVD corporate website, Eurosta 2016). France is the absolute leader in this segment with 112 million overnight stays, followed by Italy (53 million) and the UK (50 million) (source: *Eurostat*).

In Spain, the camping sector is still under-developed, albeit it has strong growth potential. Currently, the total number of campsites in Spain represents less than 5% of total European campsites (approximately, 1,200 campsites with a total capacity of approximately 750,000 spots). Also, only 25% of the Spanish campsites are first category (source: INE 2017). Spain is the second most visited country in the world with 82 million international tourist arrivals in 2017 (source: INE), but it just holds 5% of total European campsites, so it seems reasonable to expect an important growth in quality and number of campsites in Spain.

The camping industry in Spain is very fragmented, with hundreds of families owning campsites and old facilities in the need of refurbishment and a more professionalized management. As such, there is significant room for consolidation in the Spanish camping sector, providing a great opportunity to create a leading upscale camping operator in Spain.

In terms of demand, the number of tourists staying at campsites have increased up to 7.9 million in 2017, from 6.1 million in 2013, which represents a CAGR of c. 7% during this span (see Illustrative figure 15 — "*Number of tourists staying in Spanish campsites*"). In terms of overnight stays, Spain achieved in 2017 a total of c.39 million overnights, a figure that points out how far Spain is compared to its European peers. In addition, there has been a positive evolution in overnights stays, as the number of overnight stays has grown at 5.6% CAGR from 2013 to 2017 (source: INE).

Illustrative figure 15 — Number of tourists staying in Spanish campsites



Source: INE

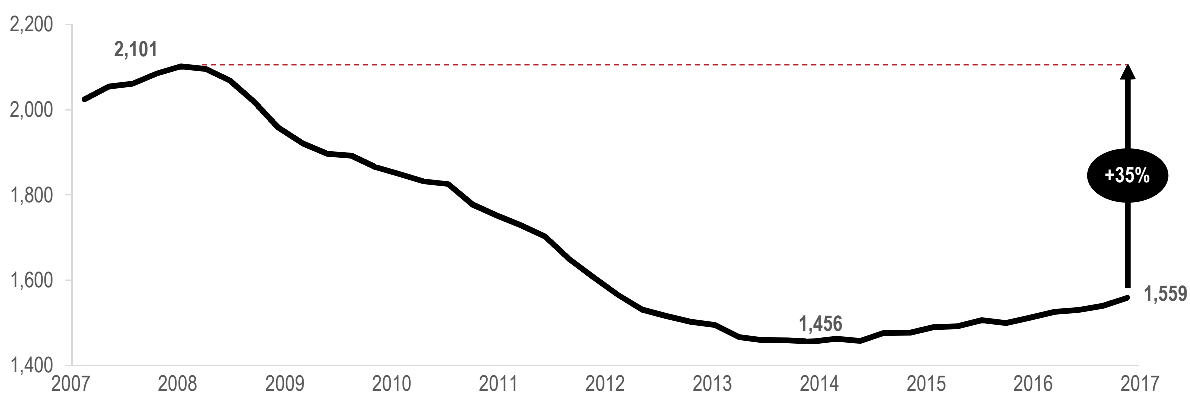
The Company believes that there is an attractive investment opportunity both in the hostel and camping sectors, where a leading European platform of urban upscale hostels focused on main touristic cities across Spain as well as a premium camping platform focused on the Iberian Peninsula can be developed.

<u>II) Residential Real Estate</u>

The positive macro and demographic trends are underpinning growth of the residential sector in Spain. Some of main growth drivers include: GDP growth (well above EU average), strong recovery of the labor market (with favorable unemployment rates and more than 600,000 jobs created in 2017) and strong household growth expected (13% in Madrid and 6% in Spain over the period 2017-2030) (source: INE, International Monetary Fund and Ministry of Employment and Social Security).

Housing prices in Spain reached a peak level in 2008 with free-hold house prices, for both new and existing housing, increasing at a CAGR of 9.6% during the 2004-2008 period (see Illustrative figure 16 — "*House prices in Spain (€/sqm)*") (source: Ministry of Public Works and Transport). Following the financial crisis, there was an oversupply of housing units, which made house prices fall reaching a trough in 2014. Since then, average house prices in Spain have started to recover but are still far from the peak levels of 2008.

Illustrative figure 16 — House prices in Spain (€/sqm)



Source: Ministry of Public Works and Transport

House construction

As the Spanish economy expanded, the supply of new housing units grew at a CAGR of 5.7% between 2001 and 2006 and peaked at 597,632 housing units in 2006 (source: Ministry of Public Works and Transport). The growing supply was initially supported by a strong demand which resulted in an increase from 295,242 transactions involving newly-built free-hold homes and ongoing residential developments in 2004 to a maximum of 412,439 in 2007 (source: Ministry of Public Works and Transport).

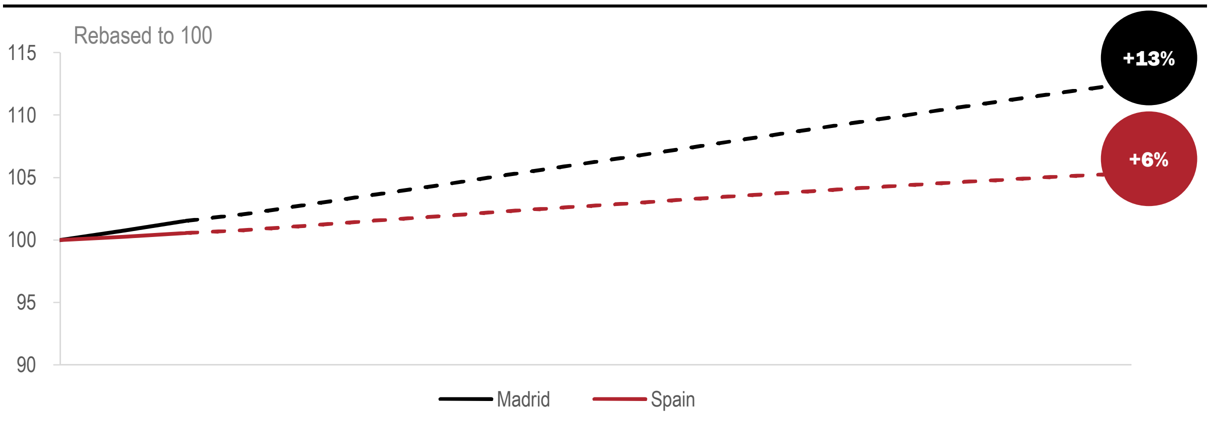
The increase in demand during this period can be explained, among other factors, by (i) easy access to credit, (ii) relatively low cost of financing, (iii) fiscal incentives for home ownership (such as a partial tax deductibility for first-time buyers), (iv) a cultural preference for home ownership over rental; and (v) the wealth effect generated by rising real estate prices.

However, in the years that followed this period of growth, and as credit conditions and the economic outlook worsened, demand for new housing units declined, falling from 412,439 transactions in 2007 to 47,114 in 2016 and 35,627 in the first 9 months of 2017 (source: Ministry of Public Works).

Construction of new housing units adjusted quickly, with the number of new free-hold housing starts declining by 95.6% in 2013 from the peak recorded in 2006, thus resulting in the collapse of homebuilders and the close of the real estate financing flow from banks which accumulated developer loans amounting to €318 billion as of December 2008. Since then, free-hold housing starts have partially recovered reaching 57,979 in 2016, representing 98% more than in 2013 but still more than 10 times below the production capacity of the sector, while the real estate financing from banks continued decreasing in 2016 (source: Ministry of Public Works and Bank of Spain).

Today, the construction of new housing units is concentrated in the areas benefitting from more solvent demand, such as Madrid, Barcelona and other key touristic regions (Alicante, Valencia, Balearic Islands and Málaga) which together amounted for more than half of the new housing production in 2016 (source: Ministry of Public Works and Transport and Bank of Spain).

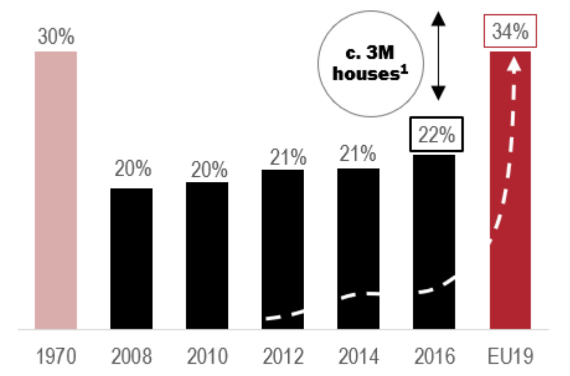
Illustrative figure 17 — Forecasted number of households



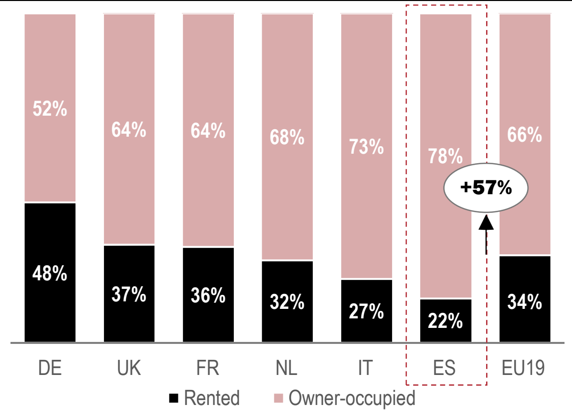
Source: INE

An important feature of the Spanish residential market is that the rented residential market remains underdeveloped as compared to other European countries: at the end of 2016 only 22% of the population lived in rented homes in Spain, as compared to an average of 34% in the Eurozone and still below Italy (27%) and France (36%). Despite this gap between Spain and other European countries, the rented residential market in Spain has begun a slow process of expansion in recent years (see Illustrative figure 18 — "*Spanish rental share evolution*"). Although only 22% of the Spanish population lived in rental housing in 2016, the same percentage did not exceed 20% in 2008, resulting in an increase of almost 2 percentage points over the last six years (see Illustrative figure 19 — *Spanish rental share below EU's*") (source: Eurostat).

Illustrative figure 18 — Spanish rental share evolution



Illustrative figure 19 — Spanish rental share below EU's



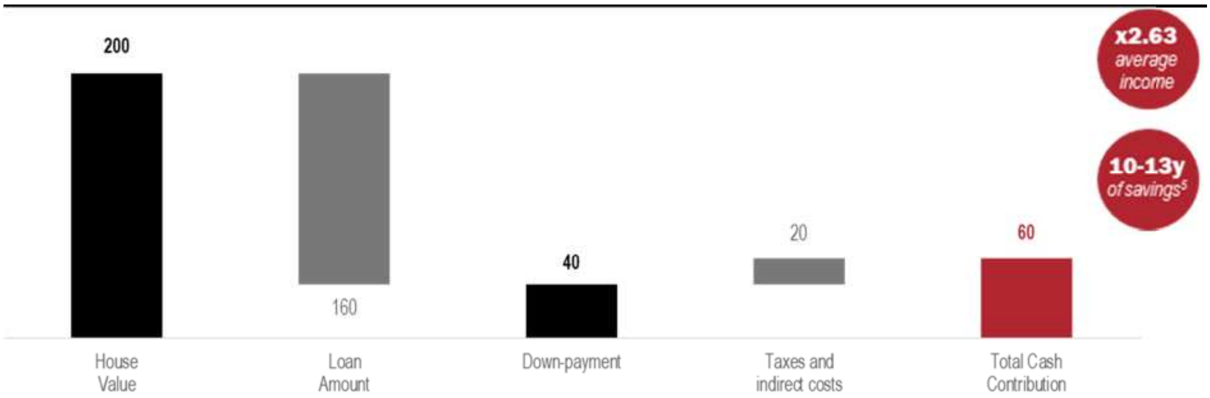
Note: (1) Calculated as 11.4% of c. 25 million housing units in Spain

Source: Eurostat

One of the main drivers for rented residential demand growth is the behavioral changes steaming from the so called new entrants to the labour market (people aged 26-35, who account for 72% of total housing demand), due to (i) the increased attractiveness of renting versus buying due to higher flexibility, (ii) rental effort is less than buying a house despite recent rent increases, (iii) difficulties in obtaining financing, (iv) a reduction in the age of emancipation of young people, and (v) an increase in labor mobility.

Additionally, financial barriers are also considered a growth lever for the rented residential market. As an illustrative example for the average house, an average buyer will need to do a significant initial down payment of approximately €60,000 for a housing unit of €200,000 with loan-to-value ratios for mortgage loans of up to 80%. The down payment will require an effort of 2.6 times the average income and 10-13 years of the yearly savings assuming a 20-25% savings rate and an average Spanish salary of €22.5 thousands (see Illustrative figure 20 — "*Illustrative financial effort of buying a house (€'000)*"). In addition, fiscal incentives have been eliminated, as different public administrations have undertaken various initiatives to promote the rented residential market versus the ownership market (such as Law 4/2013, from June 4, on measures to increase flexibility and promote the rental market), establishing a more favorable framework to encourage landlords to increase supply.

Illustrative figure 20 — Illustrative financial effort of buying a house (€'000)[5]



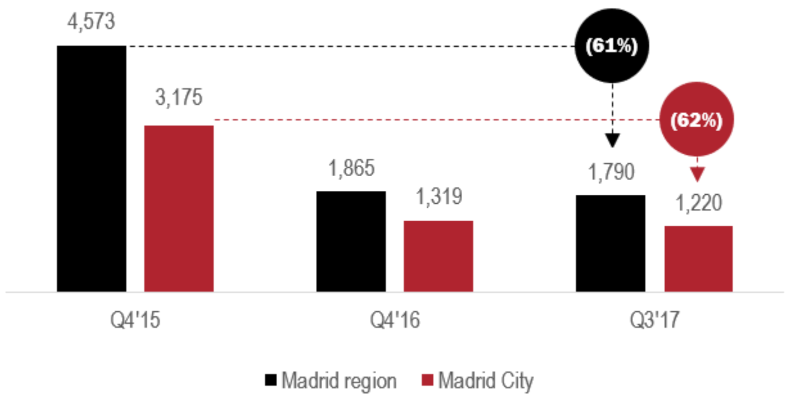
Source: Internal estimates, Encuesta de Población Activa 2016

Despite an increase in demand of rented residential properties, supply is rapidly shrinking. According to data from Idealista, the number of rented housing units on offer in Madrid have decreased by 61% from Q4 2015 to Q3 2017 (see Illustrative figure 21 — "*Number of rental units on offer in Madrid*"). This shrink in supply is due to a number of factors i) limited construction of new houses, pushing down the stock of available houses; ii) transfer of rented property into owner-occupied as the residential prices recover; iii) crowding-out effect of

[5] Illustrative number of years needed to amass the total cash contribution assuming an annual savings rate of 20-25% of the 2017 average Spanish salary.

touristic rentals, especially in Madrid, Valencia and Barcelona; iv) new supply devoted to owner-occupied market; and v) available land for rental product.

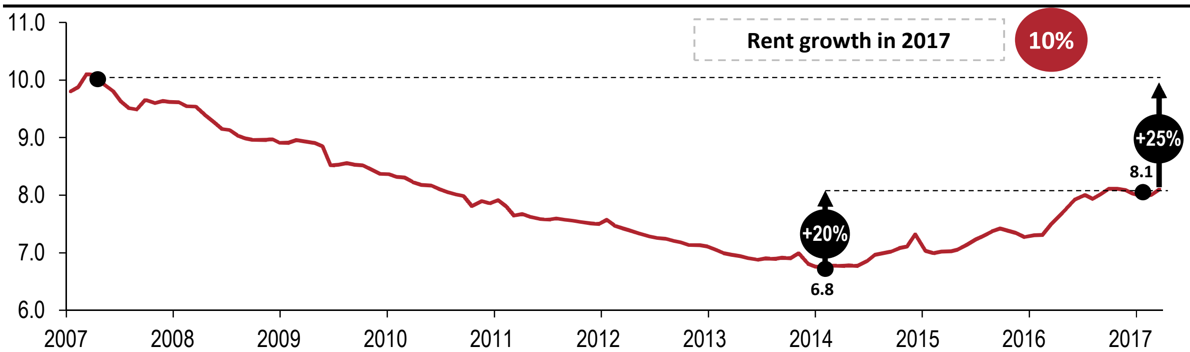
Illustrative figure 21 — Number of rental units on offer in Madrid



Source: Idealista

The strong increase in the demand for rented residential is driving the growth of rental prices in Spain, where rented residential prices have grown by 20% between 2014 and 2017 reaching €6.8 per square meter per month and €8.1 per square meter per month, respectively (source: Fotocasa). Despite this increase, there is still a 25% growth potential to reach previous peak levels in 2007, and at this time the Company believes it is witnessing an imbalance between scarce supply and strong demand which is likely to set new peaks on rented residential prices over the coming years (see Illustrative figure 22 — "*Rental price in Spain (€ per square meter per month)*").

Illustrative figure 22 — Rental price in Spain (€ per square meter per month)[1]



Source: Fotocasa

Note:

(1) The 10% rent growth in 2017 refers to the annual growth rate of the Spanish average rent per square meter and month as reported by Fotocasa in November 2017

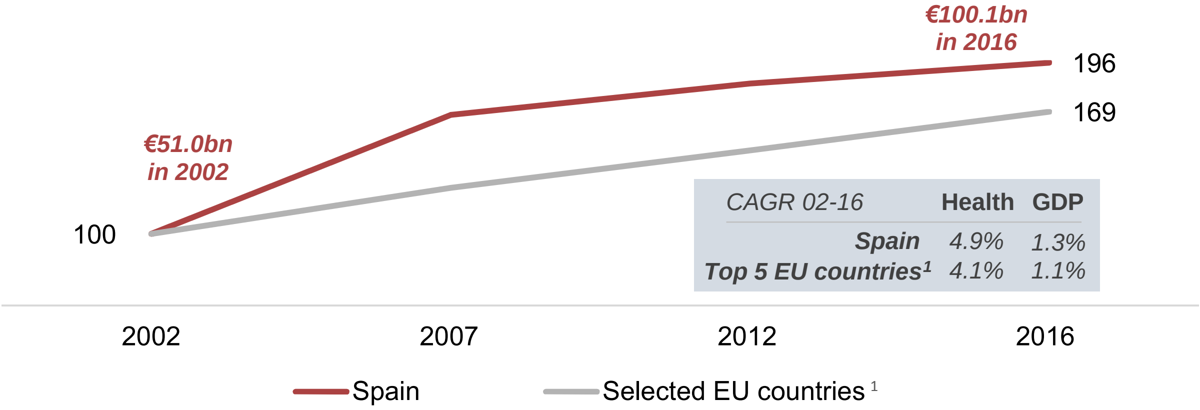
The Company believes that current market conditions allow for the acquisition of rented residential assets at attractive prices and that demand for rented residential housing units will evolve positively.

(i) Snapshot of the real estate healthcare sector in Spain

27.3 million people aged 80 and over ("elderly people") were living in the European Union (EU) in 2017, 7 million more than ten years ago. The growing share of elderly people in the EU (from 4.1% in 2006 to 5.4% in 2017) means that, in 2017, one in every 20 persons living in the EU was aged 80 and over (source: Eurostat). Moreover, the share of elderly people tended to be higher in the southern European Member States, with the highest percentages registered in 2016 in Italy (6.7%), Greece (6.5%), Spain (6.0%) and Portugal (5.9%). Germany followed with 5.8% of its population aged 80 and over. In contrast, Ireland (3.1%), Slovakia (3.2%) and Cyprus (3.3%) registered the lowest proportions of elderly people in their population (source: Eurostat).

The healthcare sector is large and spending has consistently grown above GDP growth at 4.9% CAGR during the 2002-2016 period versus 1.3% CAGR of the GDP during 2002-2016 period in Spain (see Illustrative figure 23 — "*Healthcare spending evolution growth rate (rebased to 100 in 2002)*") (source: OECD). One of the reasons of this superior growth is the ageing of the population. In Spain, c.19% of total population in 2016 is aged over 65, a share expected to reach c.35% by 2046 (source: INE). Furthermore, people within the highest age tranches represent, proportionally, the largest single contributors to health expenditure: population aged over 65 (c.20% of total) accounts for 40% of total healthcare expenditure. The ageing of the population together with Spain's capacity to attract retired population from other countries (mainly from Northern Europe) guarantees a high and increasing level of demand for senior healthcare facilities. Senior housing in general and in particular the care/nursing homes segment is one of the healthcare segments with greatest growth potential.

Illustrative figure 23 — Healthcare spending evolution growth rate (rebased to 100 in 2002)

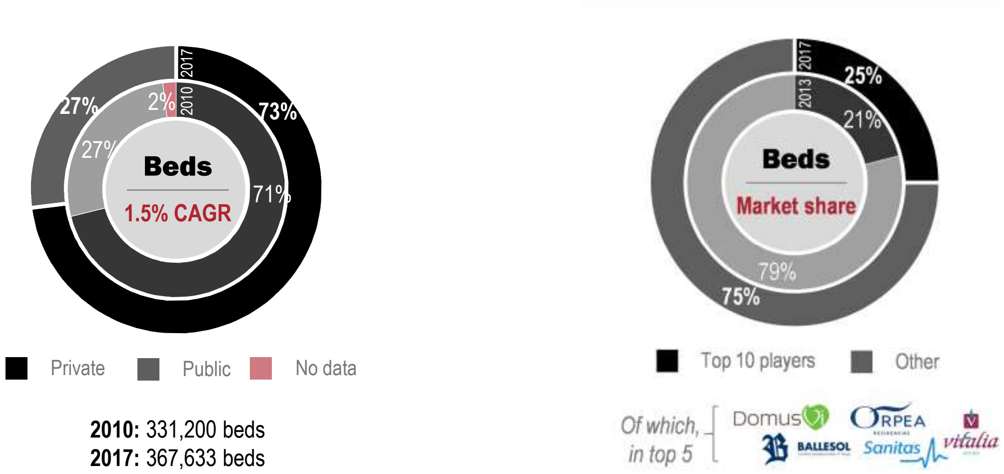


Source: OECD; (1) Spain, Italy, France, the UK and Germany

The senior housing market in Spain is fragmented and growing thus representing an attractive opportunity for institutional investors. Number of beds in senior residencies grew at 1.5% per annum over the 2010-2017 period to 367,633 beds with more than 70% managed by private operators (source: CSIC). Top 5 players (including DomusVI, Orpea, Ballesol, Sanitas and Vitalia) hold a 14% market share in 2017 (see Illustrative figure 24 — "*Senior housing supply overview*") (source: DBK).

Illustrative figure 24 — Senior housing supply overview

Supply Size	Fragmented Market



Source: CBRE Spanish healthcare market, CSIC, DBK and press note

As for the hospital sector, number of beds per thousand inhabitants in Spain lags behind other European countries (3.3 in Spain versus 6.1 in France and 8.1 in Germany in 2015). Private operators hold 20% of the hospital beds and consolidation in the private space is advancing with top 10 players accounting for 40% of the market. The hospital sector is attracting strong interest from international players. In addition, in Spain day and residential care centers have increased c.12% and c.4% from 2000 to 2015 respectively and growth is expected to continue (source: *Ministerio de Sanidad, Servicios Sociales e Igualdad, 2017*).

European investment volumes in the sector increased by 10% in 2016 to reach c.€6.7 billion (source: *Your Care Consult "European healthcare real estate in 2016*" press release).

III) Commercial Real Estate

(i) Offices

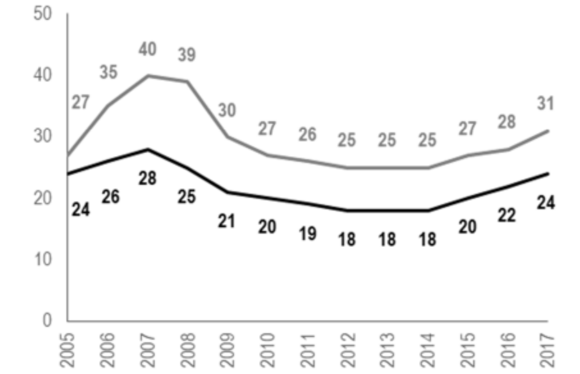
In line with the broader real estate market, offices as an asset class went through a period of extraordinary growth between 2004 and 2007, with prime offices capital values in Madrid increasing to around €10,667 per square meter in 2007 (CAGR of 19.7% over the period 2003-2007) and gross yields compressing to 3.9% in Madrid in 2007 (sources: Knight Frank Office Snapshot Q4 2017and CBRE Madrid Office Snapshot Q3 2017), compared to the Spanish 10-year sovereign bond yield at 4.3% (source: Spanish Public Treasury). Key drivers of this appreciation were the intense increase in business activity in Spain (GDP growth above 3.0% in every year since 1997 until 2007 - except for 2002 when the GDP grew at 2.9%) (source: INE), the remarkable expansion of credit to the private sector and the declining cost of debt.

Between 2007 and 2012, the Spanish office market (and the broader real estate market) experienced a sharp correction in volumes and prices, mainly due to a drop in the business activity, the scarcity of credit and the severe increase in the cost of funding as financial conditions tightened in European peripheral countries, as well as relocations of businesses to smaller but better-equipped offices as a cost-cutting measure. As a result, CBD offices vacancy ratios sharply increased to close to 10% (source: Savills Market in Minutes Q3 2017), resulting in a contraction in rental rates (35.5% and 38.8% down from 2007 to 2013 trough respectively in Madrid and Barcelona) and capital values. Prime office yields expanded from approximately 4% to approximately 6% in Madrid and approximately 6.75% in Barcelona in 2012, with capital values adjusting by over 50% in both cities (source: Knight Frank Offices Snapshot Q4 2017).

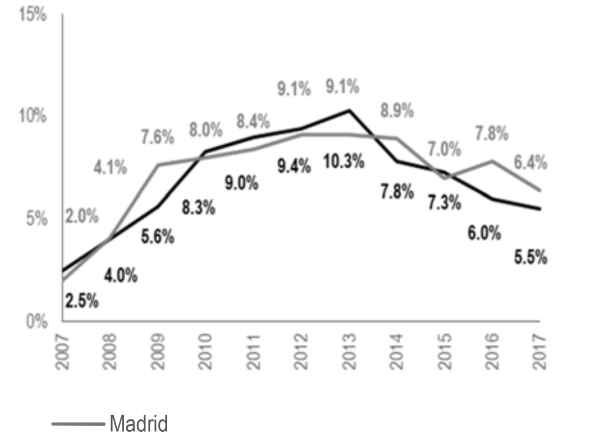
Since the end of 2013, but with particular intensity since 2015, investment volumes in offices in Spain materially picked up as liquidity built up very quickly on the back of the European Central Bank Expanded Asset Purchase Program launched in early 2015, that resulted in quickly declining funding costs for Spanish corporates. This surplus liquidity combined with depressed capital values and the lack of investable listed real estate platforms offered an attractive opportunity for investors to return to the Spanish office market. In response to this lack of listed real estate companies, new SOCIMIs, such as Hispania (managed by the Group), were listed as cash boxes in 2014 to invest across a broad array of real estate assets. This resulted in an acceleration of investment volumes (from €831 million in 2012 up to €8.2 billion between 2015-2017 of prime office investment) and yield compression (from 6.00% and 6.75% in 2012 down to 3.75% and 3.95% in 2017, in Madrid and Barcelona, respectively) (see Illustrative figure 29 — "*Office investment volume (€m)*") (source: Knight Frank Offices Snapshot Q4 2017). The investment was firstly concentrated on prime assets and progressively shifted to more value-add ones. In parallel, and supported by the recovery of the Spanish economy, prime rents started recovering since 2013 and are currently 25.5% and 33.1% above trough, respectively, but still 23% and 14% below peak levels in 2007.

This combination of higher investment volumes, yield compression, growing rents and limited new availability resulted in a sharp increase in capital values. CBD capital values reached a post-crisis high in Madrid (at 9,841 €/sqm, or 103% up from 4,848 €/sqm 2012 trough) and a 5-year high in Barcelona in H1 2017 (at 7,364 €/sqm, or 113% up from 3,456 €/sqm 2012 trough), although still standing at a discount compared to other main European cities (see Illustrative figure 27 — "*CBD capital values (€/sqm) – Annual average*").

Illustrative figure 25 — Prime rents (€/sqm/month)

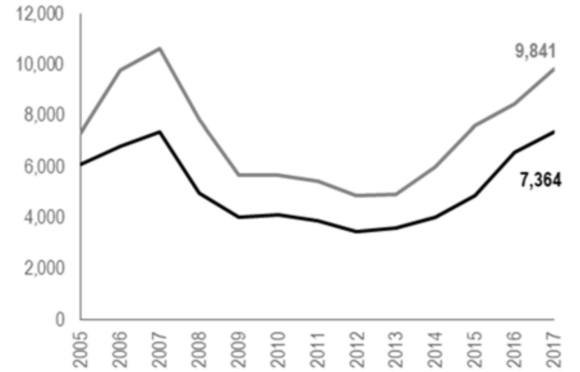


Illustrative figure 26 — CBD vacancy (%)

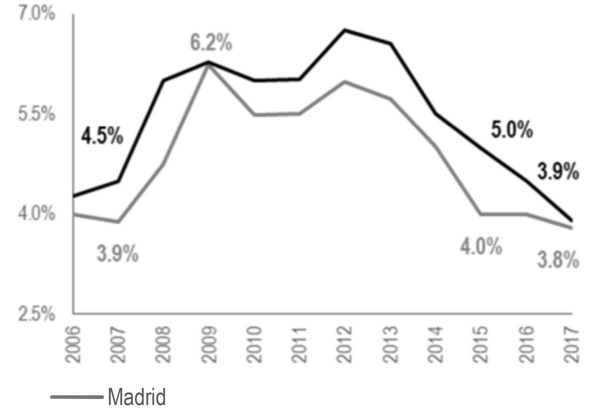


Source: CBRE MarketView, C&W Office Market Snapshot, Savills Office Market Minutes Q3 2017

Illustrative figure 27 — CBD capital values (€/sqm) – Annual average

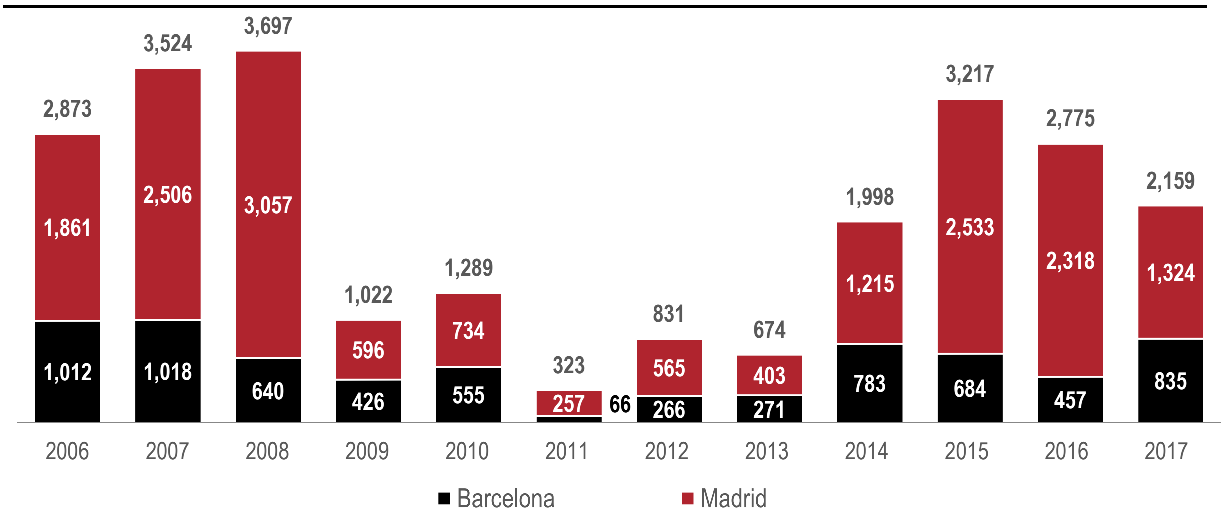


Illustrative figure 28 — Prime gross yields (%)



Source: Knight Frank Offices Snapshot, CBRE MarketView, C&W Office Market Snapshot, Savills Office Market Minutes Q3 2017

Illustrative figure 29 — Office investment volume (€m)



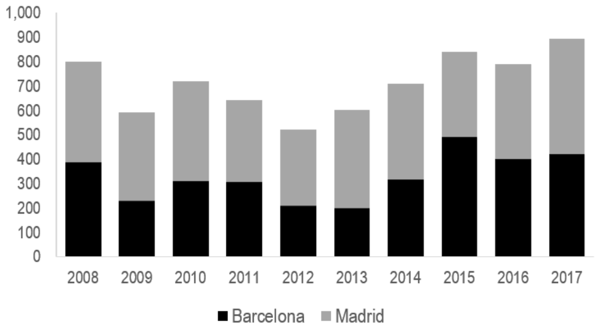
Source: Knight Frank Offices Snapshot Q4 2017

Current momentum in the Spanish office market

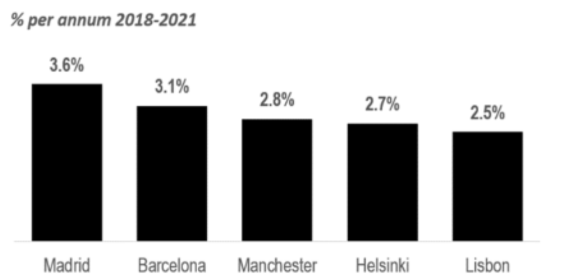
Current solid economic growth and business confidence is increasing demand for office space, especially in the core and central business areas of Madrid and Barcelona, which remain the focal cities for the office market in Spain. Office space take-up in Madrid totalled 630,000 sqm in 2017 (+27% growth year-on-year) and 340,000 sqm in Barcelona (+4% growth year-on-year), reaching a 9-year aggregate volume record of 970,000 sqm (see Illustrative figure 30 — *"Office gross take-up in Madrid and Barcelona (000's sqm)"*) (source: Savills Aguirre Newman Research).

In this context, vacancy rates continued to decrease in Madrid (at 10.9% across locations, but 7.0% for CBD) and its lowest level since 2009 in Barcelona (7.7% across locations, 3.5% for CBD) (source: JLL Spain Office Market Overview Q4 2017). In the case of Madrid, a muted development pipeline throughout 2017 has placed downward pressure on the vacancy rates, with most of new stock delivered through refurbishments and renovations of large high quality spaces in the CBD. This supply-demand imbalance has resulted in accelerated rental growth in the third quarter of 2017 (9.2% year-on-year rental growth in Madrid CBD and 7.0% in Barcelona CBD) (source: Cushman & Wakefield Office Snapshot Spain Q4 2017). In spite of this strong recovery, prime rents offer growth potential compared to its peak values in 2007 (23% and 14% below peak, respectively) (source: CBRE) with rental growth for 2018 expected to be the highest among main European cities at 3.8% in Madrid and at 3.1% in Barcelona, respectively (see Illustrative figure 31 — *"Expected rental growth – Top 5 European cities"*) (source: JLL *"Oficinas: Las claves de un mercado en constante evolución"* February 2018). A relatively low pipeline expected for the period 2018-2020 is also expected to support this rental growth.

Illustrative figure 30— Office gross take-up in Madrid and Barcelona (000's sqm)

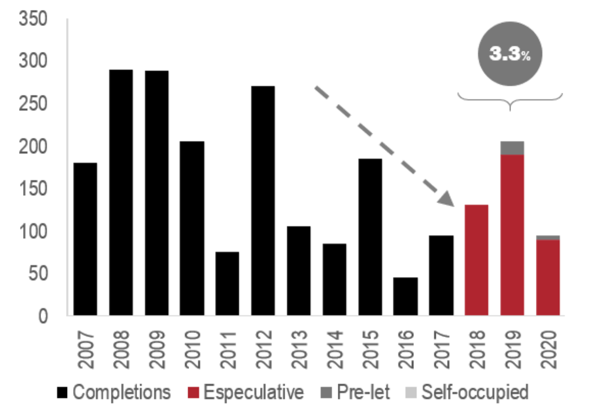


Illustrative figure 31 — Expected rental growth – Top 5 European cities

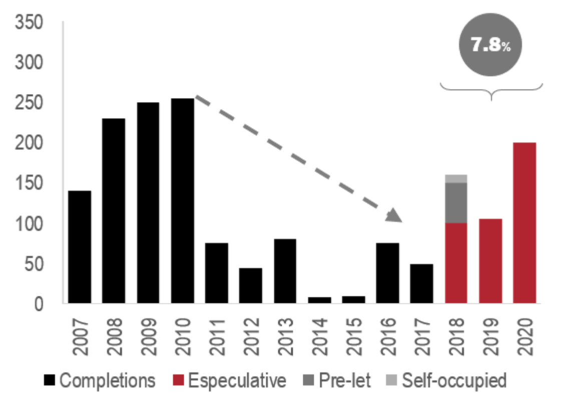


Source: Savills Aguirre Newman "El mercado de oficinas, Madrid y Barcelona" (January 2018), JLL "Oficinas: Las claves de un mercado en constante evolución" (February 2018) and INE

Illustrative figure 32 — New supply Madrid (000's sqm)



Illustrative figure 33 — New supply Barcelona (000's sqm)



Source: JLL "Oficinas: Las claves de un mercado en constante evolución" (February 2018)

Sustainable GDP growth, solid consumer and business confidence, as well as growing business activity underpin the elevated growth potential of offices in Spain. Those supporting forces, together with the strong recovery pick-up in office take-up levels, are driving new office developments and, especially in Madrid, the refurbishment of obsolete properties to respond to the current needs of tenants in prime areas. This lack of investment during the crisis left a large number of old buildings in need of an exhaustive renovation and refurbishment in the CBD submarkets. The professionalization of the office development market led to a much more prudent approach in construction, with office completions in Madrid and Barcelona for 2008-2017 going through 55% and 29% slumps, respectively, versus 2001-2007. This obsolete stock of offices represents a very attractive opportunity for value-added real estate investors, that may refurbish and reposition the asset as Grade-A buildings, which are currently the most demanded product, not only in prime locations but also in the rest of areas comprised in Madrid and Barcelona office markets (source: Collier International Spanish Office Market Review 2016). Only 15% of immediately vacant space in Madrid is classified as Grade A (with a similar trend in Barcelona) (source: JLL *"Oficinas: Las claves de un mercado en constante evolución"* February 2018).

Finally, following the trend seen in other European cities, the business centre and co-working spaces segment is becoming increasingly popular in Spain, offering attractive opportunities for value-added strategies. Whilst shared workspaces only accounted for 3% of total available office space in Madrid and Barcelona in 2016, it represented approximately 10% in the UK (source: Savills Market in Minutes Madrid Offices Q3 2017). However, this segment is expected to take on an increasingly important role. From a supply perspective, the arrival of international operators specialised in this business in their home countries as well as other European cities, will boost activity in this segment which, until now, had been led by small local businesses. From a demand standpoint, start-ups and small businesses mostly related to the technology sector are looking for flexible solutions in terms of space and rental terms.

The Company believes that current office market conditions and trends in Spain, both in prime and secondary locations, offer attractive investment opportunities, in particular by combining comprehensive refurbishment and restoration of buildings in well-established areas.

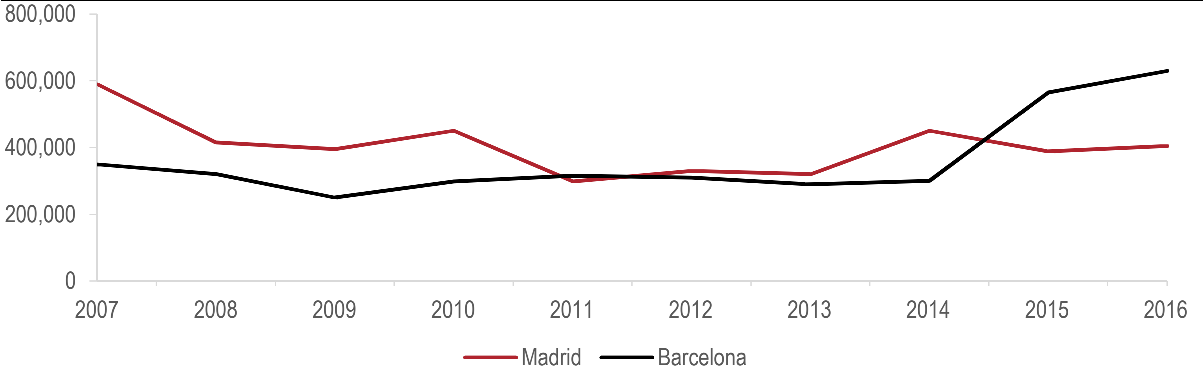
(ii) Snapshot of the industrial and logistics sector in Spain

In response to the improvement in retail sales, household spending and industrial production, the take-up of logistics space in Madrid registered a total of approximately 800,0000 square meters in 2017 (193,034 square meters in Q7) versus approximately 400,000 square meters in 2009 (source: JLL, Logistics fundamentals, 4Q17). Some factors that have been driving demand in the logistics and industrial space sector are the growth in the e-commerce industry in Europe (15% growth over the past two years) and the expected growing demand for express delivery services in Europe (4% CAGR for the period 2016-2021E) (source: TechNavio, eCommerce foundation (Global B2C eCommerce report, 2016)).

In the industrial space in 2016, approximately 40 new occupancy contracts were signed including six large transactions above 15,000 square meters (source: C&W *Iberian Real Estate Investment Guide 2017*). Consequently, rents have also increased by approximately 5% in 2016 but are still significantly below pre-crisis levels (approximately 80 €/sqm/year in 2003 versus 63 €/sqm/year in 2016 in Madrid in the logistics space) (source: CBRE "EMEA Prime Industrial Forecasts 2018").

Barcelona registered an annual increase in take-up of 450,000 square meters in 2017 (+80% versus 2014, approximately 250,000 square meters) (source: JLL, Logistics fundamentals, 4Q17). Major deals such as Amazon's new logistics center in El Prat de Llobregat and Mango in Lliçà drove total take-up to new records. Prime rent in Barcelona rose to 78 €/sqm/year in 2016, representing an approximately 4% increase versus 2015. Rents in prime areas have increased by 9% and the lack of Triple A product combined with demand pressure may, within the short term, push rents even higher. (source: C&W "Iberian Real Estate Investment Guide 2017" and CBRE "EMEA Prime Industrial Forecasts 2018").

Illustrative figure 34 — Logistics take-up evolution (square meters)

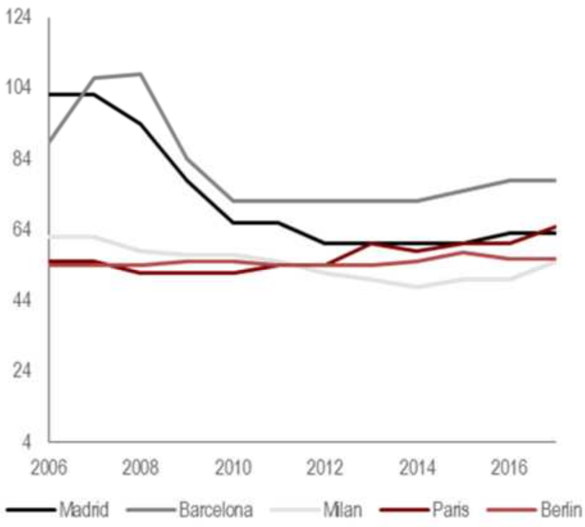


Source: C&W Iberian Real Estate Investment Guide 2017

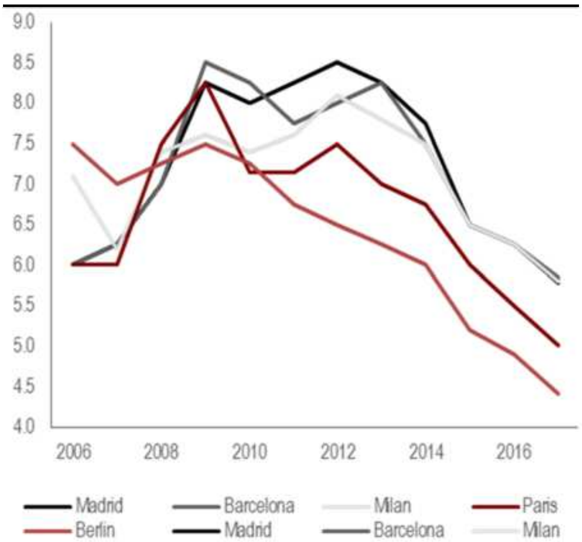
In 2017, total investment volume in the industrial & logistics space is expected to be approximately €2 billion, 126% over what was seen in 2016 (approximately €875 million) (source: "Market View: *España logística – 2017"*, CBRE, 2017). Competition on best assets prevails and prime yields receded (from 8.3% in 2013 to 5.8% in 2017) (source: CBRE "Spain Outlook 2017" and "EMEA Prime Industrial Forecasts February 2018"). With a regular pace on the demand side, supply is gently reacting and logistics schemes under construction in Spain will increase the quality space in 2018, with approximately 500,000 sqm in Madrid and Barcelona. Rental increases are also expected due to vacancy rates in both Madrid and Barcelona, close to the technical full occupancy levels which stands at 7% (source: C&W "Industrial Market Snapshot Q2 2017").

More broadly, prime logistics rents in Barcelona and Madrid have historically been higher than other key cities in Europe including Paris and Milan. However, the Spanish market experienced a deep correction from 2008-2011 which closed the gap in rents from approximately 40 €/sqm/year to less than 5 €/sqm/year. More recently, since 2015, rents in Barcelona have increased again, while rents in Madrid and other European cities have remained more or less flat (see Illustrative figure 35 — "*European logistics prime rents evolution (€/sqm/year)*"). Prime yields have performed similarly, with Madrid and Barcelona offering the highest yields in 2016 (approximately 6.25%) while yields in Paris and Berlin remain lower (see Illustrative figure 36 — "*European logistics prime yields evolution (%)*") (source: CBRE "EMEA Prime Industrial Forecasts 2018").

Illustrative figure 35 — European logistics prime rents evolution (€/sqm/year)



Illustrative figure 36 — European logistics prime yields evolution (%)

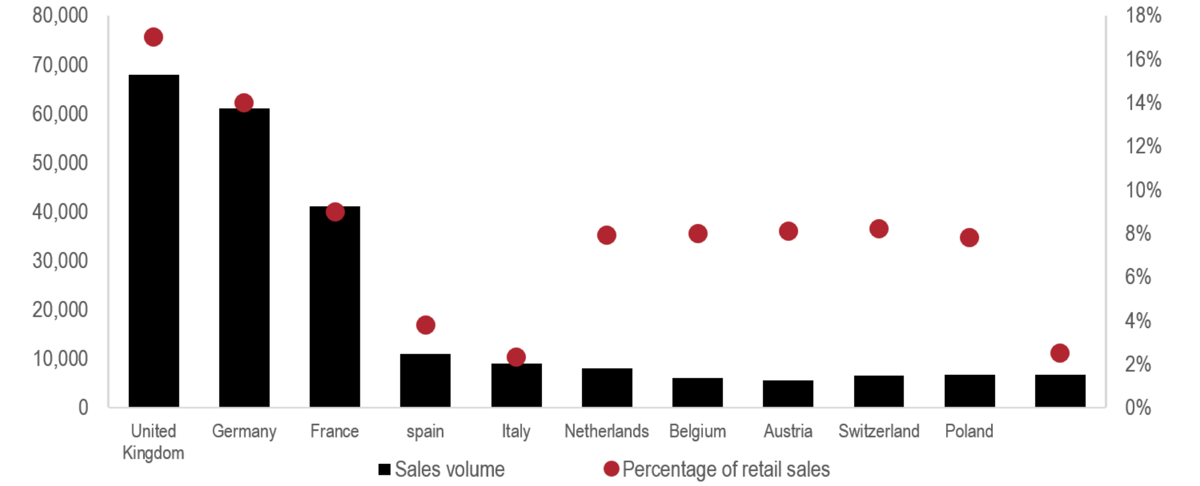


Source: CBRE, EMEA Prime Industrial Forecasts 2018

The Company believes that attractive investment opportunities in the logistic landscape may arise in the context of a rapidly evolving social and technological trends and in the new concept of urban logistics and last mile fulfilment, requiring solutions beyond existing models.

e-commerce exponential growth in Spain (Spain is the fourth ranked country in Europe in terms of e-commerce revenues) directly impacts the logistics and industry real estate space, increasing demand for large platforms in areas covering national distribution (source: CBRE *"Las claves del Retail en España"*). Additionally, there is a need from large distributors and retailers to change the traditional supply chain due to the increasing demand for express delivery and therefore storage spaces are increasingly located near city centers.

Illustrative figure 37 — e-commerce sales volume (€m) and as percentage of retail sales

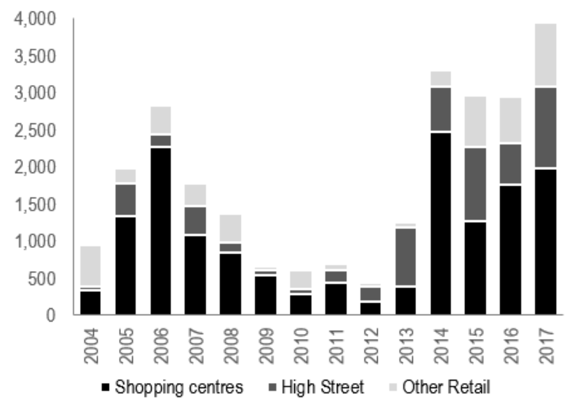


Source: Savills Aguirre Newman Informe de Mercado Retail España Enero 2018

(iii) Snapshot of the retail real estate sector in Spain

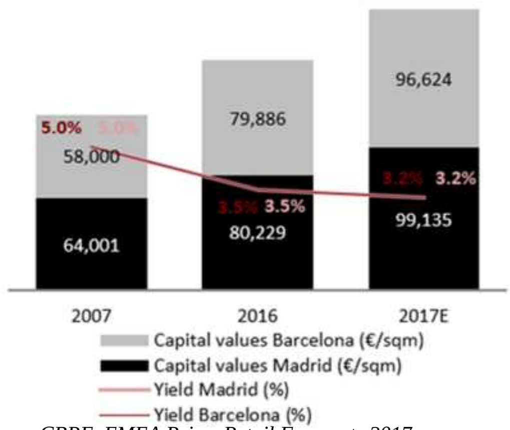
Retail sales have been growing since 2013, and in 2017 the expansion trend was confirmed, thus driving investments in high street (approximately 13% increase in total investment over the period 2013-2016 in Spain) (source: CBRE *"Las claves del Retail 2016-2017"*). Demand for retail space has pushed rents upwards in near prime and secondary locations. Institutional investors keep targeting high street and shopping centers are they are considered leader assets in terms of investment volumes (source: C&W "Retail Market Snapshot Q2 2017"). Moreover, European retail is expected to remain a resilient and relevant real estate opportunity versus the US in the sector. 46% of GLA in larger schemes in the US is mostly focused on department stores, which are relatively unproductive in terms of densities compared to Europe, where they only account for 27% (source: JLL "Structural changes in retail—why Europe and the US are different").

Illustrative figure 38 — Investment volume (€m)



Source: JLL, Retail Fundamentals Q4 2017

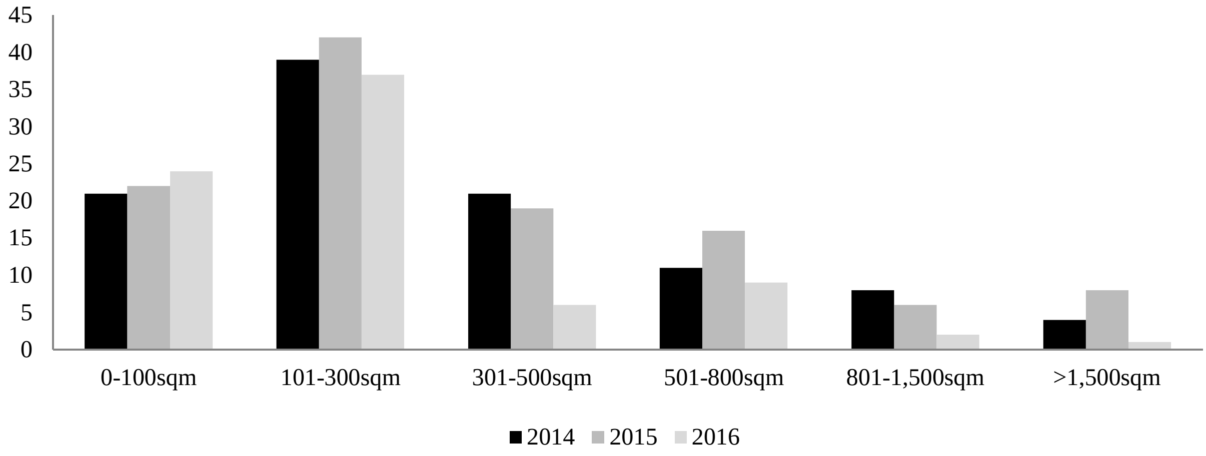
Illustrative figure 39 — Retail capital values and yields in Madrid and Barcelona



Source: CBRE, EMEA Prime Retail Forecasts 2017

Consumer trends seem favorable for the real estate space in the retail sector. In Spain, retail sales increased 3.6% in 2016 mainly driven by a recovery in consumer confidence and extraordinary growth in the fashion sub sector, as Inditex Group and H&M among others, opened flagships stores in main cities such as Madrid and Barcelona. However, customer demand tends to be concentrated in relatively smaller stores versus flagship stores (78% of rent transactions account for venues of less than 300 square meters) (see Illustrative figure 40 — "*High Street rental transactions per venue Size (#.)*"). These favorable trends have attracted institutional investors in the retail real estate sector backing some of the flagship stores built in Madrid and Barcelona with investments of more than €20 million (source: CBRE *"Las claves del Retail en España 2016-2017"*).

Illustrative figure 40 — High Street rental transactions per venue size (#)

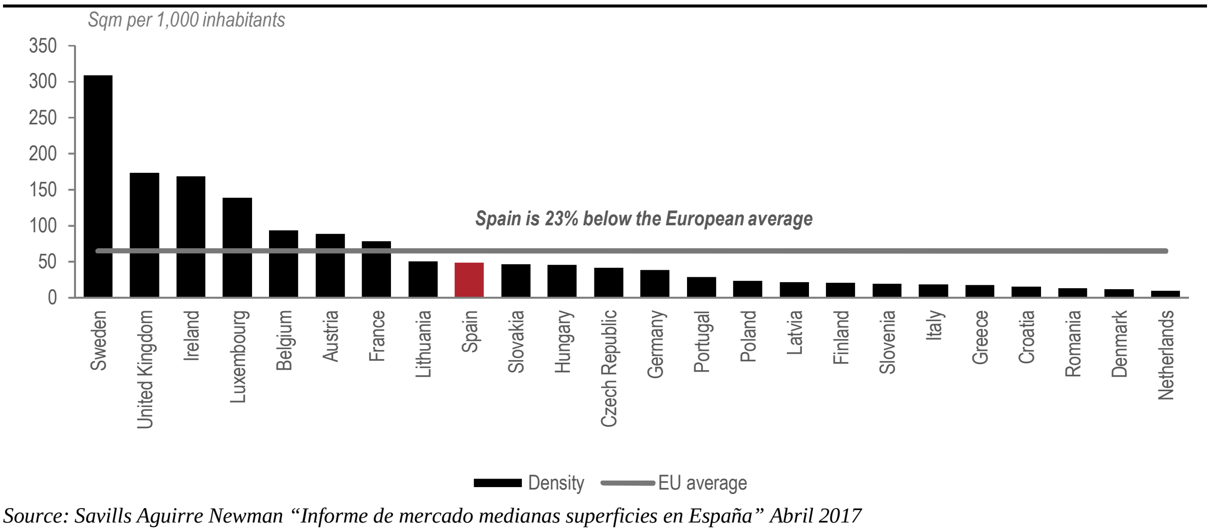


Source: CBRE, Las claves del Retail en España 2016-2017

The retail sector in Spain is considered to be at a mature state. High street capital values are already significantly above 2007 peak levels (approximately 80 €k/sqm in 2016 in Madrid and Barcelona versus 64€k/sqm and 58 €k/sqm in Madrid and Barcelona, respectively in 2007). However, rents are still 21% and 13% below the 2007 peak levels in Madrid and Barcelona respectively in 2016. Consequently, yields have compressed by 150 basis points from 5.0% in 2007 to 3.5% in 2016 in both, Madrid and Barcelona (source: CBRE "EMEA Prime Retail Forecasts 2017").

However, there are certain products within the retail industry, such as retail parks, with clear room for growth in the following years. Retail parks in Spain only represent 14% of the total stock (16.5 million sqm) and in terms of commercial density in Europe, Spain is 23% below the European average (see Illustrative figure 41 — "*Commercial Density Europe in Retail Parks*") (source: Savills Aguirre Newman "Informe de mercado Medianas superficies en España" Abril 2017).

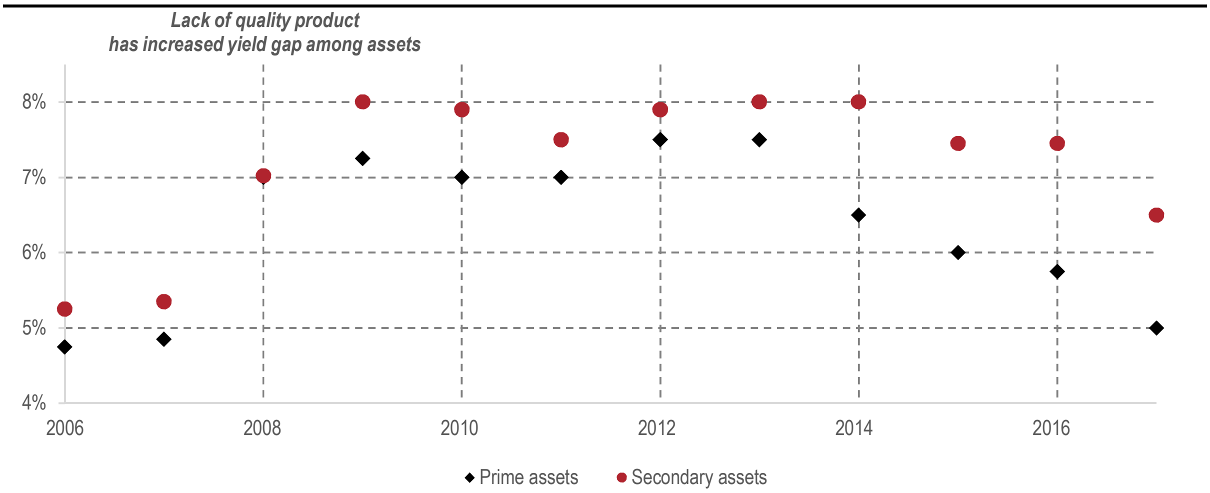
Illustrative figure 41— Commercial density Europe in retail parks



Source: Savills Aguirre Newman "Informe de mercado medianas superficies en España" Abril 2017

Investment levels in the retail sector hit a new all-time high in 2017, registering accumulated investment volumes in excess of €3.9 billion for the whole year. The growth in rents is expected to maintain its momentum and forecasts point to Madrid being among the European cities with the highest growth in high street rents (source: JLL "Snapshot Retail 4Q 2017" and CBRE "EMEA Prime Retail Forecasts 2017"). Additionally, investment in retail parks continues to increase since 2013 and it is expected to reach over €500 million in 2017. However, the lack of quality products is currently increasing the yield gap among assets.

Illustrative figure 42 — Yield evolution (%)



Source: Savills Aguirre Newman "Informe de mercado medianas superficies en España" Abril 2017

IV) Real Estate Debt

Traditionally, the real estate sector has required a significant volume of financing resources, resulting in a higher loan-to-value ratio than in other sectors. As a result, the requisites to get access to real estate financing (including but not limited to mortgages) have become more demanding while the real estate market is recovering. Access to real estate lending has been restricted due to a number of factors: (a) the exit of a number of real estate financing providers of the Spanish market; (b) more stringent equity requirements for Spanish financial entities; and (c) a desire by certain lenders to limit their lending exposure to the real estate sector.

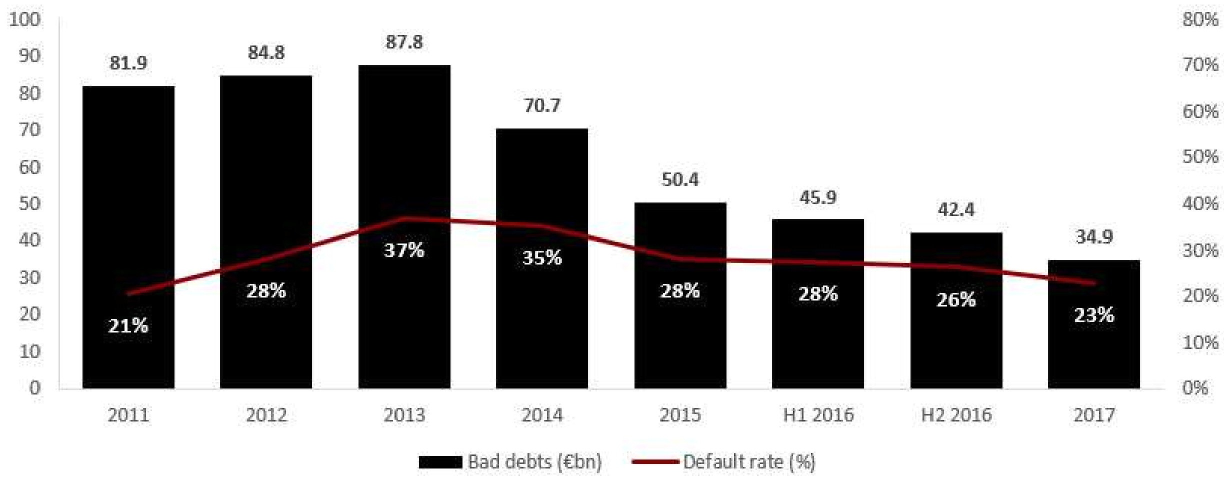
Financing conditions continue to be relatively favorable in Europe. The proportion of non-performing loans has been somewhat moderated, even in the less stable economies. Nevertheless, banks are still only cautiously open to offering real estate financing in these markets resulting in improving growth prospects for alternative lenders.

Spain

The real estate lending market in Spain offers an attractive opportunity, as real estate investment in Spain is at record levels, with approximately €14 billion invested in 2017, which means an increase of 45% versus 2016.

Following the 2007 financial crisis, the banks' exposure to real estate achieved 26% of total liabilities (source: Bank of Spain). Today there is still a substantial legacy of historic debt in the banks' balance sheets. Additionally, the consolidated real estate non-performing loans ratio for Spanish banks was approximately 26% in 2016 versus 37% in 2013 (the year of the peak level on non-performing loans) (source: BBVA research, analysis of Bank of Spain statistics). While the Spanish banks' exposure has decreased, it continues to be high and therefore conditions for alternative lenders are favorable.

Illustrative figure 43 — Bad debt to real estate related companies reduction in Spain



Source: Banco de España

Despite the correction in the period 2014-2015, Spain is one of the European countries offering the highest lending margins backed by a solid economic outlook. Alternative financing is likely to increase in the coming years mostly due to changes in accounting treatment of distressed assets while the volume of non-performing loans continues to be high (source: CBRE, European Commercial Real Estate Finance).

Non-bank players are gaining market relevance in the direct lending segment. The banks' exposure to lending is evolving, as the consolidation of the Spanish banking industry is reducing the number of counterparties available. In addition, structural shifts in regulation are taking place, whereby the banking industry is suffering from increasingly more stringent capital demand, as well as changes in provisioning requirements, which are starting to affect the refinancing situation.

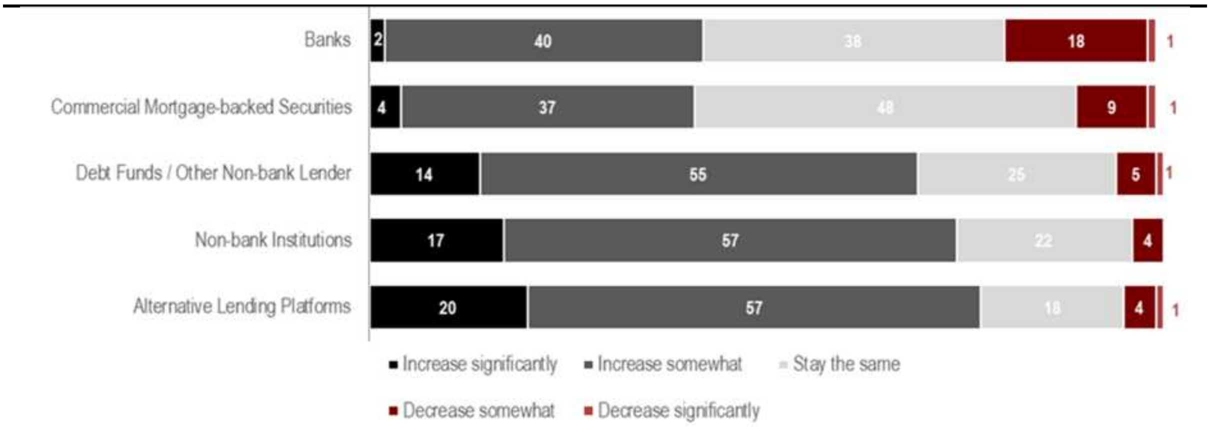
Moreover, there is a limited number of international players in SMEs lending, as international banks are only really active in large transactions or with respect to their established relationships. Additionally, global funds and other international alternative lenders active in Spain can only target large transactions.

As clients look for greater efficiency and flexibility in direct lending structures (i.e. maturity profile, restrictive covenants, greater loan-to-value ratios etc), alternative sources of financing are to compete against Spanish banks in the future. Private equity and debt funds are the most relevant competitors. Private equities, despite their investors preferring residential development as an investment, are becoming increasingly interested in commercial projects.

Global landscape and general trends

In 2016, politics took over from European economics as the main driver of the financial markets, including the real estate lending sector. This uncertain environment is also considered another driver for many core investors increasingly considering providing real estate debt financing rather than directly investing in prime assets (source: PwC and Urban Land Institute, Emerging Trends in Real Estate, Europe 2017).

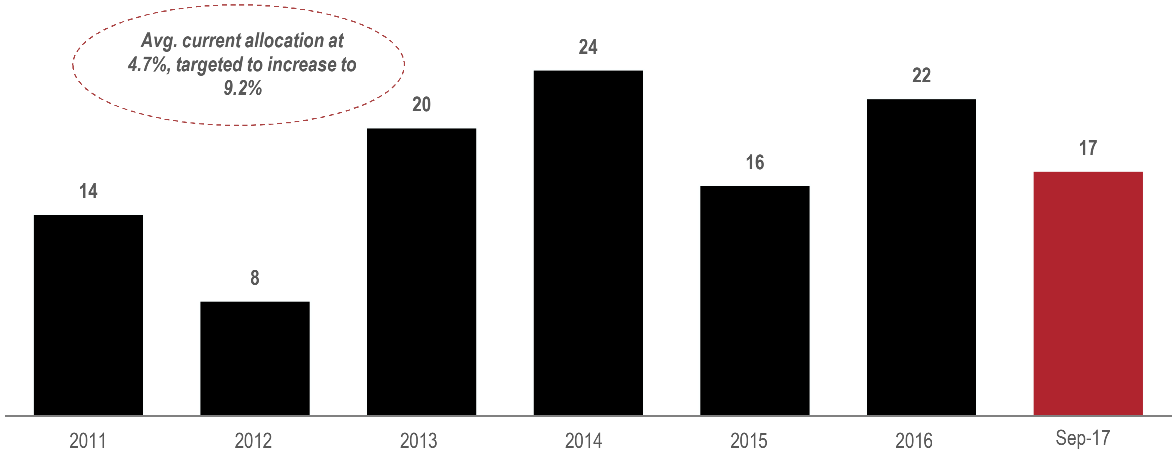
Illustrative figure 44 — Sources of debt expected in 2018 in Europe (%)



Source: PwC and Urban Land Institute, Emerging Trends in Real Estate, Europe 2018

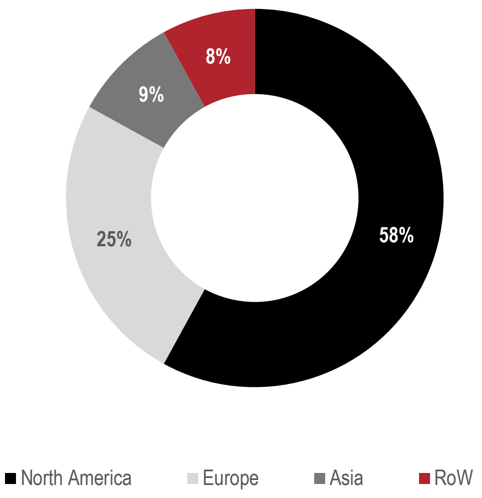
Furthermore, there is an increasing interest of institutional investors in real estate debt, as demonstrated by the strong fundraising activity, particularly in the US (representing 58% of institutional debt investors), with room to develop the direct lending market in Spain and Southern Europe.

Illustrative figure 45 — Aggregate capital raised (US$ billion)

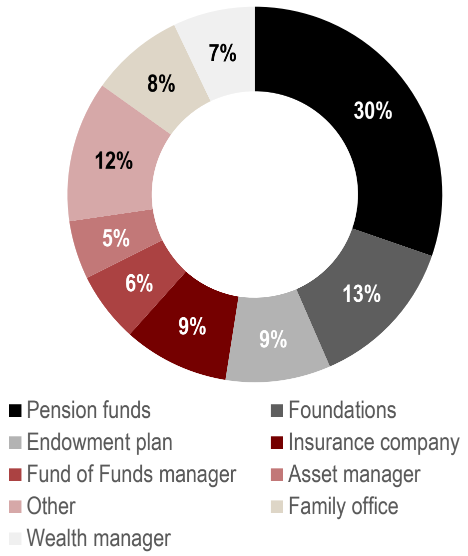


Sources: Preqin Global Private Debt Report 2017 (sample pages) and Preqin Real Estate Debt Market (2017)

Illustrative figure 46 — Institutional debt investors by location



Illustrative figure 47 — Institutional debt investors by type



Source: Preqin Global Private Debt Report 2017 (sample pages)

BUSINESS

You should read the following commentary together with the sections entitled "Risk Factors", "Presentation of Financial and Other Information", "Industry Overview", "Reasons for the Offering and Use of Net Proceeds", "Selected Financial and Operating Information", "Operating and Financial Review" and the Consolidated Financial Statements and the related notes thereto included in this Prospectus.

This Prospectus contains certain information regarding the track-record of the Group and the Management Team. Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Group or any investment opportunity to which this Prospectus relates. Past performances of the Group and the Management Team are not a reliable indicator of, and cannot be relied upon as a guide to, the Group's future performance. The Group will not make the same investments reflected in the track-record described herein. Furthermore, there is no guarantee that the Group will be able to make any investments or that, once made, any appreciation in the value of such investments will occur and investors may not get back any of the value of their investment. The investment objectives of the Group are targets only and should not be treated as assurances or guarantees of performance.

This Prospectus also contains certain information regarding the Company's investment targets. Such information does not constitute a forecast or estimate, but rather investment targets pursuant to the Company's business strategy. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company's expected actual returns. Factors that could affect the Company's ability to meet these targets include, among others, the ability to source opportunities at attractive prices in a timely manner, to access clients and third-party funds on reasonable terms, and to realize performance objectives and exit strategies in respect of Investment Vehicles and Direct and Controlling Investments. Accordingly, prospective investors should not place any reliance on these targets in deciding whether to invest in the Shares. In addition, prior to making any investment decision relating to the Shares, prospective investors should carefully jointly consider the risk factors described in "Risk Factors" and the information set out in "Important Information – Forward-looking statements" in this Prospectus.

General overview

Founded in Madrid in 2003 by Mr. Gumuzio and Ms. Osácar, Azora Altus is a leading Spanish real estate investment and asset management platform (source: Internal estimates) with a market focus predominantly on Spain and particularly on attractive, underinvested asset classes where institutional capital is scarce with investments covering the entire value chain. Fifteen years on, the Group believes it has proven its ability to identify untapped investment themes and uncover attractive opportunities, and has demonstrated strong execution capabilities across the value chain.

As of December 31, 2017, the Group had €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017), representing a CAGR of approximately 30% in assets under management for the period 2009-2017. In the year ended December 31, 2017, the Group generated revenues of €77.6 million (an increase of 21.38% as compared to €63.9 million in the year ended December 31, 2016) and EBITDA of €37.4 million (an increase of 33.91% as compared to €27.9 million in the year ended December 31, 2016).

The Group generates income principally from three (3) distinct but interrelated business segments:

(i) the Investment Management Activity, which generates fee-based revenues (base fees, incentive fees and property management fees) from the Investment Vehicles in exchange for investment, asset and property management services provided by the Group. The revenues generated by this business segment amounted to €76.9 million in the year ended December 31, 2017 (an increase of 21.69% as compared to €63.2 million generated in the year ended December 31, 2016);

(ii) the Alignment Capital Investment Activity, which generates income (both income from associated companies recorded using the equity method and capital gains and losses at disposal of the stake in the Investment Vehicles) relating to the stakes held in Investment Vehicles where the Group participates as minority co-investor alongside clients. The profit for the year from continuing operations generated by this business segment amounted to €12.0 million in the year ended December 31, 2017 (an increase of 194.46% as compared to €4.1 million generated in the year ended December 31, 2016); and

(iii) the Direct and Controlling Investment Activity, which generates revenues (rental income, another type of income generated and capital gains) from the Group's Direct and Controlling Investments. The income generated by this business segment amounted to €0.7 million in the year ended December 31, 2017 (a slight decrease of 3.94% as compared to €0.8 million generated in the year ended December 31, 2016).

Under its business strategy (See *"Business – Business Strategy"*), the Company intends to structure assets under management around four Strategic Property-Type-Verticals (together, the "**Strategic Property-Type-Verticals**"), consisting of:

(i) Lodging Real Estate. As of December 31, 2017, the Group had €2.1 billion of lodging assets under management, representing 47.4% of total assets under management;

(ii) Residential Real Estate. As of December 31, 2017, the Group had €1.5 billion of rented residential assets under management, representing 33.4% of total assets under management;

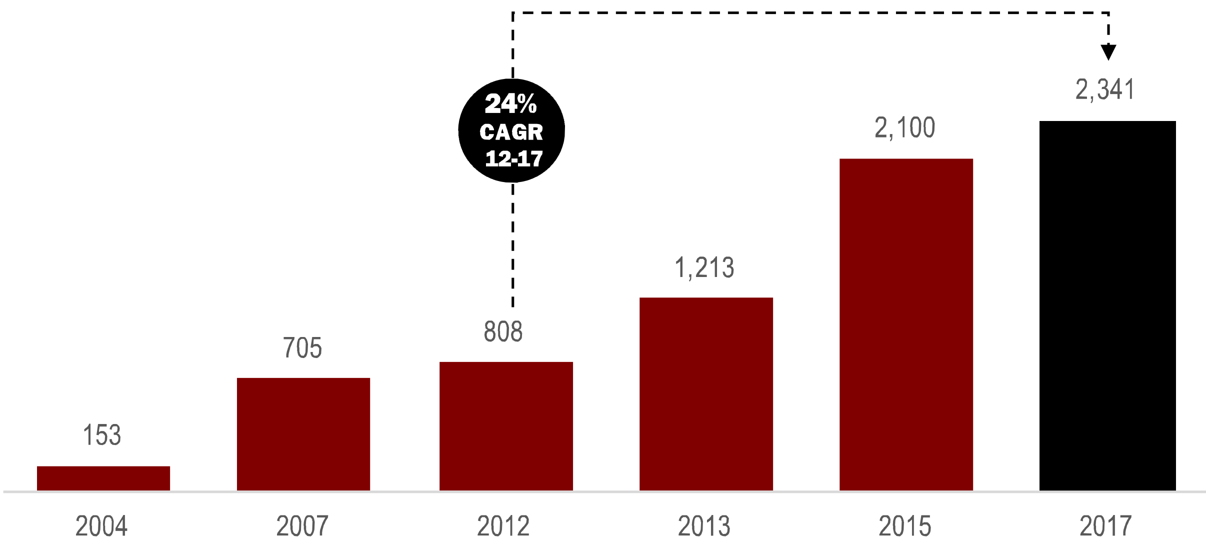
(iii) Commercial Real Estate. As of December 31, 2017, the Group had €0.8 billion of office assets under management, representing 19.1% of total assets under management; and

(iv) Real Estate Debt. As of December 31, 2017, the Group did not yet have any real estate debt assets under management.

The Group works with both domestic and international clients through tailor-made Investment Vehicles, in which the Group typically participates as a co-investor alongside clients to promote alignment of interests (see *"Business Segments—Alignment Capital Investment Activity"*). Across its operating history, the Group has built a broad contact network encompassing more than 600 investor contacts which range from ultra-high net worth individuals to large global institutional investors. These include, among others, APG, AXA Investment Managers, Bank of Montreal (BMO), Blackrock, BW Gestao de Investimentos, Cohen & Steers, CBRE Global Investors, Fidelity Management & Research Company, Goldman Sachs, Moore Capital, Paulson & Co Inc. and Soros Fund Management (source: CNMV – Hispania's significant holdings and treasury shares; Hispania IPO Prospectus; and press releases in relation to the Student Accommodation Transaction) from which across its operating history the Group has raised approximately €2.3 billion in total accumulated capital commitments as of December 31, 2017 (representing a CAGR of approximately 24% for the period 2012-2017 (see Illustrative figure 48 – "*Evolution of total accumulated capital commitments since the establishment of the Company"*).

The following graph shows the evolution of the Group's total accumulated capital commitments from clients measured from date of establishment of the Company. For each year indicated, the figure shown represents total accumulated capital commitments from clients measured from the date of establishment of the Company to December 31 of the year indicated.

Illustrative figure 48 - Evolution of total accumulated capital commitments since the establishment of the Company (€m)



Historically, the Group's client base was predominantly domiciled in Spain. However, during the real estate trough in 2013, the Group began working with foreign institutional investors such as Fortress and Goldman Sachs who, at the time, were among the first non-Spanish institutional investors to return to the Spanish real estate market. In March 2014, the Group sponsored the €550 million Hispania's initial public offering on the Spanish Stock Exchanges, which facilitated the progressive internationalization of the Group's client and investor contact base. Whereas, prior to Hispania's initial public offering in March 2014, Spanish clients represented 67% of total accumulated capital commitments from clients, as of December 31, 2017, Spanish clients represented just 38% of total accumulated capital commitments. In this manner, the Company believes the Group has significantly improved its brand recognition and reputation in the international institutional investor community, which the Company believes may enhance its ability to raise capital to implement its business strategy going forward (see "*Business Strategy*").

The Company believes its ability to attract client capital is mainly due to the Group's investment approach focused on implementing innovative and disciplined value-return driven strategies in asset classes where institutional capital remains scarce, so as to deliver attractive risk-adjusted returns across all market cycles. The Company believes this distinctive investment approach differentiates the Group from its competitors and is demonstrated by its achievement of high double digit returns (above 20% IRRs) on investments realized to date (see *"Key Strengths"*) which, in turn, reinforces the Group's reputation within the investment and management industry while building trust among clients.

The Group has a multidisciplinary, vertically integrated team of 206 high performing professionals (based on the number of full time employees instead of on the number of employment contracts and including three employees assigned to existing Investment Vehicles). The Group's 206-member team is spread across three Strategic Property-Type-Verticals: Lodging Real Estate, Residential Real Estate and Commercial Real Estate, each of which has an investment management and advisory team and an asset and/or property team; as well as a centralized Group-wide support function team. A fourth team dedicated to supporting the Group's new business strategies (including the Real Estate Debt Property-Type-Vertical) is currently in development.

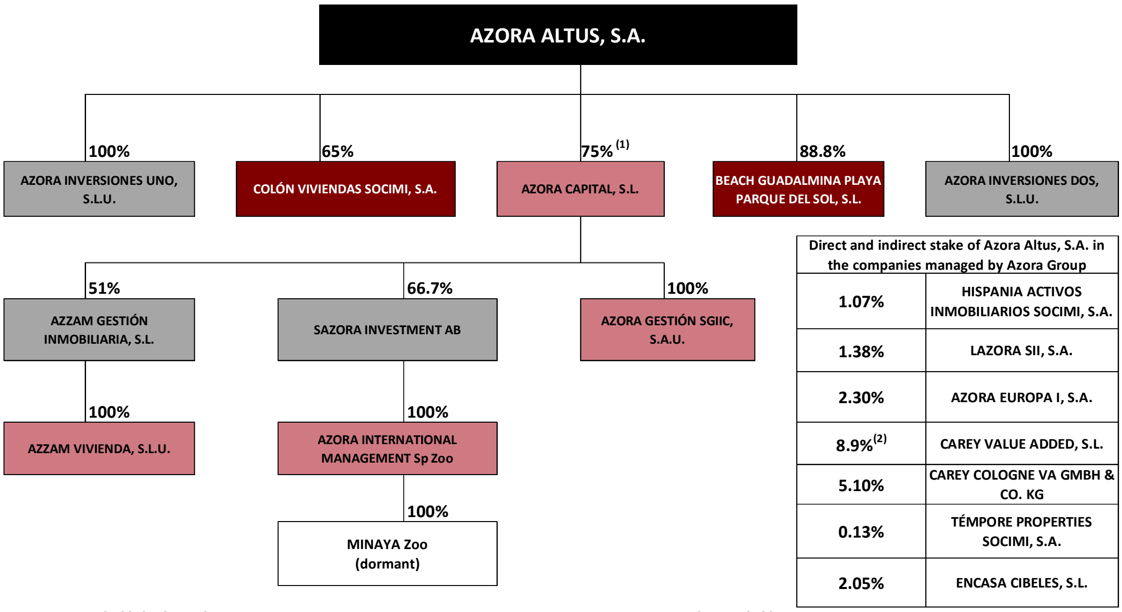
As of December 31, 2017, the Lodging Real Estate team consisted of 14 full-time employees overseeing approximately €2.1 billion of assets under management, the Residential Real Estate team consisted of 139 full-time employees overseeing approximately €1.5 billion of assets under management and the Commercial Real Estate team consisted of 6 full-time employees overseeing approximately €0.8 billion of assets under management. The three Strategic Property-Type-Verticals teams are supported by centralized Group-wide support functions, including, in-house development (with 7 full-time employees), legal (with 6 full-time employees), financial and controlling (with 20 full-time employees), corporate development and investor relations (with 5 full-time employees), compliance and internal audit (with 3 full-time employees), human resources (with 1 full-time employee) and corporate services (with 5 full-time employees). The three Strategic Property-Type-Verticals teams and the centralized Group-wide support functions are led by a highly experienced multidisciplinary senior real estate team cultivated in well-known multinationals and distinguished business schools (see *"Management and Board of Directors"*).

Corporate Structure of the Group

The Company was incorporated as a Spanish limited liability company (*sociedad limitada* or *S.L.*) on November 4, 2003 with a share capital of €30,060 divided into 30,060 ordinary shares of €1.00 of par value, each fully subscribed and paid-up.

On January 31, 2018, the Company's shareholders resolved to convert the Company into a Spanish public limited liability company (*sociedad anónima or S.A.*) in preparation for the Offering and, in order to comply with applicable minimum share capital requirements, approved a share capital increase for a total of €29,940 against reserves by issuing 29,940 new ordinary shares with a par value of €1.00 (with no share premium) each, resulting in a total share capital of €60,000 divided into 60,000 ordinary shares. Subsequently, on March 19, 2018, the Company's shareholders resolved to increase the share capital with a charge to distributable reserves for a total amount of €22,440,000. As a result of such capital increase, as of the date of the Prospectus, the share capital of the Company is €22,500,000, divided into 22,500,000 ordinary shares with a par value of €1.00 each.

The following chart sets forth the Group's corporate structure as of the date of this Prospectus:



Note: companies highlighted in pink are companies carrying out management activities, in garnet propietary companies and in grey holding companies

Notes:

1. On April 3, 2018, the Company, as purchaser, and Canepa, as seller, executed a deed for the transfer of 301,000 shares of Azora Capital, S.L. ("**Azora Capital**") (the "**Azora Capital Transfer**") representing 25.0% of the share capital of Azora Capital. The total consideration of the Azora Capital Transfer is calculated by reference to the Offer Price and the valuation of the Company, excluding the Company's shareholding interest in Azora Capital. At the Indicative Offer Price, the total consideration for the Azora Capital Transfer will be approximately €58.71 million and will be paid by the Company to the seller on the Settlement Date or such other date as may be agreed by the parties. The Azora Capital Transfer is conditional upon Admission taking place on or before December 31, 2018. In the event Admission does not take place on or before December 31, 2018, the deed of transfer relating to the Azora Capital Transfer will be unwound. As a result of the Azora Capital Transfer, the Company will hold 100% of the share capital of Azora Capital. See "*Related Party Transactions – Azora Capital Transfer*".

2. On April 3, 2018, the Company, as purchaser, and Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. (a wholly-owned subsidiary of Hermanos Bécquer (holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño), Baztán (holding company controlled by Ms. María Concepción Osácar Garaicoechea) and Verport Hotel Opportunity B.V. a vehicle owned by entities advised or managed by Canepa's affiliates, as sellers, executed a conditional deed for (i) the transfer of 265,175, 48,306 and 308,448 shares, respectively, of Carey (amounting to an aggregate of 621,929 shares, representing approximately 21.79% of the share capital of Carey) and (ii) the right to subscribe for 61,397 shares of Carey (together, the "**Carey Transfer**"). The total consideration for the Carey Transfer amounts to approximately €35.51 million, which will be paid by the Company to the sellers in proportion to the shares sold and the subscription rights transferred by each of them, within five calendar days following Admission and, in any event, after Settlement Date. The Carey Transfer is conditional upon Admission taking place on or before December 31, 2018. In the event Admission does not take place on or before December 31, 2018, the deed of transfer relating to the Carey Transfer will be unwound. As a result of the Carey Transfer, the Company will hold approximately 30.69% of the share capital of Carey. The purchase price for the transfer is the pro rata amount of the value of Carey as of December 31, 2017 calculated as GAV[6] minus debts minus fair value of minority interests minus taxes minus the estimated amount corresponding to the performance fee as of December 31, 2017 under the Carey Asset Management Agreement. See "*Related Party Transactions – Carey Transfer*".

6 Based on the valuation conducted by CBRE as of December 31, 2017.

On April 3, 2018, Azora Capital, as seller, and Canepa Global Managers, SCS, Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. (a wholly-owned subsidiary of Hermanos Bécquer, holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño) and Ms. María Concepción Osácar Garaicoechea, as purchasers, executed separate private sale and purchase agreements for the transfer of 525, 787.5 and 787.5 shares, respectively, of Canepa European Activist Holding, S.à r.l. ("**Canepa European Activist**") (the "**Canepa European Activist Transfers**"), representing 3.75%, 5.625% and 5.625%, respectively, of the share capital of Canepa European Activist. The total consideration for the Canepa European Activist Transfers amounts to €22,500, €33,750 and €33,750 respectively, which was paid to Azora Capital by Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. and Ms. María Concepción Osácar Garaicoechea, in each case on April 16, 2018, and by Canepa Global Managers, SCS on April 23, 2018. The total consideration has been calculated as a proportion of the book value of Canepa European Activist as of the date of the Canepa European Activist Transfers. As a result of the Canepa European Activist Transfers, as of the date of this Prospectus, Azora Capital no longer holds a shareholding interest in the share capital of Canepa European Activist. See "*Related Party Transactions – Canepa European Activist Transfers*".

The following table shows the list of entities comprising the Group as of the date of this Prospectus:

Entity	**Company stake**	**Country**	**Activity for the Group**
Azora Capital, S.L.	75.00%(1)	Spain	Manager
Colón Viviendas SOCIMI, S.A.	65.00%(2)	Spain	Proprietary company / Investment Vehicle
Azora Gestión, S.G.I.I.C. S.A.U.	75.00%(3)	Spain	Manager
Azora Inversiones Uno, S.L.U.	100.00%	Spain	Holding company
Azora Inversiones Dos, S.L.U.	100.00%	Spain	Holding company
Beach Guadalmina Playa Parque Sol, S.L.	88.80% (4)	Spain	Proprietary company
Azzam Gestión Inmobiliaria, S.L.	51.00%(5)	Spain	Holding company
Azzam Vivienda, S.L.U.	51.00%(6)	Spain	Manager
Sazora Investments AB	66.70%(7)	Sweden	Holding company
Azora International Management Sp. Z.O.O.	66.70% (8)	Poland	Manager
Minaya, Sp. Z.O.O.	66.70% (9)	Poland	Dormant

Notes:

(1) See footnote (1) in table above. As from Admission, and subject to it taking place on or before December 31, 2018, the Company will hold 100% of the shares in Azora Capital.

(2) Remaining 35% is held by Sancy S.à r.l.(25%), Ms. Cristina Gutiérrez-Soto Hurtado de Mendoza (spouse of current Executive Director of the Company Mr. Juan Antonio del Rivero Bermejo) (5%), and Mr. Juan Antonio del Rivero Bermejo (5%). Colón Viviendas is currently listed on the MAB and, therefore, the composition of its shareholding structure may vary.

(3) Held indirectly through Azora Capital.

(4) Remaining 11.2% is held by 56 different shareholders, none of whom holds a stake above 0.9%.

(5) Held indirectly through Azora Capital. Remaining 49.00% is held by Larcovi Alquila, S.L, a company controlled by Ms. Mariam Martínd and Mr. Jesús Martín, who are members of the board of directors of Azzam Gestión and Azzam Vivienda.

(6) Held indirectly through Azzam Gestión Inmobiliaria, where Azora Capital owns 51.00%.

(7) Held indirectly through Azora Capital. Remaining 33.3% is held by Eastview Inversiones, S.L.U., a wholly-owned company of Mr. Jean Marc Parnier, a Managing Partner of the Company and co-head of CRE.

(8) Held indirectly through Sazora Investment AB, where Azora Capital owns 66.7%.

(9) Held indirectly through Azora International Management Sp. Z.O.O., 100.0% owned by Sazora Investment AB, where Azora Capital owns 66.7%.

The following table shows the Investment Vehicles where the Group has a shareholding interest as of the date of this Prospectus:

Entity	**Group stake**	**Country of residence**
Lazora SII, S.A.	1.38%(1)	Spain
Hispania Activos Inmobiliarios SOCIMI, S.A.	1.07%(2)	Spain
Azora Europa I, S.A.	2.30%(3)	Spain
Carey Value Added, S.L.	8.90%(4)	Spain
Carey Cologne VA GmbH & CO KG(6)	5.10%(5)	Germany
Témpore Properties SOCIMI, S.A.	0.13%	Spain

Entity	Group stake	Country of residence
Encasa Cibeles, S.L.	2.05%[(7)]	Spain
Colón Viviendas SOCIMI, S.A.	65%[(8)]	Spain

Notes:

(1) A 0.01% is held indirectly by the Company through Azora Inversiones Uno, S.L.U., a wholly owned company of the Company.

(2) A 0.86% is held indirectly by the Company through Azora Capital, and an additional 0.06% is held by Azora Gestión, a wholly owned subsidiary of Azora Capital.

(3) A 0.04% is held indirectly by the Company through Azora Inversiones Dos, S.L.U., a wholly-owned subsidiary of the Company.

(4) If the Carey Transfer becomes effective, the Company will have a shareholding interest of approximately 30.69%.

(5) A wholly owned subsidiary of Carey holds remaining 94.90% of Carey Cologne VA GmbH & CO KG.

(6) Holder of 5.10% of Cologne Value Added I, GmbH, owner of the Stegenberger Hotel Köln. Cologne Holding, a wholly-owned subsidiary of Carey, holds the remaining 94.9% of Carey Cologne VA GmbH & CO KG and Cologne Value Added I, GmbH.

(7) 0.28% is held indirectly by the Company through Azora Gestión, a wholly owned subsidiary of Azora Capital, 75.00% owned in turn by the Company and an additional 1.77% is held indirectly by Colón Viviendas, 65% owned in turn by the Company.

(8) Remaining 35% is held by Sancy S.à r.l. (25%), Ms. Cristina Gutiérrez-Soto Hurtado de Mendoza (spouse of current Executive Director of the Company Mr. Juan Antonio del Rivero Bermejo) (5%), and Mr. Juan Antonio del Rivero Bermejo (5%). Colón Viviendas is currently listed on the MAB and, therefore, the composition of its shareholding structure may vary.

Business Segments

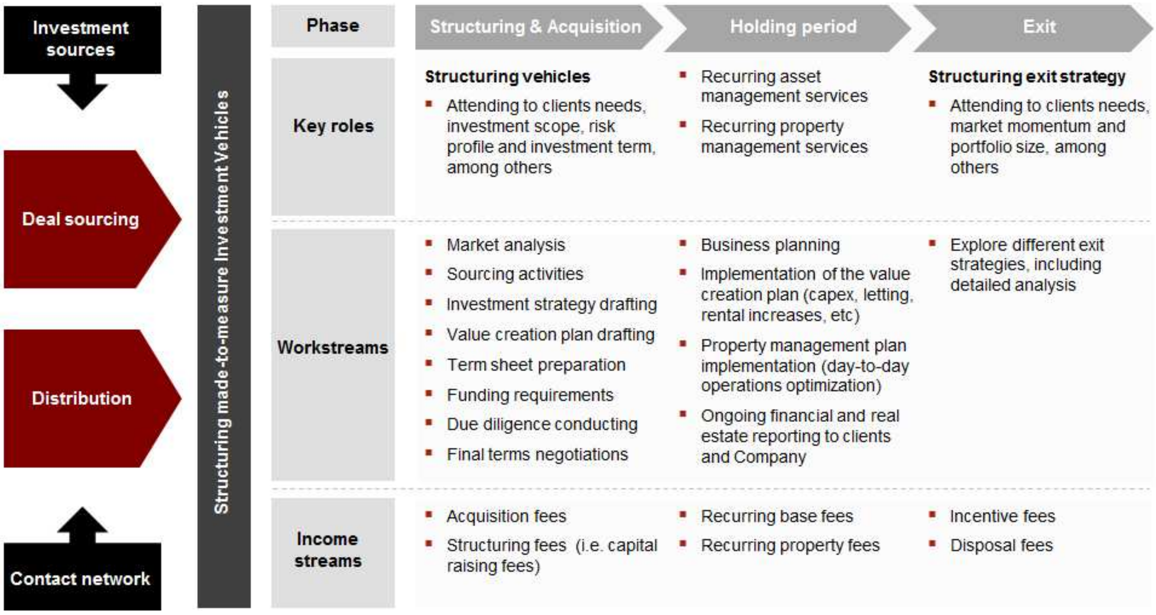
The Group divides its activity into three (3) business segments: (i) the Investment Management Activity; (ii) the Alignment Capital Investment Activity; and (iii) the Direct and Controlling Investment Activity, each as described in further detail below.

(i) Investment Management Activity

The Group's Investment Management Activity aims to provide institutional and ultra-high net worth clients with Investment Vehicles tailored to specific risk-return profiles and investment criteria. As of December 31, 2017, the Investment Management Activity had €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017) and generated total revenues of €76.9 million for the year ended December 31, 2017, representing 99.06% of the Group's total revenues. The Investment Management Activity is divided into the Asset Management Activity and the Property Management Activity.

The following graphic sets out the Group's typical income streams based on the investment management value chain.

Illustrative figure 49 – Group income streams based on investment value chain



(a) The Asset Management Activity

The Group's Asset Management Activity encompasses ongoing services including but not limited to (i) sourcing and acquiring relevant real estate investment opportunities; (ii) structuring and implementing, to the extent possible, tailor-made Investment Vehicles; (iii) securing financing facilities; (iv) monitoring the day-to-day performance of the property management services; (v) implementing the business plan of the relevant Investment Vehicle focused on active value enhancement and optimization of the relevant assets; (vi) performing corporate and administrative services; and (vii) structuring an appropriate exit plan for the investments in light of market conditions, clients' expectations, clients' investment requirements or the features and size of the investment. In exchange for the services provided across the entire value chain of the real estate investment, the Group receives asset management fee-based revenues through various channels such as acquisition-related fees, structuring-related fees, recurring base fees, disposal fees and incentive fees. Such asset management fee-based revenues are typically based on the equity committed, the volume of the underlying assets under management and the performance of a particular Investment Vehicle. (see "*Operating and Financial Review - Description of Key Line Items. – Revenues - Total revenues from Investment Management Activity*"). For the year ended December 31, 2017, the Group's total asset management revenues amounted to €61.3 million, which accounted for 79.69% of total revenues of the Investment Management Activity.

The Asset Management Activity is carried out through Azora Gestión, Azora Capital and Azora International Management Sp. Z.O.O. ("**Azora International Management**").

Azora Gestión has been registered with the CNMV since 2012 as a manager of collective investment schemes (*Sociedad Gestora de Instituciones de Inversion Colectiva*). Azora Gestión manages collective investment schemes, as well as providing discretionary and individualized management of investment portfolios, including portfolios owned by pension funds. It also markets collective investment schemes (*Instituciones de Inversión Colectiva*). It provides services to its clients under the relevant investment management agreements, directly and/or using the resources of other companies belonging to the Group. As of the date of this Prospectus, Azora Gestión manages Lazora, Hispania, BAY, Colón Viviendas, Témpore Properties SOCIMI, S.A. ("**Témpore**") and, until December 1, 2017, it was in charge of the management of Siresa Campus S.L., ("**Siresa**") a collective investment scheme that was sold in 2017 in the context of the Student Accommodation Transaction.

Azora Capital was incorporated on December 13, 2012 in Spain. It provides services to its clients under the relevant investment management agreements, directly and/or using the resources of other companies belonging to the Group. As of the date of this Prospectus, existing investment management agreements performed by Azora Capital are Encasa Cibeles and Carey Value Added.

Azora International Management was incorporated and began conducting business activities on December 20, 2006 in Poland. It provides services to its clients under the relevant investment management agreements, directly and/or using the resources of other companies belonging to the Group. Azora International Management only manages Azora Europa as of the date of this Prospectus.

(b) The Property Management Activity

The Group's Property Management Activity encompasses all services in relation to the day-to-day management and operations of real estate assets managed under the Group's property management agreements. Services provided under these contracts include, among other services, leasing services, managing property and supplier services, insurance, rent billing and collection, managing technical services, administrative management and filing. In exchange for the services provided across the period of ownership by the relevant Investment Vehicle of the asset, the Group is entitled to receive property management fee-based revenues, depending on the terms of the specific agreement, is split among overall property management fees (as a percentage of gross income), commercialization fees (typically one month rent in the case of rented residential assets), a disposition fee (as a percentage of the disposal price), and accounting fees (typically a set monthly amount). The property management revenues from these fees and other potential non-recurring service fees (e.g. project management for capital expenditures investments or unit conditioning as consequence of rotation) amounted to €15.6 million or 20.31% of total revenues for the Investment Management Activity in the year ended December 31, 2017.

The Property Management Activity is carried out through (i) Azzam Vivienda, in respect of rented residential assets under the Residential Strategic Property-Type-Vertical; and (ii) the Group's 9 professionals (as of December 31, 2017) in respect of assets under the Lodging Real Estate Strategic Property-Type-Vertical. Prior to December 1, 2017, the Group also provided property management services through another subsidiary, Residencias de Estudiantes, S.L. ("**RESA**"), which provided property management services in respect of the student accommodation platform managed by the Group until its disposal on December 1, 2017. As of the date of this Prospectus, the Group holds a controlling stake of 51% in Azzam which holds a 100% stake in Azzam Vivienda, with the remaining 49% of Azzam owned by Larcovi Alquila, S.L. (the former property manager of Lazora).

Azzam Vivienda manages the portfolios of Encasa Cibeles, Lazora, Selección de Inmuebles, Témpore and Colón Viviendas, and the residential units of Hispania (see "*Material Contracts*"), representing the management of more than 11,000 housing units in more than 140 buildings and more than €1.5 billion of assets under management as of December 31, 2017. As from April 5, 2018, Azzam Vivienda also manages Vivenio Residencial SOCIMI, S.A. ("**Vivenio**"), which owns a portfolio of residential assets located in Spain (see "*Material Contracts - Vivenio Property Management Agreement*").

The Company believes Azzam Vivienda is a pioneer in the rented residential market, due to the harmonization and centralization of structures and processes, including an internal contact center for commercial and customer services, all under a qualified experienced team. It also displays a bespoke IT platform, SAP HANA, an IT integrated platform, which encourages value creation through specialized reporting and processing controls. These features allow Azzam Vivienda to offer a wide range of residential property day-to-day management services to clients, including, among other services, online communication channels with clients, third-party providers, sales force and customer and suppliers through a website, refurbishment and facility management services, as well as other services required, including supply and insurance services.

Azzam Vivienda's ultimate goal is to achieve a profitable client portfolio base by means of (i) revenue maximization, through rent increases, fee increases based on re-letting speed, management of defaulting tenants, asset repositioning, value-added services, and quick leasing of new assets; (ii) cost reductions, through centralized negotiation with suppliers, economies of scale and preventive maintenance capital expenditure; and (iii) improvement of results, through an increase in profitability and the improvement of the GAV, as well as enhancing the performance indicators, increased tenant satisfaction and tailored reporting.

Azzam Vivienda provides the following three categories of services:

1. *Proposal of commercial policy, marketing and commercialization of residential units for sale or for rent.*

   These services are provided through Azzam Vivienda's in-house sales force, contact center and experienced team devoted to marketing, pricing and market studies. Such services include, among other ones, the (i) proposal of commercial policy in relation to income, conditions for purchase options, guarantees and model contracts, (ii) proposal of media campaigns, (iii) establishment of the pace of commercialization, (iv) campaigns to increase customer loyalty and decrease rotation rates, (v) commercialization of rental units supported by a proprietary commercial network and agreements with local APIs and in-house contact centers (CRM) and (vi) formalization of reservations and leases.

2. *Entire management of the portfolio*

Entire management of the portfolio is divided into two main areas: (i) the administrative and economic management area which is managed through SAP HANA (an IT integrated platform) and enables the company to generate accounting information from the management module (i.e. billing and collection of rents, management of payments to suppliers, delinquency control and management, elaboration and budgetary control of the operating account of each building, management of contracts and creation and liquidation of deposits in the related organizations) and (ii) the technical and customer service area which is also managed through SAP HANA (i.e. management and resolution of incidents, preventive maintenance of buildings through periodic inspections, supervision and control of assets and attention to the tenant through proprietary contact centers).

3. *Portfolio management information*

Portfolio management information facilities agile decision-making based on the tracking of KPIs relating to the financial and operating performance of the portfolio (i.e. occupancy rates, profit and loss accounts, evolution of arrears and management delinquency, incidence status and asset status) supported by SAP Business Objects, a SAP HANA module used for reporting.

As of December 31, 2017, Azzam Vivienda has a team of 130 in the real estate market with six (6) local commercial teams across Spain (Madrid, Catalonia, Valencia, Andalusia, Castilla y León and Asturias) structured to efficiently manage a broad residential portfolio, with assets located in many different regions.

On December 23, 2014, Azora Capital and Larcovi Alquila, S.L. entered into a shareholding agreement for the purposes of regulating, among others: (i) the corporate governance of Azzam Gestión and Azzam Vivienda; (ii) non-compete undertakings; and (iii) the transfer regime of the shares of Azzam Gestión.

c) Current Investment Vehicles under management

As of December 31, 2017, the Group managed €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017) through eight (8) Investment Vehicles as compared to €4.1 billion as of December 31, 2016 and €3.8 billion as of December 31, 2015. In addition, as of December 31, 2017, the €4.4 billion of assets under management were broken down by asset class as follows: 47.4% hotels, 33.4% residential and 19.1% offices (as compared to 40.0% hotels, 36.4% residential, 19.0% offices and 4.6% student accommodation as of December 31, 2016, and 39.4% residential, 32.5% hotels, 23.2% offices and 4.9% student accommodation, as of December 31, 2015).

Certain information with regards to the Investment Vehicles that the Group manages as of the date of this Prospectus is set out below. See "*Material Contracts*" for further information.

The following table includes a general overview of the existing Investment Vehicles under management as of the date of this Prospectus:

	Management Agreement									
Investment Vehicle	**Services provided**	**Type of investment and target market**	**Starting date**	**Termination of management**	**Risk-return**	**AuM (€m) 2016YE (% over total AuM)**	**2016 revenues (€m) (% over total revenues)**	**AuM (€m) 2017YE (% over total AuM)**	**2017 revenue (€m) (% over total revenues)**	**Effective stake 2017**
Hispania Activos Inmobiliarios SOCIMI, S.A[7]	Investment management services (residential property services are outsourced to Azzam Vivienda)	Residential, offices and hotels - Spain	2014	March 2020	Value-added[8]	2,008.0 (48.78%)	15.9 (24.88%)	2,659.0 (59.90%)[9]	20.2 (26.03%)	1.07%
Lazora SII, S.A..........................	Investment management services (asset management services are provided through Azora Gestión and property management services through Azzam Vivienda)	Residential and regulated housing – Spain	2004/2007	Until full liquidation	Core[10]	926.2 (22.50%)	9.0 (14.08%)	868.5 (19.57%)	10.5 (13.53%)	1.38%
Azora Europa I, S.A..................	Asset management services	Offices in Central Easter Europe	2007	February 2019	Core+[11]	260.7 (6.33%)	1.9 (2.97%)	246.6 (5.56%)	1.2 (1.55%)	2.30%
Colón Viviendas SOCIMI, S.A.[12].....................................	Investment management services (asset management services are provided through Azora Gestión and property management services are outsourced to Azzam Vivienda)	Regulated housing in Barcelona-Spain	2013	May 2023 (extendable for 1 year periods)	Core[9]	22.4 (0.54%)	0.8 (1.25%)	22.5 (0.51%)	0.7 (0.90%)	65%
Encasa Cibeles, S.L.	Investment management services (asset management services are provided through Azora Gestión and property management services are outsourced to Azzam Vivienda)	Regulated housing in Madrid - Spain	2013	October 2023	Core[9]	171.4 (4.16%)	2.3 (3.60%)	155.0 (3.49%)	2.6 (3.35%)	2.05%
Selección de Inmuebles, S.L.U...	Property management services (*de facto* provided by Azzam Vivienda)	Private market housing in Spain	2014	June 2018 (extendable for 1 year periods)	Core[9]	147.3 (3.58%)	0.9 (1.56%)	28.8 (0.65%)	1.0 (1.29%)	-
Carey Value Added, S.L.	Asset management services	Hotels in Europe and U.S.	2011	January 2019	Opportunistic[13]	389.3 (9.46%)	2.3(3.60%)	283.2 (6.38%)	2.3 (2.96%)	8.90[14]%

7 BAY is a wholly-owned subsidiary of Hispania; therefore, all assets under management and fees relating to BAY are captured in Hispania's assets under management and fees.

8 Value Added refers to segments involving medium-to-high risk real estate investments. Assets in this category typically exhibit management or operational problems, require physical improvement, lease-up and/or suffer from capital constraints.

9 Including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017.

10 Core refers to segments characterized as by assets of high quality real estate assets, with a stabilized long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalization rates.

11 Core+ refers to segments characterized by assets of good quality, normally typically representing to an investor an opportunity to increase the asset investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some upgrades or renovations by means of which the owner can then demand higher rents and improve returns.

12 The total fees included in this table relating to Colón Viviendas include the revenues generated from the Investment Activity and from the Direct and Controlling Investment Management Activity.

13 Opportunistic refers to segments involving high risk real estate investments. Assets in this segment typically require a high degree of enhancement or involve investments in development, greenfield land, and niche property sectors.

14 If the Carey Transfer becomes effective, the Company will have a shareholding interest of approximately 30.69%.

Investment Vehicle	Management Agreement: Services provided	Type of investment and target market	Starting date	Termination of management	Risk-return	AuM (€m) 2016YE (% over total AuM)	2016 revenues (€m) (% over total revenues)	AuM (€m) 2017YE (% over total AuM)	2017 revenue (€m) (% over total revenues)	Effective stake 2017
Témpore Properties SOCIMI, S.A.	Investment management services (asset management services are provided through Azora Gestión and property management services are outsourced to Azzam Vivienda)	Residential - Spain	2017	November 2019 (extendable for 1 year periods, up to a maximum of 3 periods)	Core[9]	-	-	175.5[15] (3.95%)	Not material	0.13%[16]
Vivenio Residencial SOCIMI, S.A.	Property management services	Residential - Spain	2018	June 2020 (extendable for 1 year periods, up to a maximum of 8 periods)	Core[9]	-	-	-	-	-

15 As per the valuation of the assets as of September 30, 2017.

16 On March 9, 2018, the Company purchased 19,231 shares of Témpore for an amount of approximately €0.2 million.

Hispania Activos Inmobiliarios, SOCIMI, S.A.

The Group incorporated Hispania on January 23, 2014. Hispania's main objective is to assemble a high-quality real estate portfolio, focused on residential, offices and hotel assets in Spain, and enhance the underlying value of this portfolio through active asset management initiatives aiming to target an IRR of 15% over the total gross proceeds raised. Since Hispania's initial public offering in 14 March 2014, Hispania has raised more than €1 billion of gross proceeds through three (3) capital increases in cash (€550 million at its initial public offering, €337 million at its accelerated bookbuilding in April 27, 2015 and €231million at its rights issue offering in May 11, 2016) which were fully committed as of December 31, 2017.

Hispania has been registered as a "SOCIMI" (*Sociedad Anónima Cotizada de Inversión Inmobiliaria*) since May 2016, following the approval by its shareholders to conclude the merger between Hispania Activos Inmobiliarios, S.A. and its 100% subsidiary Hispania Real SOCIMI S.A.

Hispania's investment period expired on December 31, 2017 following the third anniversary of the initial public offering and the relevant extension period that was granted in accordance with the Investment Manager Agreement entered into by Hispania, Azora Gestión and Azora Capital on February 21, 2014, as amended December 29, 2014 and June 29, 2015. It is worth noting that the relevant extension period was only granted for executing further hotel acquisitions as requested by the Hispania's investment manager in the context of the value return proposal submitted to Hispania's shareholders for approval at the 2017 Annual General Shareholders' Meeting held on April 6, 2017. Further to the approval of the extension of the investment period for the acquisition of hotels, Hispania's investment manager continued securing new hotel deals for further consolidating its hotel portfolio and started the disposal of its residential and office portfolio given that, as per the value return proposal included in Hispania's Investment Manager Agreement, the investment manager has committed to monetize the entire portfolio before March 14, 2020. As part of Hispania's business strategy and of the strategy of the Group to maximize the return, as of December 31, 2017 Hispania expected to deploy further capital expenditure for an amount of approximately €342 million in forthcoming years.

As of December 31, 2017, the GAV of Hispania's portfolio was €2,659.0 million (source: CBRE valuation report as of December 31, 2017 and including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017), consisting of 69% hotels, 23% offices and 9% rented residential. The portfolio was located predominantly in the Canary Islands, which represented 44% of GAV as of December 31, 2017. The remainder of GAV of the portfolio was located in Madrid (25%), the Balearic Islands (15%), Barcelona (9%) and rest of Spain (7%).

Hispania is the largest generator of fee-based revenues for the Group's Investment Management Activity, accounting for 26.03% of total revenues for the year ended December 31, 2017. This amount does not include the incentive fee contemplated under the Hispania Investment Manager Agreement, which remains unaccrued, and in respect of which Hispania recorded a provision of €95 million in its annual financial statements as of and for the year ended December 31, 2017. For more information on the unrealized Hispania incentive fee see "*Selected Financial and Operating Data*".

In addition, during the period from Hispania's initial public offering to April 18, 2018, Hispania generated an unrealized IRR of 19.1%, calculated based on the gross dividends distributed to Hispania shareholders since its initial public offering (including paid-in capital distributions), capital increases completed (including the capital increase in-kind in December 2016 to acquire the remaining 10% shareholding in Hispania Fides) and the closing share price of Hispania as of April 18, 2018.

Hotel portfolio

Hispania's diversified hotel portfolio includes more than 13,100 hotel keys distributed among 46 hotels and three land plots, located in established strategic tourist destinations, such as the Canary Islands, the Balearic Islands, Costa del Sol and Costa Blanca, as well as in key urban locations, such as Madrid and Barcelona and other selected Spanish urban cities with a strong tourist component, such as Málaga. The hotels are subject to fixed or fixed and variable long-term lease agreements with well-known hotels operators, including Barceló Group, Meliá and NH Group. As of December 31, 2017, Hispania's hotel portfolio had an average occupancy rate of 86% and an average revenue per available room of €119.

The GAV of Hispania's hotel portfolio was €1,823 million as of December 31, (source: CBRE valuation report as of December 31, 2017, including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017), of which 64% was located in the Canary Islands, 22% in the Balearic Islands, 9% in Andalucía and Costa Blanca, 4% in Madrid and 1% in Barcelona. As of December 31, 2017, the value of Hispania's hotel portfolio has increased by €482 million compared to the total accumulated acquisition cost and capital expenditure deployed, which represents approximately an increase of 42% (this calculation excludes the impact of the Alúa hotel portfolio and Barceló Marbella hotel acquisitions as no appraisal exercise was conducted given that these acquisitions were not completed until February 28, 2018).

Hispania's current strategy is to optimize existing operations working closely with hotel operators as well as to execute a significant capital expenditure plan for the forthcoming years.

Office portfolio

As of December 31, 2017, Hispania's office portfolio consists of 25 buildings with a total gross leasable area ("**GLA**") of 153,621 square meters of offices (including 1,883 square meters of retail space) and 792 parking spaces. In addition, Hispania has a development project of approximately 33,000 square meters of GLA, "Helios", located in one of the most consolidated business areas of Madrid whose development works are expected to finish by 2018 year-end becoming one of the few LEED platinum buildings in Madrid. As of December 31, 2017, the office portfolio had an occupancy rate of 87% and a weighted average lease term (**"WALT"**) of 4.2 – 6.2 years (the low point of such range refers to the weighted average lease term from December 31, 2017 until the first break option (during such period, the tenant is not entitled to terminate the lease agreement) while the high point of such range refers to the total weighted average lease term from December 31, 2017 until the end of the lease agreement, in both cases taking into account the leased area). The average monthly rent of the occupied office portfolio as of December 31, 2017 was €14.0 per square meter.

The GAV of the office portfolio was €603 million as of December 31, 2017 (source: CBRE valuation report as of December 31, 2017), which represents a 31% accumulated revaluation on total accumulated investment cost (including total accumulated acquisition cost and capital expenditure deployed). As of December 31, 2017, the GAV was distributed geographically as follows: 79% in Madrid, 20% in Barcelona and the remaining 1% in Málaga.

As a result of the approval of the value return proposal at the 2017 Annual General Shareholders' Meeting, Hispania has commenced the process to dispose of its entire office portfolio, either in one or over various transactions. Thus, in June 2017, Hispania entered into a purchase and sale agreement for the sale to a Spanish family office of the Aurelio Menéndez office building once the construction works and tenant implementation have been completed. As of December 31, 2017, the office was still part of Hispania's office portfolio.

Residential portfolio

Hispania's rented residential portfolio included five residential buildings as of December 31, 2017, of which one building was located in Barcelona and the remaining four buildings were located in Madrid. Hispania's total portfolio of residential rental assets contained 671 housing units as of December 31, 2017 (167 in Barcelona and 504 in Madrid), which were 49% occupied (94% occupancy rate adjusted by the housing units not available for rent as of December 31, 2017) with an average monthly rent of €12.0 per square meter as of December 31, 2017.

After the approval of the value return proposal at the 2017 Annual General Shareholders Meeting, Hispania started to implement its retail disposal program (unit by unit) first in Isla del Cielo (Barcelona) and Sanchinarro (Madrid) residential buildings. During the year ended December 31, 2017, Hispania had sold 83 housing units (32 housing units in Isla del Cielo and 51 housing units in Sanchinarro) at an average gross disposal price of 4,619 €/sqm, implying 38% net capital gains (calculated as the average gross disposal price reduced by transactional costs and municipality tax charges over the average total investment cost attributed to the housing unit sold).

The GAV of the rented residential portfolio was €233 million (according to CBRE valuation report as of December 31, 2017), 41% of such value corresponding to assets located in Barcelona and the remaining 59% to assets located in Madrid.

Lazora, Sociedad de Inversión Inmobiliaria, S.A.

In 2004, during the early years of the Spanish real estate intense expansion period, the Group became aware of the rapid increase of housing prices in Spain (which could make the acquisition of a housing unit impossible for a substantial part of the population) while at the same time the rental market remained under-developed. Therefore, in order to take advantage of the needs for rental housing without facing a large exposure to land value, the Group launched the Lazora I fund in 2004 to invest in affordable regulated rental housing attracting the interest of Spanish investors, including financial institutions, pension funds and private individuals. Given the rapid deployment of the funds resulting in the build-up of a portfolio of approximately 2,800 housing units mainly sourced through turnkey projects, the Group decided to launch Lazora II fund in 2007 as it considered that there were still attractive opportunities in the market. After having created a comprehensive rented residential portfolio of approximately 7,000, units Lazora I and Lazora II merged in 2012. In 2013, the resulting entity was transformed into a S.I.I (*Sociedad de Inversión Inmobiliaria or S.I.I*), a regulated property investment company supervised by CNMV and subject to a special tax regime.

The Company believes Lazora is currently one of the largest privately owned portfolios of rented residential assets in Spain (source: Internal estimates based on the inherent characteristics of the Lazora's portfolio) with approximately 6,500 housing units (of which 3,728 are regulated housing units) across 65 buildings in major cities in Spain, but with a particular concentration in the Madrid region (60% of total housing units as of December 31, 2017). As of December 31, 2017, the portfolio of Lazora had 83% occupancy rate with an average monthly rent of 6.2 €/sqm.

The company started a retail disposal program in 2016 and, since then, the company has sold approximately 500 housing units at a price representing approximately 10% premium over the latest reported GAV of each of the housing units sold and approximately 28% premium over the total investment cost attributed to each of the housing units. However, the retail disposal program has been temporarily postponed due to the industry environment and its prospects, for which positive dynamics for the resilient yielding of the rented residential business are envisaged for the long-term. In this context, the Group is working on a project to replace most of the existing shareholders of Lazora with new clients who, instead of disposing of current assets, wish to keep them under long-term rent and intend to commit new capital with the aim of benefitting from the improved dynamics that the rented residential and overall housing markets currently exhibits in Spain.

As of December 31, 2017, the GAV of Lazora's asset portfolio was €868 million, approximately 70% is located in the Madrid region and it generated 13.64% of total revenues of the Group's Investment Management Activity. Additionally, Lazora has generated an implied equity multiple of 1.4 times the investment of its shareholders as of December 31, 2017 (calculated as the sum of the net asset value of the company as of December 31, 2017 plus the aggregate amount of all cash distributions during the period from inception to December 31, 2017, divided by the total equity invested by the shareholders).

Carey Value Added, S.L.

The Group is also present in the international hotel industry through Carey, which invests in high-quality urban hotel assets located in the United States, the United Kingdom, Germany, Belgium and Switzerland.

Carey has a well-diversified hotel portfolio comprising a total of 1,055 hotel keys distributed across 6 hotels located in major European cities (London, Berlin, Cologne, Geneva and Brussels) and in New York (the United States), with an appraisal value of €283 million as of December 31, 2017 and it generated 2.93% of total revenues of the Group's Investment Management Activity. As of December 31, 2017, the hotel portfolio of Carey had an average occupancy rate of 75% and an average revenue per available room of €121. As of December 31, 2017, the net asset value of Carey (calculated as GAV[17] minus debts minus fair value of minority interests minus taxes minus the estimated amount corresponding to the performance fee as of December 31, 2017 under the Carey Asset Management Agreement) amounted to €153 million. On March 26, 2015, the Group, along with other Carey shareholders, entered into a shareholders' agreement for the purposes of regulating, among others the process for the appointment of directors or any other position in governing bodies of Carey and any amendment to the composition of the governing bodies.

The Group is currently working on the replacement of some of Carey's existing shareholders with the aim of growing the portfolio, maintaining its focus on urban hotels, and to focus on value creation.

[17] Based on the valuation conducted by CBRE as of December 31, 2017.

Azora Europa I, S.A.

Azora Europa was created in 2007, when clients from other Investment Vehicles managed by the Group gave the Group a broad mandate to invest across different asset classes in the European Union, with a particular emphasis on Central and Eastern Europe (CEE). After an extensive analysis of the European office markets, the Group identified attractive assets in Poland and the Czech Republic, building-up a portfolio comprising new, A-class office buildings. The portfolio which, as of December 31, 2017, consists of 11 office buildings across 6 office building complexes with a total aggregate GLA of approximately 103,180 square meters (broken down as follows: 25% Aquarius, 22% Green Office, 18% HOC II, 15% Mokotow Plaza, 11% Avatar and 10% Cristal Park), is located in prime business areas of major cities in Poland (Warsaw, Krakow and Wroclaw). The occupancy rate of the whole portfolio was approximately 86% as of December 31, 2017 and the WALT was 3.0 – 3.6 years (the low point of such range refers to the weighted average lease term from December 31, 2017 until the first break option (during such period, the tenant is not entitled to terminate the lease agreement) while the high point of such range refers to the total weighted average lease term from December 31, 2017 until the end of the lease agreement, in both cases taking into account the leased area). The average monthly rent at the end of 2017 amounted to 14.4 €/sqm.

As of December 31, 2017, Azora Europa had a GAV of €246.6 million and it generated 1.56% of total revenues of the Group's Investment Management Activity for the year ended December 31, 2017. Additionally, Azora Europa has generated an implied equity multiple of approximately 1.1 times the investment of its shareholders as of December 31, 2017 (calculated by considering (i) all the dividends distributed as of December 31, 2017, (ii) the expected net proceeds to be distributed to the shareholders derived from the disposal of the existing portfolio as of December 31, 2017 and (iii) the total capital contributions made by the shareholders).

Azora Europa is currently undergoing its divestment process and has already sold its business in the Czech Republic. It is also in the process of analyzing disposal alternatives for the business in Poland. On March 21, 2018, the General Shareholders' Meeting of Azora Europa has agreed to extend the divestment period for one additional year and, as a result, the Azora Europa Investment Management Agreement has also been extended for such additional year.

Colón Viviendas, SOCIMI, S.A.

Colón Viviendas was created in 2013 and is a former regulated investment fund of the Group whose SOCIMI status was approved by its shareholders on 27 July 2015. Colón Viviendas was listed on the Alternative Stock Market ("**MAB**") in Spain July 3, 2017 and is currently dedicated to investing in regulated rented housing units.

Colón Viviendas, whose 65% of capital is controlled by the Company (see *"Business Segments — Direct and Controlling Investment Activity"*) has a portfolio comprising of 298 housing units across four buildings located in Barcelona, with an appraisal value of €22 million as of December 31, 2017 and it generated 0.11% of total revenues of the Group's Investment Management Activity for the year ended December 31, 2017. As of December 31, 2017, the portfolio of Colón Viviendas had 98% occupancy rate with an average monthly rent of 4.7 €/sqm.

The Group currently expects to continue managing Colón Viviendas on a long-term basis and maintain its stake of 65%.

Encasa Cibeles, S.L.

Encasa Cibeles is a joint vehicle whose current shareholders are an entity of Goldman Sachs Group Inc, Colón Viviendas and Azora Gestión. Encasa Cibeles was incorporated in 2013 to acquire the IVIMA Portfolio from the IVIMA (now renamed the Social Housing Agency of the Community of Madrid ("*Agencia de Vivienda Social de la Comunidad de Madrid*") in a competitive auction for total consideration of €201 million. The Group handles pre-acquisition due diligence and subsequent management of the assets. All units in the IVIMA Portfolio are located in the Community of Madrid.

The retail disposal program was recently launched and as of December 31, 2017, the residential rental portfolio of Encasa Cibeles contained 2,379 housing units, with an occupancy rate of 78%, an average monthly rent of 5.7 €/sqm including subsidies and a total aggregate value of €155.0 million. Encasa Cibeles generated 3.32% of total revenues of the Group's Investment Management Activity for the year ended December 31, 2017.

As per the current disposal program of Encasa Cibeles, the entire portfolio is expected to be gradually sold and fully liquidated by 2022.

On October 22, 2013, Colón Viviendas, Azora Gestión, ELQ Investors II Ltd and Encasa Cibeles entered into a joint venture agreement for the purposes, among others, of regulating (i) initial funding of Encasa Cibeles; (ii) the regime to Encasa Cibeles' managing body; (iii) the distribution of dividends; and (iv) the transfer regime of Encasa Cibeles' shares.

Selección de Inmuebles S.L.U.

Selección de Inmuebles, S.L.U. ("**Selección de Inmuebles**") is an indirect subsidiary of Goldman Sachs Group Inc. and focused on residential assets in Spain. Selección de Inmuebles has a portfolio of 6 residential buildings in Spain comprising 188 housing units with an occupancy rate of 55%, an average monthly rent of approximately 7 €/sqm and a total aggregate value of €28.8 million as of December 31, 2017. The Group is solely in charge of providing property management services and the income it generated amounted to 1.28% of total revenues of the Group's Investment Management Activity segment for the year ended December 31, 2017.

As of the date of this Prospectus, the intention is to liquidate the entire portfolio in the next two years through retail and block sales.

Témpore Properties SOCIMI S.A.

Témpore is a SOCIMI that was incorporated by the SAREB in 2017 with an initial portfolio formed by approximately 1,400 rented residential units in Spain and with the aim to further grow the portfolio. In September 2017, the Group was appointed by SAREB, in a competitive process, as the manager responsible for the asset and property management of the portfolio and the contract between both parties was signed in November 2017.

As of December 31, 2017, Témpore had a portfolio of 1,383 rented residential units, with an occupancy rate of 84% and an average monthly rent of 5.1 €/sqm and a total aggregate appraisal value of €175.5[18] million (of which, 83% was located in Madrid and Barcelona). Taking into account its recent incorporation into the Group's perimeter, the contribution of Témpore to the total revenues of the Group's Investment Management Activity amounted to 0.09% for the year ended December 31, 2017.

Témpore's existing business strategy plans to optimize the operational performance of the current portfolio as well as to acquire new residential units mainly through a framework agreement signed between SAREB and Témpore to regulate the transfer of assets from SAREB to Témpore. Since April 3, 2018 Témpore is a publicly traded company listed on the MAB.

(ii) Alignment Capital Investment Activity

Another part of the Group's business model is to co-invest alongside its clients through alignment capital investments made in associated companies, which comprise those companies that are consolidated using the equity method. Accordingly, the Group invests its own funds in some of the same Investment Vehicles as its clients, and under the same terms and conditions set out in the investment management agreements that govern the client relationships of such Investment Vehicles. The Company believes that these investments align the Group's interests with those of its clients, which may reinforce the Group's longstanding relationships with its clients and promote the acceptance of mutually attractive management fee structures.

Additionally, the Group, in its capacity as co-investor, aligns itself with the performance of the Investment Vehicles through recognizing impairment and gains or losses on significant influence loss over an associate consolidated by the equity method. Thereby, the return generated by the Investment Management Activity is complemented by the returns generated by the Alignment Capital Investment Activity resulting in a higher diversification of the income streams and, potentially, in an enhancement of the overall returns of the Group.

The Group's Alignment Capital Investments amounted to €45.0 million and its contribution to the Group's profit for the year from continuing operations amounted to €12.0 million for the year ended December 31, 2017. However, the Group intends to strengthen this business segment by increasing the Group's exposure to the new

[18] As per the valuation of the assets as of September 30, 2017.

Investment Vehicles to be launched in the context of the Company's business strategy via the deployment of its own permanent capital (see *"Business Strategy"*).

For further information on the Group's Alignment Capital Investments, please see the table below that shows the Group's shareholdings in its alignment capital investments as at December 31, 2017, December 31, 2016 and December 31, 2015:

	As at December 31, 2015		As at December 31, 2016		As at December 31, 2017	
Corporate name	**Shareholding percentage**	**Balance sheet value (€thousand)**	**Shareholding percentage**	**Balance sheet value (€thousand)**	**Shareholding percentage**	**Balance sheet value (€thousand)**
Lazora S.I.I., S.A.	1.26%	7,157	1.26%	7,173	1.38%	8,487
Azora Europa I, S.A.	1.25%	1,776	1.25%	1,713	2.30%	1,632
Carey Cologne VA GmbH & CO KG (1)..........	5.10%	10	5.10%	12	5.10%	23
Encasa Cibeles, S.L.	2.05%	4,011	2.05%	3,909	2.05%	3,707
Hispania Activos Inmobiliarios SOCIMI, S.A.	0.99%	9,133	1.07%	15,394	1.07%	17,706
Carey Value Added, S.L. (2)..............................	10.79%	11,929	7.23%	11,049	8.90%	13,478
Encampus Residencias de Estudiantes, S.L.	7.65%	2,106	7.65%	2,106	-	-
Canepa European Activist Holdings, S.á r.l.(3)	-	-	15.00%	20	15.00%	70

Notes:

(1) Holder of 5.10% of Cologne Value Added I, GmbH, owner of the Stegenberger Hotel Köln. Cologne Holding, a wholly-owned subsidiary of Carey, holds the remaining 94.9% of Carey Cologne VA GmbH & CO KG and Cologne Value Added I, GmbH.

(2) If the Carey Transfer becomes effective, the Company will have a shareholding interest of approximately 30.69%.

(3) As Canepa European Activist is not an associated company, it is recorded in the non-current assets in the Consolidated Statement of Financial Position of the Consolidated Financial Statements.

This table does not include information on the Alignment Capital Investment in Témpore, given that the acquisition of 19,231 shares of Témpore was carried out on March 9, 2018.

(iii) Direct and Controlling Investment Activity

Direct and Controlling Investment Activity is a complementary business activity to both the Group's Investment Management Activity and Alignment Capital Investment Activity. The rationale behind the development of this business segment is to take advantage of one-off opportunities that do not fit into any of the existing investment mandates of the Group's Investment Vehicles from time to time but which may result attractive for the Company's shareholders. These Direct and Controlling Investments' opportunities may be pursued solely by the Group or in partnership with a limited number of investors but where, in any case, the Group intends to have control or joint control over the financial and operating policy as shareholder of such Direct and Controlling Investments.

Notwithstanding the above, the Group may also consider, from time to time and as a way to secure short-term investments where timing is of the essence or where existing or new clients prefer to invest in already seeded portfolios, to directly undertake investments which will be part of future Investment Vehicles. The execution of these investments will be driven by an accurate assessment of the opportunity including, but not limited to, the capacity to generate recurring cash-flow, operational capabilities requirements and potential client demand.

As of the date of this Prospectus, the Company holds only one (1) controlling stake of 65% of the total share capital of Colón Viviendas (see *"Business Segments — Investment Management Activity"*), with the remaining stake held by Sancy S.à r.l. (25%), Ms. Cristina Gutiérrez-Soto Hurtado de Mendoza, spouse of current Executive Director of the Company Mr. Juan Antonio del Rivero Bermejo (5%), and Mr. Juan Antonio del Rivero Bermejo, current Executive Director of the Company (5%). The contribution of this stake to the Group's total revenues amounted to €0.7 million for the year ended December 31, 2017, accounting for 100% of the total revenues of the Direct and Controlling Investment Activity. Additionally, the attributable net asset value of the stake for the year ended December 31, 2017 amounted to €13.6 million.

Employees

As of December 31, 2017, the Group had 206 employees (based on full-time employees, including 3 employees assigned to certain Investment Vehicles). See "*General Overview*".

Legal proceedings

From time to time the Group may be involved in legal proceedings in the ordinary course of its business.

Azora Gestión and the IVIMA are co-defendants in thirteen (13) legal proceedings relating to the competitive auction for the sale by the IVIMA (now renamed the Social Housing Agency of the Community of Madrid ("*Agencia de Vivienda Social de la Comunidad de Madrid*")) of the IVIMA Portfolio, which was awarded to Azora Gestión and the acquisition of which was implemented through Encasa Cibeles, in which the plaintiffs have demanded that the auction and sale of the IVIMA Portfolio be declared null and void (see "*Business Segments – Investment Management Activity – Current Investment Vehicles under management – Encasa Cibeles, S.L*".). As of the date of this Prospectus, eight (8) of the thirteen (13) proceedings have been either refused admission or dismissed without the possibility of appeal by the courts of competent jurisdiction. The remaining five (5) proceedings are currently ongoing. In relation to such ongoing proceedings, the Spanish Supreme Court recently overturned the lower courts' refusal of admission for lack of legal standing (*capacidad*), thus holding that the relevant plaintiffs have legal standing and ordering the relevant lower courts to judge on the merits of the plaintiffs' claim.

If as a result of any of the ongoing legal proceedings the auction and sale of the IVIMA Portfolio is declared null and void, the competent civil and administrative courts would then be required to determine the impact thereof on the sale of the IVIMA Portfolio to Encasa Cibeles. Depending on the outcome of such determination, this could impact the provision of services by Azora Gestión under the Encasa Cibeles Investment Management Agreement. In any case, the enforcement of any such declaration and any ultimate reversion of the IVIMA Portfolio to the ownership of IVIMA (if so decided by the courts), would require a separate proceeding following adjudication of the current proceedings.

The Company does not believe that any litigation or arbitration proceedings in which the Group is involved (including, in particular but without limitation, the proceedings described above in respect of IVIMA), could, individually or in the aggregate, materially adversely affect the Group's financial condition, results of operations, business or prospects. As of December 31, 2017, no accounting provision in respect of any such litigation or arbitration proceedings has been recorded in the 2017 Consolidated Financial Statements.

Insurance

The Group maintains insurance cover which it believes is adequate for its activities in line with industry practice and standards.

Conflicts of Interest Policy

The Company has established a general conflict of interest policy for managing conflicts of interest in relation to its business with application to the entire Group, without prejudice to any policies that the Group's regulated management companies may be required to adopt in order to comply with applicable regulations.

(a) ***Investment policies for each Investment Vehicle***. The Company will seek to ensure that each Investment Vehicle has an investment policy established on the basis of specific investment criteria, including asset type, location, maximum and minimum investment amounts per asset, risk profile of the investments, expected return, time horizon to obtain the return, etc. Consequently, the Company believes the Group will be able to avoid the existence of substantially similar mandates allowing it to limit the circumstances under which conflicts of interest may arise.

(b) ***Allocation process of investment / divestment opportunities***. The allocation process of opportunities will be effected through the participation of the following bodies:

- *Investment Committee*: the Company will have an Investment Committee, which will be the body in charge of discussing and assessing an identified investment or divestment opportunity.

- *Conflicts of Interest Committee*: once the Investment Committee has positively assessed an investment opportunity in a certain asset, the Conflicts of Interest Committee will decide to which Investment Vehicle such opportunity will be allocated, depending on its specific investment policy, and will apply a scoring system which allows to assess whether, and to what extent, such opportunity meets each of the investment criteria, as well as the percentage of capital invested to date in each Investment Vehicle and the remaining time of the investment period of each Investment Vehicle. Likewise, in the event that one divestment opportunity could be undertaken by different Investment Vehicles, the Conflicts of Interest Committee will decide to which Investment Vehicle it will allocate it taking into account concurrent factors (such as the remaining time until the end of the divestment period of each of the Investment Vehicles involved).

- *Audit Committee*: the Conflicts of Interest Committee shall regularly inform the Audit Committee of the matters dealt with and the decisions taken at its meetings. Should the Conflict of Interest Committee so decide in view of difficulties in the allocation of an investment and/or divestment opportunity to a particular Investment Vehicle, it shall escalate the corresponding decision to the Audit Committee for the latter to take the final decision.

Notwithstanding the foregoing:

  - If, subject to the rules below, the investment or divestment opportunity is to be carried by the Group directly, the final decision to undertake the investment or divestment opportunity will lie with the Board of Directors when the value of such opportunities exceeds €30 million or with the Executive Chairman, when the value of such opportunities are equal or below €30 million;

  - If the investment or divestment opportunity is to be carried out by the Investment Vehicles, the final decision to undertake such investment or divestment opportunity will lie with the relevant Investment Vehicles' corporate governance bodies in accordance with their own rules.

(c) ***Limitations on investment with the Group's own capital***. The Group shall only undertake to make a specific investment with its own capital in the event that:

- the investment does not fit in any of the existing Investment Vehicles managed by the Group; or

- the internal bodies of the Investment Vehicle to which the aforementioned opportunity has been allocated rejects such opportunity (provided that they had been previously informed of the possibility of the Group undertaking such investment itself if the Investment Vehicle rejects it).

(d) ***Limitations on investment/divestment transactions between Investment Vehicles managed discretionally by the Group or between an Investment Vehicle and one of the Group's own vehicles***. For investment or divestment transactions carried out between Investment Vehicles managed discretionally by the Group or between the Group's own vehicles:

- The Audit Committee will be the body in charge of analyzing the circumstances and making the corresponding decision.

- Given the circumstances of each specific case, the Audit Committee may appoint an independent expert of recognized reputation to assist in the task (e.g., to endorse the proposed transaction price).

(e) ***Asset management process***. The asset management process will follow the following principles:

- The Group shall ensure that the resources allocated to each Investment Vehicle are at all times appropriate taking into consideration the size and complexity of the assets of each Investment Vehicle and their specific circumstances.

- As a result of the above, the Group shall generally ensure that each Investment Vehicle, as well as the Group's own vehicles, have differentiated management and commercialization teams dedicated to optimizing each asset management. Where appropriate, and if justified by the circumstances, the delegation of management or commercialization tasks to third parties may be considered.

- Exceptionally, in those cases where no differentiated teams for certain Investment Vehicles are available and a conflict of interest arises, the final decision will be escalated to the Conflicts of Interest Committee (although for the most complex or uncertain cases, when so decided by the Conflicts of Interest Committee, the final decision will be escalated to the Audit Comittee for the latter to take a decision based on objective parameters).

The Conflict of Interest Committee will inform the Audit Committee on a regular basis of the matters discussed and the decisions taken at its meetings.

Deal sourcing activities

The success of the Group's business partly depends on the Group's ability to source attractive real estate investment opportunities. Through the expertise and network of the Group's Senior Management Team, the Group has access to an extensive and attractive real estate transaction deal flow which, for future investments, is expected to come primarily from a combination of the following core avenues (of which the Group has extensive knowledge and expertise):

- ***Non-competitive sales processes***. The Company believes that a significant number of investment opportunities typically come from divestments made by individual investors or corporations which have not actively initiated a formal sale process but that would be willing to undertake a total or partial disposal of property assets given attractive market conditions for sellers and/or collaboration offered by the Group. For illustrative purposes, approximately 90% of total executed investments during the period from March 2014 to April 2015 were sourced from non-competitive sales processes. One such key transaction was the subscription by Hispania of Hispania Fides' shares in a capital increase amounting approximately to €80 million resulting in Hispania holding a 90% stake in Hispania Fides (owner of a portfolio of nine (9) office assets in Madrid, Barcelona and Málaga) post-transaction. Another such transaction was the acquisition by Hispania of the 76% of BAY Hotels & Leisure SOCIMI, S.A. ("**BAY**") which was the owner of an initial portfolio comprised of sixteen Spanish vacation hotels and two small shopping centres from the Barceló Group in 2015 for a total initial attributable consideration of approximately €349 million (including €19 million of additional committed capex on an attributable basis, at the time of the closing of the transaction). A further transaction was the acquisition by Hispania from Alúa Hotels & Resorts of a portfolio of seven Spanish vacation hotels fully completed as of February 28, 2018, for total initial consideration of €165 million (excluding any committed capital expenditures and transaction costs).

- ***Financial institutions***. The excessive use of gearing in the purchase of Spanish real estate and the subsequent severe re-pricing of asset values have in the past resulted, and continue to result, in significant direct and indirect legacy exposure for many Spanish banking institutions which provided credit to Spanish real estate assets. This trend is also becoming apparent in other European countries, such as Italy, Portugal and Greece where local financial institutions still have substantial exposure to real estate assets. A number of European financial institutions, including Spanish financial institutions, are undertaking initiatives to continue reducing their real estate exposure, primarily through asset-backed loan sales and asset disposals, which have led to a significant increase in the number of investment opportunities becoming available. Assets may also become available directly from disposals by banks, from receivers appointed over the assets or from borrowers who are selling under the guidance of banks or receivers. The Group and its Senior Management Team have close relationships with a large number of Spanish financial institutions as well as with other European financial institutions. The fruits of such close relationships with financial institutions have materialized in the past, including in the form of acquisitions of a number of assets held by them, such as, the acquisition in 2014 of the Isla del Cielo residential building in Barcelona acquired by Hispania for an initial consideration of €61 million (excluding any committed capital expenditures) from Santander Banif Inmobiliario, F.I.I. and the acquisition of the Guadalmina hotel by Hispania in 2014 for total initial consideration of approximately €22 million (excluding any committed capital expenditures) through the acquisition of a loan aimed at gaining access to the property granted by Banco Sabadell.

- ***Public administration portfolios***. The severe economic downturn in Spain in recent years and the resulting pressure on public finances have led to Spanish public administrations turning to large-scale asset disposals to offset reductions in tax income. The Group advised various funds in the first-ever privatization of regulated housing in Spain in 2010, taking over the management of the acquired portfolio. In 2013, the

Group acquired two student residences from the Spanish Ministry of Defense and, acting together with LQ Investors VIII, Ltd., a company belonging to the Goldman Sachs Group Inc., as co-investor, approximately 3,000 regulated housing units located in Madrid from the *Instituto de la Vivienda de Madrid* and it acquired four residential buildings from several Catalonian town halls in 2013 channeled through Colón Viviendas, which was listed on the Spanish Alternative Stock Exchange in July 2017.

- ***Large corporates***. The recent economic downturn in Spain has adversely affected a large number of Spanish corporations, which are highly leveraged and which, as a result, are actively seeking to reduce their liabilities by selling assets. In addition, certain large corporates may consider to sell their real estate assets with the aim to raise funds to implement strategies focused on their own core business or, alternatively, they may consider to rotate certain assets. The Group has experience in the past in identifying corporates in that situation In particular, the Group was involved in a large number of deals structured as sale and leaseback transactions where the hotel operator sold the property but remained as the tenant of the property in order to be able to continue conducting their core business. The acquisition of the Dunas hotel portfolio by Hispania in January of 2017 for total initial consideration of €77 million (excluding any committed capital expenditures and transaction costs) is an example of the latter as the hotel operator "Dunas" remained as the hotel operator post transaction.

- ***SAREB****.* As one of a number of initiatives taken by the Spanish government to address the serious problems which arose in the Spanish banking sector as the result of excessive lending for real estate assets, SAREB was established in 2012 to acquire loans and real estate assets from certain distressed Spanish financial institutions. SAREB held approximately 107,000 real estate assets with a total net value of €11,343 million and distressed financial assets with a net value of €39,438 million as of June 2013. Despite the accelerated disposal process undertook over recent years with the aim to liquidate the portfolio by 2027, SAREB currently holds a real estate asset portfolio with a net value of €26.6 billion as of June 30, 2017 which is expected to be liquidated through the following means: (i) retail sales, (ii) public auctions, (iii) competitive processes aimed at a limited number of professional investors (restricted competitive auctions) and (iv) bilateral transactions. In November 2013, the Group participated, as adviser and minority co investor alongside an international investment group, in the acquisition from SAREB of two syndicated loans of Realia, a Spanish real estate company, with an implied nominal value of €437 million. And, after a competitive process organized by SAREB in 2017 to appoint the manager responsible for commandeering its first rental housing SOCIMI (Tempore), the Group was appointed as the manager in charge of the asset and property management of the entity, backed by its proven and extensive experience in managing rented residential in Spain. See "*Business Segments – Investment Management Activity – Current Investment Vehicles under management – Témpore Properties SOCIMI, S.A.*".

- ***Real estate small and medium size companies.*** After the restructuring of the Spanish banking sector and the tightening of the minimum capital requirements imposed by Basel III, small and medium sized real estate related companies with no necessarily immediate cash flow generation capacity do not have financing packages to undertake their business plans. The Group believes that the combination of its in-depth understanding of the real estate market with its financial background enable the Group to play an active role in providing financing to these class of businesses, including those businesses perceived as riskier but where the Group has proven expertise, such as lodging related businesses.

The Group believes that these and other sources will present it with opportunities to undertake future investment opportunities. In addition, the Group is well-positioned to secure the acquisition and management of such assets due to its extensive investment and management experience and well-established relationships with key decision-makers in the real estate market.

Cash management guidelines

The Company has not approved any cash management policy. However, so long the Company has not deployed in full the net proceeds of the Offering, the Company intends to invest at all times across a diversified portfolio which would include various types of cash equivalents, in order to ensure sufficient liquidity of investments held with credit-worthy counterparties while complying with legal restrictions. These may include among others bank current accounts, cash deposits and term deposits.

Key Strengths

The Company believes that the following strengths have been the key drivers of the Group's success to date and provide a key source of competitive advantage which will allow it to execute its business strategy successfully:

Successful track-record across asset classes and cycles with proven ability to deal with complexity and to be a pioneer in new investment themes to build leading scalable platforms in Spain where institutional capital is limited

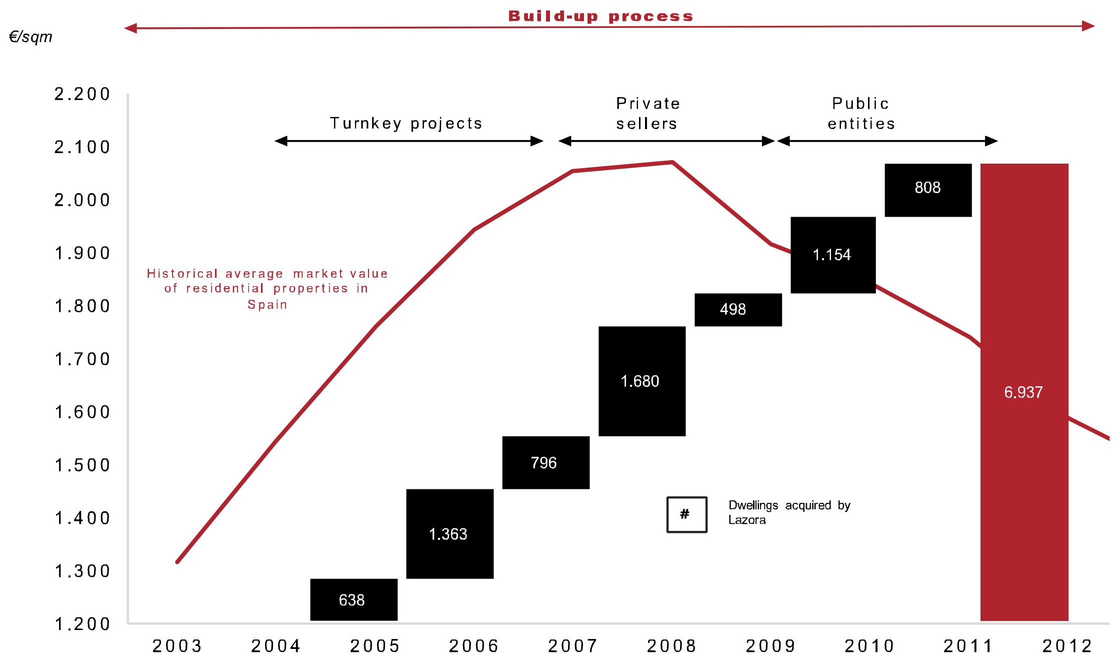
The Company believes the Group has a proven track-record of identifying new investment themes, discovering attractive investment opportunities, dealing with complexity, manufacturing institutional assets and building scalable platforms, as well as monetizing real estate related investments across asset classes and cycles with superior results. As such, the Group leverages on its skills at sourcing (with a robust knowledge of the real estate market and micro locations and an ability to source deals through non-competitive deal processes supported by its extensive network), executing (with sharp analytical skills, strong execution experience across a variety of structures and ad-hoc business planning for each asset upon acquisition), implementing (with in-house technical and asset management teams, taking the lead on the implementation of activities), managing (by continuous monitoring and controlling of the asset(s) and actively leading key processes) and exiting (focusing on appropriate timing, process and potential purchasers).

The Company believes the Group's deep understanding of the real estate industry provides it with a significant advantage in reading real estate cycles with considerable accuracy and thus identifying value across cycles, which has enabled the Group to become a recognized pioneer investor in various asset classes in Spain.

Lazora: demonstrating the Group's ability to be a pioneer investor by developing a non-existing institutional product due to an accurate reading of the cycle enabling the Group to build a scalable platform

The first Investment Vehicle sponsored by the Group was incorporated in 2004 to enter into the Spanish regulated rental housing market, with a clear focus on areas with strong demand but limited supply. At the time, the Spanish housing market was dominated by a boom in purchasing which, in turn, pushed up home purchase prices (registering a CAGR of approximately 12.7% during the period 1998-2004 (source: INE). Such increases in market prices caused a significant gap between the market values of free-hold and regulated housing assets; for example, in the first quarter of 2005 market prices of free-hold assets in Madrid represented 167% of the capital values of regulated housing assets in Madrid in terms of €/sqm (source: Ministerio de Fomento). The potential overheating in the Spanish housing market and the under-development of an institutionalized rented residential industry in Spain were identified by the Group and, to take advantage of this market dislocation, the Group created Lazora, the first dedicated multi-family rented regulated housing platform in Spain, which reached approximately 7,000 housing units by 2011 after a thorough investment process enabled Lazora to build a purpose coherent portfolio at attractive acquisition prices given the ability of the Group to acquire product from distressed situations or from turnkey projects of temporary regulated product (see Illustrative figure 50 – "*Lazora's portfolio built-up process*"). Today, the Company believes Lazora operates the largest purpose built residential rented portfolio in Spain with approximately 6,500 housing units as of December 31, 2017 (source: Internal estimates based on the inherent characteristics of the Lazora's portfolio) and with a resilient financial profile supported by stable occupancy rates of 83% (with a historical occupancy rate above 90%) and low delinquency rates below 1%, in each case as of December 31, 2017, in spite of adverse headwinds during recent periods.

Illustrative figure 50 – Lazora's portfolio built-up process



Student housing accommodation: ability to identify new investment themes where limited presence of institutional capital, build a scalable institutional platform, deal with complexity and exit at attractive returns

In 2010, the Group identified the student accommodation market as a niche market with strong growth prospects and room for scalability but with complexities which had discouraged other investors from entering the market (for example, ownership through concessions and surface rights (*derechos de superficie)* and varying regulations across regions). A year later, the Group acquired Siresa, which comprised a portfolio of 17 property companies owning 25 student accommodation facilities with more than 6,600 beds. The transaction required the restructuring of the target group which, at the time of the acquisition, comprised a large number of entities with differing shareholder bases, including the merger of 14 separate property companies. Additionally, the Group acquired 51% of the share capital of market student accommodation operator RESA. In 2012, the Group continued building up the student accommodation platform by launching a new Investment Vehicle, Encampus Residencias de Estudiantes, S.L. (formerly, Encampus Residencias de Estudiantes, S.A). ("**Encampus**"), focused mainly on the development of new student accommodations in Spain through greenfield projects requiring active management of legal and construction risks. Over time, the Group continued growing the portfolio and its exposure to RESA, invested in upgrading the existing student residences and overhauled the management of RESA by bringing in a highly qualified new management team. By 2017, the Group had created the largest private student accommodation platform in Continental Europe with 37 student accommodation facilities (including four (4) under development) and more than 9,000 beds (including approximately 990 in development) (source: CBRE Research prepared in the context of the disposal of the student accommodation platform). The disposal of RESA, Encampus and Siresa (in which the Group did not have a stake) (the "**Student Accommodation Transaction**") to a consortium of reputed and leading investors (Axa, NN Group and Greystar) was successfully carried out on December 1, 2017 and generated an incentive fee for the Group of €30.3 million. Between the time of the first acquisition and disposal, the Group delivered an average IRR of 30%, an implied equity multiple of 2.5 times the total equity invested by Siresa's shareholders and an implied equity multiple of 5.0 times the total equity invested by Encampus' shareholders.

Carey: ability to deal with complexity and generate returns

In 2011, the Group undertook the management of Carey, a hotel platform with an initial portfolio of 14 hotels across Europe and the US, with a complex baseline situation. The Group undertook the mandate after being approached by the investors in Carey, many of which were already clients of other Investment Vehicles managed by the Group. At that time, Carey had filed for a pre-insolvency process, was deadlocked in its refinancing process (with approximately €390 million of outstanding debt) and was subject to several ongoing lawsuits (more than 14 legal proceedings in more than 5 jurisdictions), the outcome of which was critical in determining the future of the company. During the first two years of the mandate, the Group demonstrated its ability to deal with complexity by concluding all major litigations favorably (generating a £80 million credit), refinancing and reducing Carey's debt position, raising approximately €20 million from new investors to recapitalize Carey through a convertible bond and removing the company from the pre-insolvency process, leading to its continued viability. The Group also successfully renegotiated operating contracts with a number of hotel operators, which the Group believes has enhanced the value of the assets. In addition, the Group undertook the full repositioning of two hotels, the Steigenberger Köln and the NH Rex Geneva, for a total capital expenditure of approximately €29 million. Once completed, this repositioning is expected to yield more than 10% based on the expected stabilized GOP to be generated by these two hotels in 2020 (expected stabilized GOP of €6.8 million (an increase of 2.2 times as compared to the GOP pre-capital expenditure) and CHF2.2 million (an increase of 2.0 times as compared to the GOP pre-capital expenditure) for the Steigenberger Köln and the NH Rex Geneva hotels, respectively). Since 2010, Carey has sold eight (8) hotels in total, with the largest disposals being executed on average at a premium of 15% above appraisal value. Between 2011 and 2017, Carey generated an implied equity multiple of approximately 2.6 times (i) the equity investment made by the investors through a convertible bond used to capitalize Carey when it was undertaken by the Group (calculated as the net asset value as of December 31, 2017 attributable to these investors, amounting to €51 million, divided by the equity contributed by the investors through the convertible bond, amounting to €20 million); and (ii) the implied pre-money valuation of Carey attributed to the initial shareholders at the time of the issuance of the convertible bond (calculated as the net asset value as of December 31, 2017 attributable to the initial shareholders, amounting to €102 million, divided by the implied pre-money valuation of Carey at the time of the issuance of the convertible bond, which amounted to €40 million).

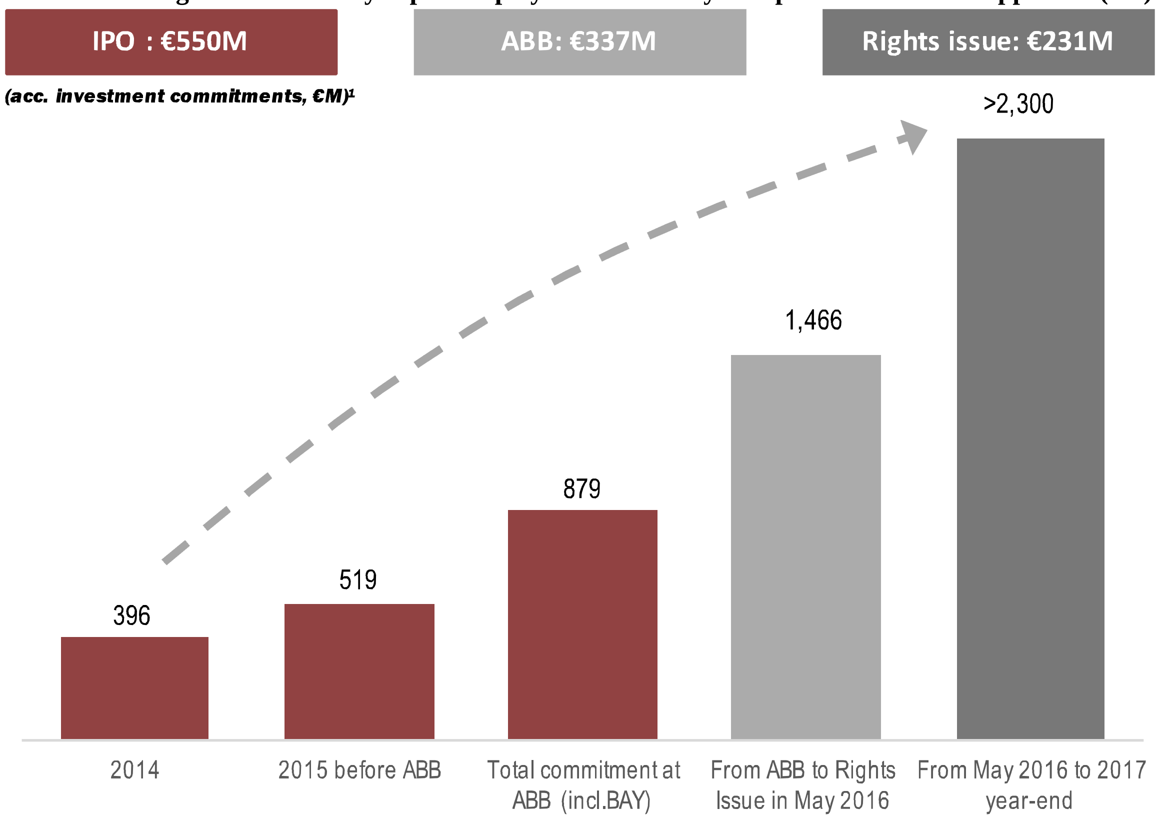
Realia: ability to uncover attractive opportunities by accurately reading the cycle and exit at attractive returns

In 2013, the Group entered into a partnership agreement with Fortress to take advantage of the distressed situation of certain real estate companies in Spain. Applying its broad understanding of the Spanish real estate and financing markets and supported by its close relationship with the SAREB, the Group identified SAREB's need to dispose of certain assets on its balance sheet. In this context, the Group was able to pre-screen the opportunity and analyse a potential transaction 18 months before it actually came onto the market. This in-depth pre-screening and astute assessment of the potential transaction enabled the Group to acquire two syndicated loans of Realia with an implied nominal value of €437 million from SAREB's balance sheet in a competitive tender process with the ability to outbid competitors without overpaying. Two years later, the investment was monetized through the sale of the loan delivering an unlevered IRR of more than 20% (the "**Aneto Transaction**"). The Aneto Transaction generated an incentive fee for the Group of €20.1 million in 2016.

Hispania: ability to raise capital from third parties, identify fragmented markets, deal with complexity, build scalable platforms, manufacture institutional products and deliver high double digit returns

In 2013, and in the context of an expected recovery of the Spanish economy derived from structural reforms in Spain and monetary easing, the Group opted to create a listed Investment Vehicle to take advantage of the limited number of attractive and liquid listed opportunities in the Spanish real estate industry. The Group incorporated Hispania on January 23, 2014 with the aim of assembling a high-quality Spanish real estate portfolio comprised principally of hotels, offices and rented residential assets. Since its initial public offering in March 2014, Hispania has raised more than €1.1 billion of gross proceeds from public markets and committed more than €2.3 billion to attractively priced and yielding assets as of December 31, 2017 (see Illustrative figure 51 – "*Healthy capital deployment driven by disciplined investment approach*").

Illustrative figure 51 – Healthy capital deployment driven by disciplined investment approach (€m)



Note:

(1) Including investments committed at the time of each of the indicated periods, including capex and investments agreed but pending closing

Hispania has delivered an IRR of 19.1% (calculated based on the gross dividends distributed to Hispania shareholders since its initial public offering (including paid-in capital distributions), capital increases completed (including the capital increase in-kind carried out in December 2016 to acquire the remaining 10% shareholding interest in Hispania Fides) and the closing share price of Hispania as of April 18, 2018), which compares positively with the 15% return targeted at the time of its initial public offering. In addition, due to the quality of the portfolio, which was enhanced from inception to December 31, 2017 with a total capex investment of €178 million (and with further expected capex deployment of €342 million for the coming years, out of which €34 million are expected to be deployed in the Holiday Inn hotel asset located in Madrid, expecting to deliver a stabilized yield of approximately 9.4% as the hotel is expected to generate €8.1 million of NOI post refurbishments which implies an increase of €6.1 million versus the NOI generated in the year ended December 31, 2017 or €8.2 million if comparing to the year ended December 2014), and strong operational skills of the investment manager of Hispania, the GAV of Hispania's portfolio has achieved a revaluation of approximately 38% on an accumulated basis as of December 31, 2017 (calculated as the GAV divided by the total accumulated investment cost as of December 31, 2017). During the year ended December 31, 2017, Hispania has delivered a 42% total shareholder return (calculated based on Hispania's share price revaluation since the first trading day of 2017 as compared to the last trading date of 2017 and dividends paid to Hispania shareholders during the course of 2017).

Through Hispania, the Group identified the vacation hotel industry as an untapped asset class in Spain, and with which institutional investors were unfamiliar at the time. Although historically the tourist industry has been one of the major contributors to Spanish GDP (in the range of approximately 10% to 11% of GDP for the period 2010 and 2016 (source: INE) and Spain has been ranked consistently among the top three most visited countries worldwide (source: The United National World Tourism Organization), an institutional investment market had not yet been developed to tap opportunities in the rental of vacation hotel assets. However, the Group identified the strong fundamentals of the industry, its fragmentation, the distressed situation of a large number of property owners, the new trend in the hotel industry to move from an asset heavy business model to an asset light business model and the strong need for property refurbishments. Against this backdrop and the excess of capital eroding returns in more traditional asset classes such as Madrid CBD offices or prime retail park assets where yields were rapidly compressing 275 basis points from 2008 to 2017 and 225 basis points from 2009 to 2017, respectively, (source: Savills Aguirre Newman *"El Mercado de Oficinas y Barcelona Enero 2018"* and Savills Aguirre Newman *"Informe de mercado medianas superficies en España Abril 2017"*, respectively), the Group opted to be one of the first to explore this market and executed a landmark transaction in the European vacation hotel market by acquiring more than 6,000 keys from a leading Spanish hotel operator, the Barceló Group in 2015. A large number of the hotel assets acquired by Hispania, in this and subsequent transactions, have required extensive repositioning activities, including changing the hotel operator in certain circumstances, which have resulted in an increase in the overall recurring yield generated by the hotel portfolio owned by Hispania. In addition, Hispania is currently implementing several asset management programs to continue to improve hotel EBITDA margin, which may, in turn, positively affect the rental revenues generated by these assets. This hotel platform has continued to grow and as of December 31, 2017 Hispania was the largest owner of hotels in Spain (source: Alimarket *"Informe de propietarios de hoteles y apartamentos turísticos en España en 2016"*) with more than 13,100 keys across 46 hotels, expected to generate a stabilized yield of 11% on total estimated investment (calculated by applying the estimated stabilized net rental income, of the hotel asset portfolio divided by the total estimated investment cost, including the estimated capital expenditure to be implemented in those assets which are still under repositioning on the basis the year of the stabilization is 2022) and having already accumulated a total revaluation of €482 million as of December 31, 2017 (calculated as the €1.8 billion GAV of the hotel portfolio divided by the €1.3 billion of total investment cost as of December 31, 2017, in each case including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017).

Value-add/ design high-quality institutional office assets

The Group has also shown its ability to design high-quality office solutions for clients and core investors. Two good examples of which are (i) the acquisition, refurbishment, repositioning and disposal of Aurelio Menéndez office building, an office asset owned by Hispania located in the prime business district of Madrid, where the Group managed to create a novel product for an institutional investor with a low-risk profile, and (ii) the acquisition, refurbishment and repositioning of Torre 30 office building, an office asset owned by Hispania where the Group managed to turn an old outdated building into an iconic headquarter for a large Spanish company (Ilunion).

- Aurelio Menéndez was a poorly managed building in an area highly impacted during the crisis, which was acquired by Hispania through a non-competitive sale process, at a price below the target price and with a business plan to achieve a building concept change (vacating the building and full refurbishment) in order to update the image of the building and improve the office space to current standards. The full turnaround of the asset complied with capital expenditure (requiring more than €5 million) and timing expectations (with works ending by the end of 2017). These works were coupled with an active letting plan to move existing tenants to other Hispania's office buildings (AEGON) whilst targeting new tenants for the building (including a pre-letting with the class-A tenant Uría Menéndez). Following the repositioning, the average monthly rent increased from 7 €/sqm to more than 20 €/sqm, WALT increased from 2 to 7.4 years (as of December 31, 2017), the occupancy rate increased from 82% to 100% and the accumulated revaluation increased by 63% as of December 31, 2017. In June of 2017, Hispania entered into a purchase and sale agreement with a Spanish family office for the disposal of Aurelio Menéndez office building for an initial total consideration of €37.5 million. Hispania expects to generate more than 20% unlevered IRR and approximately 2.0 times the equity invested on this investment post full turnaround of more than €5 million of capital expenditures, initial acquisition cost of €18 million and excluding any potential attributed structure cost at Hispania level.

- Torre 30 was a poorly managed building which was acquired by Hispania through a non-competitive sale process as part of the acquisition of a portfolio comprised of eight (8) additional office assets mostly located in Madrid. The Group intensively worked on a business plan to achieve a building concept change (vacating the building and a full refurbishment of €10.6 million) in order to update the image of the building, adapt it to large class A Spanish tenant's requirements and turn it into an iconic headquarter with an innovative façade. Following the repositioning, the average monthly rent increased from 10.5 €/sqm to 16.5 €/sqm, WALT increased from 2 to 13 years, the occupancy rate increased from 75% to 100% (fully occupied by Ilunion) and the building achieved a revaluation of approximately 36% as of December 31, 2017 (calculated considering €50 million GAV).

Highly experienced Senior Management Team with strong track-record and extensive network driving organic growth of assets under management

Since its establishment, the Group has built a top-level Senior Management Team with extensive experience and a strong track-record which has differentiated itself from its competitors and has had a positive impact on the pace of growth of the Group's business (increasing the assets under management at a CAGR of approximately 30% for the period 2009-2017). The Company believes that its Senior Management Team's deep and diverse knowledge of the real estate industry as well as other disciplines that are complementary to real estate investment activity (including, but not limited to, finance, restructuring, risk management, M&A and consulting) has enabled the Group to generate strong returns and create value across major real estate asset classes for its clients (see *"Management and Board of Directors"*).

This multidisciplinary know-how is supported by its strong reputation and deal sourcing capabilities reflected in an extensive network of long-standing relationships with many major decision makers and market participants (including financial institutions, property funds, planning authorities, tenants, corporates and private investors) in the Spanish real estate market, as well as advisers and brokers. This extensive network has allowed the Group to have strong local coverage and access to attractive opportunities in the past, which were restricted and only available to a limited number of potential investors. The Company believes that these strong relationships that both each of the members of the Senior Management Team and the Senior Management Team as a whole has, together with the Senior Management Team's reputation for flexible transactions, structuring, financing capabilities and speed of execution provide the Group with a competitive advantage and positioning in the market to capitalise on current and future opportunities in the market in its planned Strategic Property-Type-Verticals.

Fully integrated real estate investment and asset management platform

The Group's fully-integrated business model is one of its key strengths enabling the Group to be active in and add value across the entire value chain of investments in the real estate industry. Including its highly experienced Senior Management Team (see *"Management and Board of Directors"*), the Group has a multidisciplinary integrated team comprising 206 high performing professionals as of December 31, 2017 (based on the number of full time employees instead of on the number of employment contracts and including three professionals assigned to certain existing Investment Vehicles) with expertise across the value chain, from sourcing to disposal, and encompassing repositioning, upgrading, financing, letting and ongoing operational management.

The Group's proven sourcing and investment capabilities enable it to acquire high-quality potential assets through transactions on attractive terms. Following acquisitions, the Group relies on active property and asset management teams to maximize the operational efficiency, profitability and value creation potential of the investments that the Group manages. Both teams are highly regarded for their professionalism, high standards of performance and execution capabilities. In the context of the Group's strategy to invest and manage highly operational assets, the Group has developed in-house property management divisions for the rented residential and hotel businesses with the aim to further develop operational platforms for the rest of its Strategic Property-Type-Verticals (see "*Business Strategy*"). Through its control of property management operations, the Group is well-positioned to improve the day-to-day performance of the business, implement appropriate maintenance capital expenditure and letting programs as well as strengthen tenant relationships, all of which contributes to a more comprehensive view of the tenant needs and market trends as well as to the increase of overall profitability of investments.

- In particular, in the rented residential business, the Group holds a 51% stake in Azzam, one of the largest Spanish residential property managers with more than 11,000 units under management. Azzam was recently appointed, through a competitive tender process, by SAREB to manage Témpore, SAREB's residential investment vehicle with a portfolio of approximately 1,400 housing units across Spain as of December 31, 2017. Azzam manages Témpore through Azzam Vivienda. Azzam Vivienda is focused primarily on maximizing tenant satisfaction as well as enhancing KPIs, improving profitability and increasing the embedded value of the assets. This results-driven approach is conducted by a team of 130 employees as of December 31, 2017 with a comprehensive range of skills (including, the use of pioneering IT tools, such as certain tools and web applications within the SAP HANA system that enables interaction with clients and providers), responsible of the signing of approximately 1,720 lease contracts, the refurbishment of more than 2,000 housing units and the disposal of approximately 1,300 housing units at superior returns, such as the disposal of a number of housing units of Isla del Cielo (residential building owned by Hispania) which delivered 54% capital gains on the housing units sold during the year ended December 31, 2017 (capital gains defined as gross disposal price post transaction costs and municipality tax over the investment cost attributed to the housing units sold).

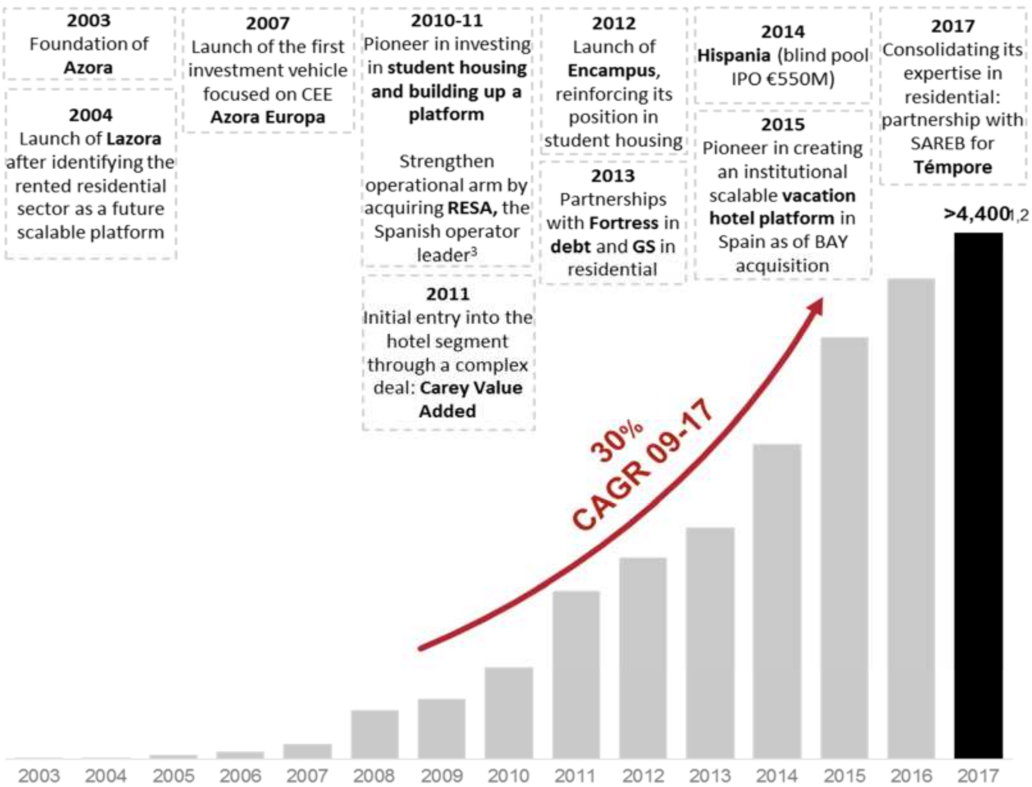
- On the other side, the in-house hotel asset management and development team, comprised of 16 professionals as of December 31, 2017, which is responsible for the operational performance and property care of the hotel assets, in close collaboration with the hotel operators, as well as of the design and implementation of development and repositioning strategies aimed, together with asset management initiatives, at making assets deliver on their full potential. For example, the expected €12 million repositioning project of the Barceló Portinatx (a hotel in Ibiza owned by Hispania) consisted of converting what was initially a three star hotel into a four star, adults-only hotel. The repositioning led to an increase of 51% in the total average daily rate (including F&B) for the month of August 2017 when compared to the same period in 2016 and is expected to generate a stabilized yield on total investment of 8.5%, including asset management initiatives in collaboration with the hotel operator (by comparison to the 2.2% yield on cost at the time of acquisition in July 2016). Another example which demonstrates the Group's ability to improve the operational performance of a hotel is the Occidental Ibiza (a hotel in Ibiza owned by Hispania) consisting of undertaking an €8 million refurbishment program (implying a capex investment of approximately 23,000 €/key). This repositioning project has delivered a RevPaR annual growth of 14.1% over the period 2010-2016 (when the market grew 9.0%, source: IBESTAT) and a 2017 NOI yield of 12.2% (estimated in September 2017) which is expected to evolve to a stabilized yield of approximately 13.0% in coming years versus 8.8% NOI yield at acquisition date (assuming the blended NOI yield for the BAY portfolio acquired in 2015) or 10.8% 2017 NOI yield based on market growth. In this context, the Group has developed in-house management tools which contribute to constantly monitor and benchmark the key KPIs of the business with the ultimate goal of defining and implementing appropriate initiatives and best practices to the hotel assets not only to tackle improvements across identified strategic KPIs (such as proportion of direct sales, revenue per available room, rate of occupancy, GOP margin and GOP per keys) but also to create unique products oriented to maximize customer experience in light of the changes in the industry paradigms (where the traditional focus on tour operators, occupancy levels and capital expenditure has moved to an increased focus on ADR (average daily rates), customer experience, online reputation and dynamic channels to a new model). As of December 31, 2017 the first signs of operational improvement have been already reflected in a number of KPIs: as an example, the GOP margin of the hotels improved by 2 percentage points reaching 36% for the year ended December 31, 2017 versus December 31, 2016 as a result of the implementation of initiatives such as productivity programs and best practice sharing programs; albeit dynamic sales significantly increased its contribution to total sales generation by boosting its share by 4 percentage points reaching 33% for the year ended December 31, 2017 when compared to December 31, 2016 as a result of a number of initiatives such as revenue management strategy, web audit & redesign or customer intelligence CRM; likewise, not only the RevPar of Hispania's hotel portfolio improved by 9% in the year ended December 31, 2017 compared to the year ended December 31, 2016 but also this increase outperformed the average RevPar growth of the Canary and Balearic Islands market (the two most important markets for Hispania's hotel portfolio) where RevPar growth in 2017 was approximately 6% and 8%, respectively (source: INE). All-in all, improvements both on the operational and property case of the hotel assets is translated into greater customer experiences; thus, customer experience in Hispania's portfolio improved by 4 percentage points reaching 85% in the year ended December 31, 2017 versus the year ended December 31, 2015 (source: ReviewPro).

The Group believes that its fully integrated team makes it well-positioned to reap the benefits of diversified revenue streams generated by its various activities at each stage of the real estate value chain. Specifically, the Group expects to generate revenues from (i) fees relating to assets under management of its Investment Vehicles, including structuring fees, base management fees, property management fees and incentive fees (incentive fees being remuneration for returns in excess of specified hurdle rates), (ii) returns from Alignment Capital Investments, both in terms of ordinary dividend distributions and capital gains at the time of disposal and (iii) returns from Direct and Controlling Investments held directly on its consolidated statement of financial position.

Historically a growing real estate investment and management business with a healthy and profitable business

The Group has positioned itself at the forefront of the real estate investment and management industry in Spain over the past fifteen years. Initially, in the years following the Company's incorporation in 2003, the business experienced very limited growth as the Group was fully focused on steadily building the rented residential platform (see Illustrative figure 52 – "*Key milestones and Group's assets under management evolution*"). However, as new investment opportunities were identified and further client capital was raised, the Group's assets under management rapidly increased. In particular, the Group's assets under management grew by a CAGR of approximately 61% from 2007 to 2013, in the context of the Group's sponsorship of new Investment Vehicles primarily in Spain (e.g. the enlargement of Lazora, Azora Europa I, S.A. ("**Azora Europa**") and Carey, respectively, and the build-up of the student accommodation platform). In addition, the creation of Hispania at the beginning of 2014 may be considered a key milestone for the Group, both in terms of Investment Vehicle size and the development of the Group's reputation among international investors. In the years following Hispania's initial public offering, the Group's assets under management grew by a CAGR of approximately 18% (excluding the value attributed to the student accommodation platform sold at the end of 2017 in the context of the Student Accommodation Transaction) to reach €4.4 billion as of December 31, 2017 (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017). Hispania has helped to position the Group as one of the leading independent real estate investment and asset management platforms in Spain (source: Internal estimates), characterized by sustained growth.

Illustrative figure 52 – Key milestones and Group's assets under management evolution (€m)



Source: Azora Group and each of the investment vehicles managed by the Group

Notes: (1) Based on 2017 year-end asset values, including the €165M Alúa portfolio acquisition and the €19M Barceló Marbella acquisition fully completed by Hispania on February 28, 2018; (2) Excluding investments already realized (student accommodation portfolio, Realia debt and 84 dwellings of Hispania) amounting to at the time of the disposals to approximately €430M; (3) At the time of the acquisition with over 5,800 beds as per DBK 2009 April report

The continuous growth of the Group's assets under management is reflected in (i) growth in base fees in respect of asset management services, from €24.9 million for the year ended December 31, 2015 to €31.0 million for the year ended December 31, 2017, representing a CAGR of approximately 11.55% for the period 2015-2017; and (ii) growth in the property management fees in respect of property management services, from €13.8 million for the year ended December 31, 2015 to €15.6 million for the year ended December 31, 2017, representing a CAGR of approximately 6.55% for the period 2015-2017. In addition, the successful disposal of a number of Investment Vehicles over the 2015 – 2017 period yielded incentive fees of €20.1 million for the year ended December 31, 2016 and €30.3 million for the year ended December 31, 2017, respectively. This increase in revenue streams over the 2015-2017 period, in combination with what the Company believes is a sustainable cost base in relation to revenue generation capacity, has enabled the Group to improve its EBITDA Margin from 37.86% for the year ended December 31, 2015 to 48.18% for the year ended December 31, 2017.

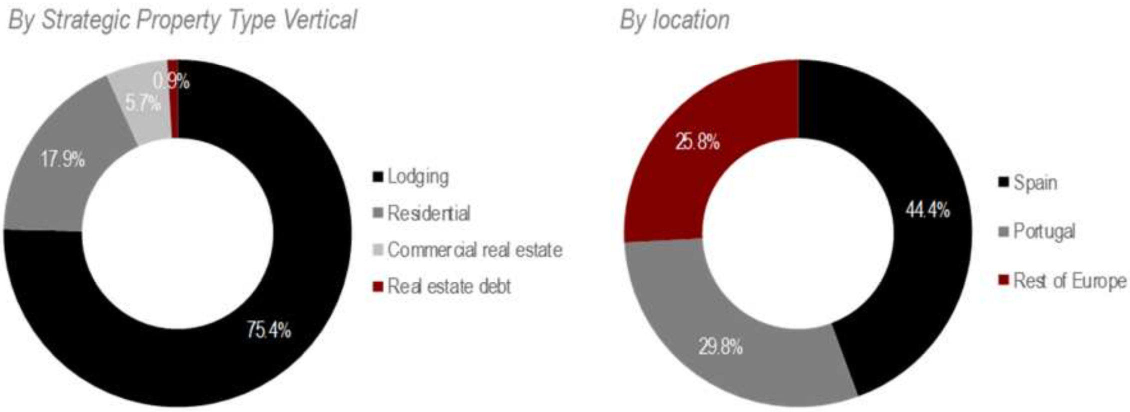
Actionable pipeline supporting Company's business strategy

The Company believes that achieving attractive risk-adjusted returns in most prime real estate sectors is becoming challenging, pushing investors to move to evolving real estate sectors. As an anticipated response to this trend and to the expected changes ahead, the Company has elaborated a well-defined business strategy supported by market fundamentals and growing demand trends (see *"Industry Overview"*) which targets attractive risk-adjusted returns (see *"Business Strategy"*).

The identification of a sizeable, attractive and actionable pipeline is key and the Company is fully focused on identifying, on an ongoing basis, investment opportunities eligible for execution.

As of the date of this Prospectus, the Company is analyzing the investment opportunities which in the aggregate amount to €7.4 billion, broken down as follows:

Illustrative figure 53 –Current pipeline breakdown

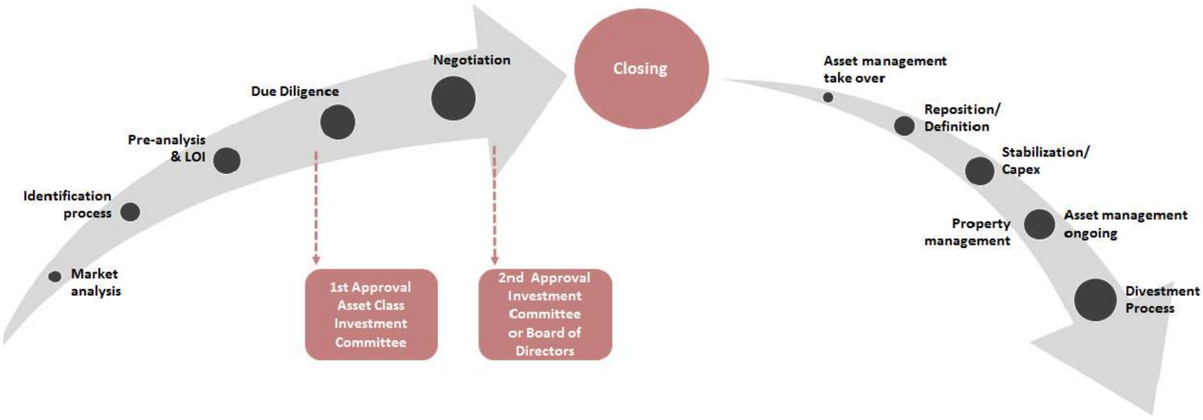


This pipeline may be deployed as the Company sees fit in accordance with its business strategy, and thus, the opportunities described above may be used for proprietary investments, for asset warehousing, for establishing seed portfolios or for its Investment Vehicles. Notwithstanding the above, the pipeline is *per se* dynamic and variable in terms of nature, volumes and execution times. It is therefore possible that the net proceeds of the Offering could end up being invested in transactions that are not envisaged as of the date of this Prospectus.

The Company believes that the current investment themes and the new ones identified in its business strategy, in conjunction with its sourcing capabilities and relationships with a wide domestic and international contact network base, should allow the Group to achieve its target of total assets under management of more than €8 billion by 2022.

Well-structured investment, allocation and management process

Illustrative figure 54 – Investment process steps



<u>Pre-Closing</u>

Phase 1: Market Analysis. A differentiated market analysis is key in such a competitive industry and the Group is constantly studying the real estate market, taking into consideration details and dynamics such as size, industry trends and outlooks, growth rate and market segment features. The Group is continually screening for market opportunities orientated towards the Company's investment criteria and clients' investment needs.

Phase 2: Identification Process. Once the Group has identified an interesting investment opportunity, an initial business plan is put together that contains an analysis of the opportunity from an asset quality and financial perspective, outlining the key deal parameters. A draft transaction term sheet or letter of intent may also be prepared. Also during this phase, the Group considers the various Investment Vehicle structures and the advantages and disadvantages of each. The decision towards the Investment Vehicle allocation is based on the needs of the clients.

Phase 3: Due Diligence. If the potential investment is preliminary approved, the Group then performs extensive asset analysis. This encompasses, among other tasks, identifying and categorizing any contingencies, outlining how the contingencies should be dealt with, performing structural and planning (zoning) analysis, coordinating legal and environmental due diligence as well as evaluating the relevant tax implications. In addition, throughout this process, the Group continues to develop and amend the business plan, where the relevant details and assumptions are refined.

Phase 4: Negotiation and Closing. Once the Group is satisfied with the results of the due diligence exercise, the terms of the transaction are negotiated and relevant legal documentation drafted. Other tasks include obtaining know-your-customer approvals, agreeing closing mechanics as well as the execution of the relevant documentation once in agreed form. A post completion action list is also prepared.

<u>Post-Closing</u>

Phase 5: ***Asset management take over.*** Following acquisition, asset management by the Group begins as soon as the investment is within its control. The Group relies on active asset and property management teams to maximize the operating efficiency, profitability and value creation potential of the investments, across the value chain, encompassing repositioning, upgrading, financing, letting and ongoing operational management.

Phase 6: ***Repositioning.*** The Group has built a technical team of 7 professionals as of December 31, 2017, who will be responsible for the design and implementation of development and repositioning strategies aimed, together with asset management initiatives, at making the asset deliver on its full potential.

Phase 7: ***Property Management***. The Group has developed in-house property management divisions and through its property management operations, the Group implements the appropriate maintenance capital expenditure and focuses on the improvement of the day-to-day operational performance of the investment.

Phase 8*: *Divestment. The final stage of the value chain of the investment is its divestment and here the Group carries out the process of analysing disposal alternatives that maximise the full investment value.

Business Strategy

The Company has no defined investment policy and, as a result, there are no fixed and binding rules or policies referenced in the Company's by-laws, internal corporate governance documents or otherwise, about how the net proceeds of the Offering are to be managed and invested. In particular, the Company has no binding set of guidelines in relation to asset classes or geographical regions available for investment, restrictions on leverage, minimum holding periods or other restrictions designed to provide risk diversification.

Notwithstanding the above, the Group intends to significantly grow its assets under management targeting €6.0 billion of new assets under management (see *"f) Target pace of investment and operating targets"*) by 2022 through the development of new and the continued pursuit of existing strategic themes within the Strategic Property-Type-Verticals as well as in other selected opportunities, which may be considered in special situations, as it is the intention of the Group to become a real estate investment and management platform of reference in the market. In this sense, the Group not only intends to co-invest alongside clients in a number of investment opportunities as a way to optimize alignment of interest between the Group and its clients but also to undertake on a standalone basis singular opportunities within the Strategic Property-Type-Verticals when these opportunities do not meet the requirements set out in the existing investment mandates from time to time or assuming such opportunities have been rejected by the Investment Vehicles, as the ultimate objective of the Company is delivering superior returns on a risk adjusted basis which target to yield mid-teens returns for its own funds. Accordingly, through the achievement of the Group's target of €6 billion of new assets under management by 2022, in combination with equity replacement processes which are ongoing in several of the Group's existing Investment Vehicles as of the date of this Prospectus and further potential growth in assets under management growth (based on, among other drivers, reinvestment of cash generated by the business), the Group aims to achieve more than €8.0 billion of total assets under management by 2022.

As part of its business strategy, the Company intends to create a range of tailored Investment Vehicles aimed at customizing and satisfying the diverse needs of existing and potential new clients. These Investment Vehicles would be structured considering, among other things, the following (i) the risk profile of the investments, (ii) the investment horizon, (iii) client demand, (iv) the size of the opportunity and (v) market conditions. As such, the Company is contemplating the creation of (i) listed REITs (companies that owns, operates or finances income-producing real estate, which have to meet a number of requirements to qualify as REITs), (ii) SPACs (publicly-traded buyout companies that raise collective investment funds in the form of blind pool money, through an initial public offering), (iii) commingled funds (funds established with limited duration for operations consisting of assets from several accounts that are blended together), (iv) evergreen funds (funds which are provided with gradual infusion of permanent capital), (v) club deals (deals carried put along other investors in order to reduce the risk and pursue opportunities which otherwise could not) or joint ventures and (vi) separate accounts with a fee structure, in each case designed to fit the relevant investment mandate profile. The Company intends to use various types of Investment Vehicles in order to access a range of opportunities and appeal to the respective needs of each investor/client.

The implementation of the business strategy may require the further development and strengthening of the existing in-house operating platforms, such as Azzam Vivienda, by increasing the number and type of services rendered as well as the size of the assets under management, and the development of new operating platforms, which may be done organically or via targeted acquisitions. Through the development of the operating platforms, the Company seeks to enhance its overall profitability by facilitating the extraction of superior value as well as by differentiating its strategies from those of its competitors in an industry where being able to control, influence and eventually improve the operational component of its real estate investments is increasingly becoming a distinguishing feature and stands out from other investment management approaches.

All in all, the implementation of the business strategy, which leverages on its integrated business model philosophy including its exposure to the real estate investments executed as the Group would be investor or co-investor of the majority of the investments completed, is based on identifying strategic investment themes that fulfill the following characteristics: (i) opportunities that rely on demand trends that are based on global mega trends ensuring long-term growth across economic cycles with the possibility to replicate strategies in geographies outside Spain, (ii) opportunities where the individual assets targeted to be acquired are likely to require strong repositioning and operational capabilities, and therefore, where the Group may add value, and (iii) opportunities in sub-asset classes that show a high level of fragmentation where institutional capital is scarce or inexistent enabling the Group to manufacture new emerging institutional asset classes at attractive entry point levels through its investment build up, repositioning and improved operations of such assets.

The Company's business strategy is expected to be developed through the following strategic lines:

a) Development of the pipeline within the Strategic Property-Type-Verticals

The Company intends to create scalable strategic property-type platforms centering on the Strategic Property-Type-Verticals that (i) focus on global trends with the aim of achieving long-term growth across economic cycles, (ii) require strong repositioning and operational capabilities and (iii) operate in highly fragmented and/or distressed markets where institutional capital is scarce or non-existent enabling the creation of scalable platforms and/or the designing of core or core plus products on attractive terms. The Company intends to focus mainly on the development of the Lodging Real Estate and Residential Real Estate Strategic Property-Type-Verticals, where the customer experience, in the form of living or in the form of "holidaying", is becoming an epicenter of active management initiatives and where the Company believes the Group is able to deliver superior returns by comparison to other competitors given its proven operational skills.

Lodging Real Estate

The Company aims to focus on hotels and other lodging accommodation assets located in areas with a strong tourist component as it believes that the tourism industry which is expected to outperform GDP growth by approximately two times (source: WTTC) and, in particular, leisure travel (which is the key driver of the tourism industry), will continue growing at a strong pace (see "*Industry Overview*"). As of the date of this Prospectus, the Company has identified three potential opportunities to build scalable investment platforms within the lodging accommodation market: European Mediterranean hotels, European touristic urban hotels and smart lodging accommodations. The Company aims to achieve up to €3.4 billion of new assets under management in the Lodging Real Estate Strategic Property-Type-Vertical by 2022 (expected to represent between 50% and 57% of target new assets under management for the Group as a whole) with a target IRR ranging from 9% to 20%, depending on the investment opportunity.

European Mediterranean Hotels

European Mediterranean hotels constitute a consolidated tourist destination with a large share of European clientele (see "*Industry Overview*") and the Company believes that it offers a large, growing hotel market that is highly fragmented, presents strong market dynamics and has potential to return high yields. On this basis, the Company believes that it may be able to replicate its successful track-record in the Spanish vacation hotels by sponsoring an investment platform in the European Mediterranean hotel market, with the aim of achieving up to €2.0 billion of new assets under management by 2022 with a target IRR ranging from 13% to 15%.

In connection with the European Mediterranean hotel asset class, the Company's business strategy is the following:

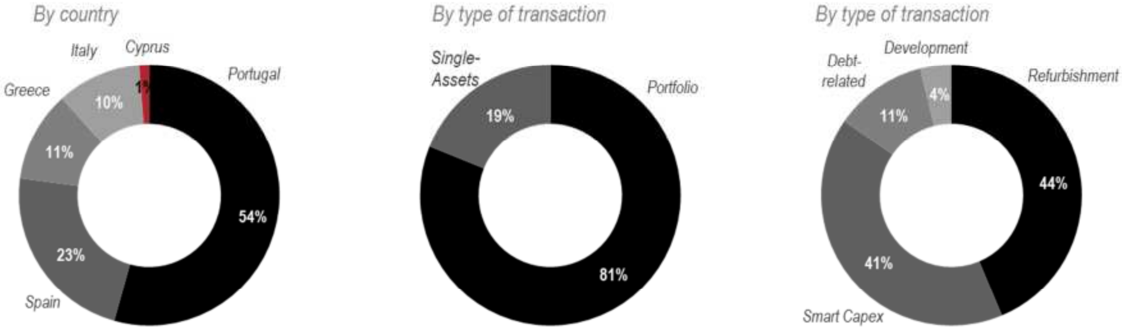
(a) *Target asset type*. Vacation hotels and resorts, in prime locations (preferably beachfront) with more than one hundred keys and a target asset value in excess of €15 million of asset value. The platform would also advantage of certain opportunities by acquiring assets through portfolio transactions, something which the Group has successfully managed to do in the past. See "*Deal Sourcing Activities — Non-competitive sales processes*".

(b) *Target location*. Consolidated touristic destinations within the Mediterranean area and with a large share of European clientele (such as Spain, Portugal, Italy, Greece and/or Turkey) as it believes that the tourism industry and, in particular, leisure travel, will continue growing at a strong pace in the European Mediterranean area (see "*Industry Overview*").

(c) *Proposed strategy*. Focus on complex situations (including the acquisition of distressed assets) which would later be repositioned through an active asset management based on the Group's integrated platform.

As of the date of this Prospectus, the Group has identified a pipeline of potential opportunities in the European Mediterranean hotel market comprising 19,771 keys and amounting to approximately €3.4 billion (see Illustrative figure 55 – "*Identified European Mediterranean hotel pipeline breakdown by investment volume*").

Illustrative figure 55 – Identified European Mediterranean hotel pipeline breakdown in terms of investment volume



European Urban Hotels

Following the tourism megatrend, the Company believes that there is an attractive opportunity to enter into the urban touristic hotel market as it is still largely fragmented, with limited supply growth, with room for operational improvement given the shift in commercialization and client behavior and that is expected to be highly impacted by exponential growth of the Chinese tourism in Europe (see *"Industry Overview"*). On this basis, in the European touristic urban hotel market, the Company aims to achieve €1.0 billion of new assets under management by 2022 with a target IRR ranging from 9% to 11%.

In connection with the urban touristic hotels asset class, the Company's proposed strategy for an European urban touristic hotel platform would be the following:

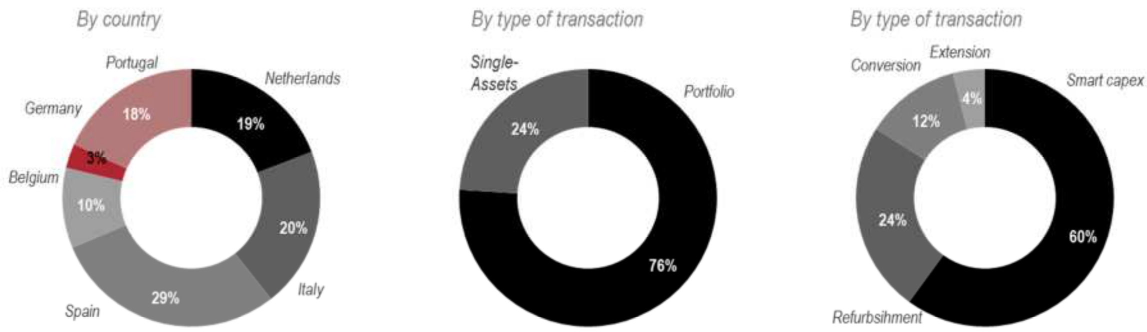
(a) *Target asset type*. Leisure-oriented urban hotels with more than one hundred keys and a target asset value in excess of €15 million asset value. The platform would also aim at taking advantage of certain opportunities by acquiring assets through portfolio transactions, something which the Group has successfully managed to do in the past. See *"Deal Sourcing Activities — Non-competitive sales processes*".

(b) *Target location*. Hotels in the city center of major and secondary touristic cities across Europe (including France, Germany, Italy, Portugal, Spain and the United Kingdom, among others).

(c) *Proposed strategy*. Focus on complex situations which would later be repositioned through an active asset management based on the Group's integrated platform. In addition, the Company could leverage on Carey's existing hotel portfolio as a seed portfolio of €283 million as of December 31, 2017.

As of the date of this Prospectus, the Group has identified a pipeline of potential opportunities in the European touristic urban hotel market comprising 10,033 keys and amounting to approximately €2.0 billion (see Illustrative figure 56 – "*Identified European touristic urban hotel pipeline breakdown by investment volume*")

Illustrative figure 56 – Identified European touristic urban hotel pipeline breakdown by investment volume



Smart Lodging

The Company believes that smart lodging accommodation is an attractive opportunity with millennials changing the future of the travel market and an industry characterized by its fragmentation, very limited institutional capital presence, growth potential and high EBITDA margin (see "*Industry Overview—Lodging real Estate—Smart lodging*"). As a result, the Company is considering expanding its "traditional" hotel-based lodging accommodation platforms to include non-conventional lodging types of accommodation, with potential for consolidation, mainly hostels and camping sites.

<u>Hostels</u>

The Company believes that there is an opportunity to build a profitable and yielding investment platform in the fragmented hostel market where major hostel chains only represent 8% of the global supply (source: Colliers International Hostels 2017 Report) by focusing on smart hostels (that, unlike traditional hostels and budget hostels, have stylish furniture with cozy common areas with flexible and dynamic facilities) and targeting millennials, families, groups and business travelers. Customers would be able to book in a flexible manner as they would have the option to book by the bed or by the room. In the hostel asset class, the Company aims to achieve €250 million (corresponding to approximately to 15-20 hostels and 5,500 beds) of new assets under management by 2022 with a target IRR in the range of 12% to 17%.

In order to approach this particular investment opportunity, the Company's proposed strategy for a smart hostel platform would be the following:

(a) *Target asset type*. Existing hotels and hostels as well as other assets that may be converted into smart hostels with at least 2,200 square meters and differentiated features (roof top, pool, singular buildings, etc.).

(b) *Target location*. Assets located in the city center of European cities (such as Paris, Rome, London, Madrid, Barcelona, Seville or Málaga), with lively surroundings and accessibility to main transportation hubs.

(c) *Proposed strategy*. The platform would aim to invest in hostels with refurbishment potential and potential for operating turnaround that can be exploited through in-house management, third party management or leasing.

As of the date of this Prospectus, the Group has identified eight potential opportunities in the hostel sector amounting to €106 million and comprising 2,300 beds (of which, three opportunities for a total amount of €45 million and comprising 840 beds, are opportunities that are being actively analyzed and/or in early negotiated stages) broken down as follows: four are European hostels (for €65 million and comprising 1,200 beds with a target IRR ranging from 12% to 15%); and four Spanish hostels (including two hostels characterized by long term surface rights (*derechos de superficie*) rather than outright ownership) (for €41 million and comprising 1,100 beds with a target IRR in the range of 12% to 17%).

Campsites

The Company believes there is also an attractive investment opportunity in developing a leading professional campsite platform in Spain, a sub-asset lodging accommodation under-developed in Spain (see *"Industry Overview"*). For this purpose, the Group aims at developing smart campsites (comprising bungalows, tents and RVs, a flexible layout and high quality common areas) targeting millennials, families and groups and focused on customer experience. In the campsite asset class, the Company aims to achieve €150 million (corresponding to approximately to 20 to 30 campsites with capacity for approximately 23,000 – 30,000 persons) of new assets under management by 2022 and a target IRR in the range of 15% to 20%.

In order to approach this particular investment opportunity, the Company's proposed strategy for a smart campsite platform would be the following:

(a) *Target asset type*. Existing campsites as well as new developments with at least 30,000 – 40,000 square meters and differentiated features (water areas, beach club, camp thematization, etc.).

(b) *Target location*. Campsites located in the Spanish Mediterranean coast (Andalusia, Murcia, Valencia and Catalonia) as well as in the Portuguese Atlantic coast, close to beach and/or natural sites, well connected to touristic areas and with lively natural surroundings.

(c) *Proposed strategy*. The platform would aim to invest in campsites with refurbishment potential and potential for operating turnaround that can be exploited through in-house management, third party management or leasing.

As of the date of this Prospectus, the Group has identified nine potential opportunities in the campsite sector amounting to €55 million, comprising 2,500 plots and with a target IRR in the range of 15% to 20%. Out of the total pipeline, two campsites for an amount of €20 million and comprising 800 plots are opportunities that are being actively analyzed and/or in early negotiated stages.

Residential Real Estate

Driven by the attractive valuations, positive macro and demographic trends, which is expected to grow in the long-run, together with the fact that the supply of rental product is rapidly shrinking due to several factors (see *"Industry Overview"*), the Company aims to focus on rented residential, including new forms of living. Furthermore, the Company has identified a potential opportunity to build scalable investment platforms within healthcare as a result of the expected increase in health-care spending driven by economic growth and ageing population together with the fact that healthcare is a very fragmented and growing industry from which new living accommodations are being developed, such as senior housing (see *"Industry Overview"*). The Company aims to achieve new assets under management in the Residential Real Estate Strategic Property-Type-Vertical by 2022 in the range of €1.3 billion to €1.6 billion (expected to represent between 22% and 24% of target new assets under management for the Group as a whole) with a target IRR in the range of 7% to 10% or above 10%, depending on the investment opportunity.

Rented Residential

Rented residential demand is on the rise stemming mainly from new entrants to the labor market preferring the flexibility of renting over ownership. Other key drivers of growth in the rented residential market include the elimination of fiscal incentives to buy, changes in family composition meaning more people living in smaller households and the fact that labor mobility is increasing at an agile pace, especially among young people, with renting more suitable to higher labor mobility rather than ownership (see *"Industry Overview"*).

As a result of the above, and backed by the accumulated Group's expertise in identifying rented residential opportunities with promising repositioning upside, the Group believes to be well-positioned to take advantage of attractive Spanish residential market dynamics and macroeconomic housing trends in the rented residential market, which remains highly fragmented with room for consolidation as only 1% of total rental housing is owned by institutional investors (source: Internal estimates). In this context, the Company's proposed strategy would be to re-launch Lazora (with the proposed strategy included below) targeting €400 million of new assets under management during the next two or three years. Additionally, the Group targets a further €400 million of new assets under management in the rented residential market by 2022, to be invested either through Lazora or through one or more new Investment Vehicles following the re-launch of Lazora if Lazora's shareholders are not interested in committing additional capital. Notwithstanding the foregoing, the Group will constantly monitor consolidation opportunities as an inorganic growth source for its rented residential asset class back to the size already achieved by one of its Investment Vehicle dedicated to the rented residential market.

Re-launch of Lazora

The re-launch of Lazora is expected to be carried out in two phases: (i) a roll-over of current shareholders of Lazora; and (ii) raising €250 million of primary equity in the next two to three years which is expected to facilitate €400 million of new assets under management.

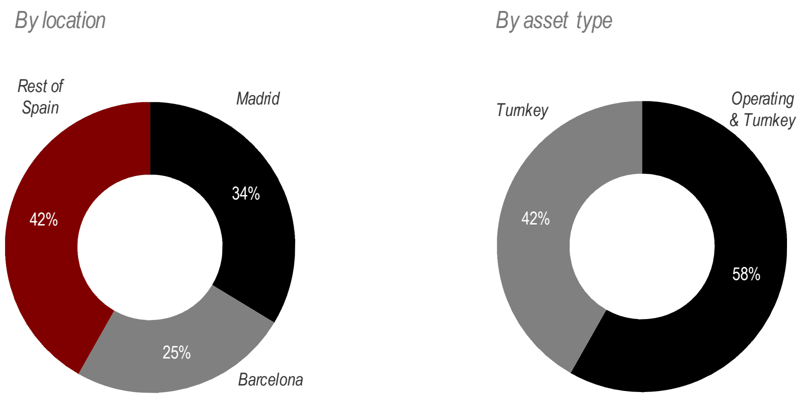
In connection with the re-launch of Lazora, the Company's proposed strategy is the following:

(a) *Target segment and asset type*. Lazora would focus on free market housing in high demanded areas as well as regulated housing suitable for repositioning with a size of up to €75 million of investment volume and which may include asset types such as multifamily housing as well as assets that cater for inner-city living and, selectively, tailored assets to specific needs implying the offering of value added services to adapt to new emerging living trends. The target client would be young or new families and young urban professions between 25 and 40 years-old.

(b) *Target location*. Lazora would target strong micro-locations within cities in regions with demand for rental product, such as Madrid, Barcelona, Valencia, Basque Country and Balearic Islands.

As at the date of this Prospectus, the Group's current total pipeline for new rented residential assets for Lazora amounts to €823 million (see Illustrative figure 57 – *"Identified rented residential assets pipeline breakdown by investment volume"*).

Illustrative figure 57 – Identified rented residential assets pipeline breakdown by investment volume



Healthcare

In addition to rented residential assets, the Company may consider investing in newly evolving types of "real estate accommodation assets" to respond to new customer and demographic trends. In this context, the Company intends to build a portfolio of new generation healthcare assets such as senior housing units (i.e., care homes and assisted living), hospitals and medical buildings, using its experience from other sectors, such as student housing, hotels and rented residential segments (see *"Industry Overview"*).

In particular, it believes that its knowledge of "designing the experience" together with its know-how in managing highly operational assets will enable it to bring transformational repositioning thinking to the industry. As a result, the Group is considering to sponsor an investment platform in healthcare with the objective of achieving €500 million of new assets under management by 2022 and a target IRR of more than 10%.

In order to approach this particular investment opportunity, the Company's proposed strategy when building its healthcare platform would be the following:

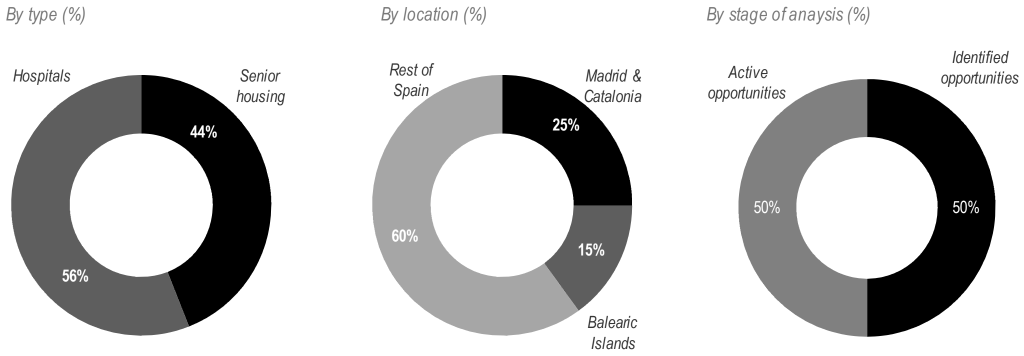
(a) *Target asset type*. The Company's healthcare platform would aim to acquire senior housing units (care homes and assisted living), hospitals and other forms of health and care assets, operated by leading professional operators.

(b) *Target location*. Major Spanish cities.

(c) *Potential strategy*. The Group's healthcare platform would target units that may be repositioned, as well as new developments in key areas.

As at the date of this Prospectus, the Group has identified 8 investment opportunities in the healthcare real estate sector, comprising 22 assets with over 3,600 beds for a total amount of approximately €500 million (see Illustrative figure 58 – *"Identified healthcare assets pipeline breakdown by investment value"*).

Illustrative figure 58 – Identified healthcare assets pipeline breakdown by investment value



Commercial Real Estate

As of the date of this Prospectus, the Company intends to develop three asset classes within the Commercial Real Estate Strategic Property-Type-Vertical: offices, logistics and retail parks. The Company aims to achieve between €1.0 billion and €1.5 billion of new assets under management in Commercial Real Estate by 2022 (expected to represent between 17% and 22% of target new assets under management for the Group as a whole) and a target IRR in the range of 8% to 20%, depending on the investment opportunity.

Offices

Although the Spanish office market has experienced recovery in recent years alongside the Spanish economy recovery and, in particular, the recovery of the labor market with more than 600,000 new jobs created in 2017, the Company believes there is still an opportunity to invest in the office asset class in Spain. Prime office rental levels remain 22% below the peak in 2007 (source: CBRE EMEA Prime Office Forecasts as of February 2018), offering an opportunity in the short to medium term. Additionally, the office stock remains outdated with ample room for repositioning, with changes in the rental market demanding higher quality modern space in order to cater for new necessities, such as the need for positive working environments that motive employees and that are environmentally friendly. Furthermore, emerging trends point to innovative approaches to offices spaces, including lighting and indoor air quality, new operating models and the increased demand for high quality buildings from tenants who look for sustainability and flexibility as essential features (see *"Industry Overview"*).

In light of these factors, the Company believes there is an investment opportunity in targeting high quality assets, assets with room for repositioning with the aim to design stabilized class A office buildings, a very scarce class of office buildings but with strong liquidity given its high demand from tenants and core investors. The Company aims to achieve €0.5 billion in new assets under management by 2022 with a target IRR in the range of 8% to 10%.

In order to approach this particular investment opportunity, the Company's proposed strategy for its office platform would be the following:

(a) *Target asset type*. Office buildings with a target individual investment volume ranging between €20 million and €30 million characterized by capex or management needs and underperforming in their area as well as non-office buildings in business areas that can be turned into offices with the aim to convert them in stabilized class A office buildings.

(b) *Target location*. The platform would initially aim at investing in assets located in Madrid and/or Barcelona inside the first ring-roads and other major consolidated areas.

(c) *Proposed strategy*. The strategy would include the full repositioning of assets, change of use of non-office assets and turn-key and/or new developments.

(d) *Deal sourcing*. The Company expects that these investment opportunities will be sourced though a combination of the following core avenues: underperforming assets in consolidated offices areas in need of repositioning, privately owned buildings not well managed, B/C class office portfolios that need to rotated assets with potential path to turn into Core or Core+ class A office buildings such as portfolios from REITs or insurance companies, turn-key and/or new developments and sale and lease back transactions.

As at the date of this Prospectus, the Group has identified €255 million of potential investment opportunities, all of them located in Madrid and broken down by type of asset as follows: 41% repositioning, 39% turn-key and 20% non-performing.

Logistics

Logistics is an evolving asset class with e-commerce changing trends in this industry. In particular, logistics is evolving and is requiring new solutions beyond traditional models (see *"Industry Overview"*). In order to tap opportunities in that evolution, the Company believes it has identified an opportunity to build a new and innovative network of urban distribution platform creating a new logistics business model substituting part of the logistic space outside the cities with urban distribution platforms within the center of large cities. The Company believes that this opportunity is backed by the following factors: (i) large availability of products such as abandoned retail units in the city center but outside of the commercial axis; (ii) attractive acquisition prices derived from the fact that these products have been for sale for a long time; (iii) public support of big municipalities such as Barcelona and Madrid, which have showed interest in facilitating electric transportation parking in front of the retail units and allowing trailer access of the units and goods; and (iv) low risk profile of the opportunity given that tenants will be expected to pre-let the urban distribution units before being effectively acquired by the Company and/or the Investment Vehicles. The Company intends to partner with a logistics specialist to carry out the investment and management of the opportunity.

The Company aims to achieve €500 million in new assets under management by 2022 with a target IRR of more than 15%.

In order to approach this particular investment opportunity, the Company's proposed strategy for logistics would be the following:

(a) *Target asset type*. The logistics platform would focus on urban retail units within the city center but out of prime retail areas with a gross lettable area of 800 to 400 square meters and compliant with accessibility and operating requirements.

(b) *Target location*. The Company plans to create its logistics platform through acquisitions in the main Iberian cities (initially Madrid and Barcelona and, eventually, other Spanish large cities and into Portugal).

(c) *Proposed strategy*. The Company's strategy in the logistics market would include the full repositioning of assets, change of use of non-logistic assets and new developments.

As at the date of this Prospectus, the Company has identified a pipeline of thirty-six potential opportunities in Madrid (17 investments with a total gross lettable area of 23,314 square meters for a total amount of approximately €36 million) and Barcelona (19 investments with a total gross lettable area of 36,385 square meters for a total amount of approximately €33 million).

Retail Parks

The retail park asset class is generally considered a mature market due to the high density of shopping centers. The Company believes that there are still remain other products in the asset class, such as retail parks with clear room for growth in the following years based on the following (i) lack of quality product has increased yield gap among assets, (ii) retail parks in Spain only represent 14% of the total stock and in terms of commercial density in Europe, Spain is 23% below the European average; and (iii) investment volumes are expected to increase with traditional retailers having already expressed their interest in growing or enter in Spain (see *"Industry Overview"*).

In this context, the Company intends to monitor the market to source standalone opportunities and partnerships in order to be able to develop and/or reposition retail parks within attractive retail markets in Spain. The Company believes there is a clear opportunity to invest in new innovative products that offer flexibility to adapt to new operator requirements. Furthermore, the Company has identified that average rents in this sector are stagnant and understand this is mainly due to the scarcity of quality assets available in the market, thus leading to the possibility of increased average price rents from €10 square meters per month to €18 square meters per month depending on locations and area of influence. This opportunity is expected to be undertaken entirely with the Company's own capital.

The Company has already signed an agreement granting the Company, as potential buyer, the right to purchase a retail park development if certain conditions precedent are fulfilled prior to December 31, 2019, respectively. The project is a retail land plot that has 90,000 square meters of buildable gross lettable area, of which 65,000 square meters would be retail park and the other 25,000 square meters destined for outlet. The retail land plot is situated in south east of Madrid in a catchment area of approximately two million inhabitants. The total expected investment is approximately €100 million and the Company would aim to achieve a target IRR in the region of 20%. Among other requirements, the project is pending final administrative licenses and the achievement of pre-commercialization objectives. Construction is expected to commence in the second half of 2019 and operations 24 months later.

Real estate debt

After the wide restructuring of the Spanish banking sector and the tightening of the minimum capital requirements imposed by Basel III, a new market opportunity is emerging to provide financing to Spanish small and medium sized businesses who are in need of funds for new real estate projects and capital growth. With this emerging opportunity, the Company has identified a sub-market to provide financing to real estate companies who seek funds for projects where the underlying asset is not necessarily immediately generating stabilized cash flows.

The Company believes that its financing background and experienced Senior Management Team, its long standing relationships with the relevant real estate players and unique access to deal flow as well as its deep understanding of the dynamics of the Spanish real estate industry, position it to become a player of reference in the direct lending market, a market which is under-developed in Spain. The Company aims to achieve new assets under management (i.e. amount of financing provided) of €250 million by 2022 (expected to represent between 4% to 5% of new assets under management for the Group as a whole) with a target IRR in the range of 8% to 12%. The Group may choose to partner with financial institutions in order to co-lend in certain projects.

In order to approach this particular investment opportunity, the Company's proposed strategy would be the following:

(a) *Target asset type*. *Mezzanine* and junior tranches alongside banks, and secured senior lending to projects with limited or non-existing cash-flows in the short term (e.g., developments) or to emerging asset classes within the Group's areas of expertise that may be perceived by traditional lenders as riskier (for example, lodging real estate), with a typical deal size of €10-25 million per deal, loan-to-value ratio of 50-75% and a term of up to three years (including bridge loans of between six and nine months).

(b) *Deal sourcing.* Co-lending with banks in projects off the radar of global debt funds, small and medium size real estate related companies/projects and positions acquired from banks with high quality underlying assets.

As at the date of this Prospectus, the Company has identified an investment opportunity in direct real estate lending in order to finance the acquisition of three hotels in the Canary Islands, with approximately 560 number of keys and land plots, and capital expenditure of approximately €5 million for the hotels. The loan would amount to up to €70 million, would be secured with the acquired assets, would have a term of up to three-years and carried interest at a rate of 9% (including PIK component).

b) Broadening the Group's client base

In order to accelerate the Group's growth in its assets under management and, therefore, recurring fee income, the Group intends to focus on certain areas including (i) broadening its client base both in Spain and abroad, (ii) offering rapid and innovative products as an agile response to market trends and existing or new clients' needs, including in certain occasions the establishment of Investment Vehicles only aimed at clients who pursue more core strategies with lower returns than the initial expected by the Group for its own on balance sheet investments, thus, in such cases, the Company does not have the intention to participate as a co-investor in those Investment Vehicles, and, accordingly, (iii) raising capital from existing or new clients to fund investment opportunities within the Strategic Property-Type-Verticals in an initial target blended ratio of 3:1 (ratio of capital invested by existing and/or new clients to capital invested by the Group) (see *"f) Target pace of investment and operating targets"*)

In addition, in certain circumstances, such as when the funds to be raised exceed €500 million, the Group may consider hiring the professional services of investment banks as well as private capital service providers, such as private placement agents, in order to meet or exceed the initial target size of the fund, accelerate the fundraising process and get access to a broader international institutional investor base. As of the date of this Prospectus, the Group is working with a leading investment bank in raising new capital for one of its existing Investment Vehicles (in the context of the re-launch of Lazora, which is at the time of this Prospectus expected to be completed by June 2018) and in conversations with a leading private placement agent to work on the fundraising of a sizeable new Investment Vehicle focused on sun and beach hotels located in consolidated touristic destinations within the Mediterranean area with large share of European clientele.

c) Expanding selectively into European markets

Expanding from its current principal real estate investment market in Spain, the Group may consider to selectively expand into certain European markets in some of its Strategic Property-Type-Verticals, such as in the Lodging Real Estate Vertical, where the Group has already started to analyze selective investment opportunities. This geographic expansion will be driven by relevant industry-wide and local-market dynamics, the ability to gain critical mass in those geographies as well as the Group's ability to source attractive opportunities that match the Group's demanding pre-requisites.

In the event the Group believes it has gained sufficient critical mass in a particular market or it considers that such targeted critical mass is achievable, then the Group may consider building-up a local team of professionals in that particular market.

d) Asset warehousing activity, Investment Vehicles, establishment of seeded asset portfolios and Direct and Controlling Investments

The Company aims to deploy the majority of the net proceeds of the Offering principally to, among other objectives, securing attractive investment opportunities within the Strategic Property-Type-Verticals in approximately 12 months following the Offering (see "*Reasons for the Offering and Use of Net Proceeds*" and "*f) Target pace of investment and operating targets*"). The Company believes that time is of the essence in the acquisition of assets, where agility is key not only to take advantage of market momentum and secure targeted acquisitions but also to seed future Investment Vehicles where, in particular, institutional investors will require a certain asset volume already invested rather than being willing to invest on a purely blind pool basis.

In general, the Company intends to structure the deployment of the net proceeds of the Offering by means of, among other strategies (which in any case pursue the delivery of attractive returns):

(i) own proprietary investments: acquisition of singular assets within the Strategic Property-Type-Verticals, directly or through controlling stakes, that do not fit into any of the investment mandates of the existing Investment Vehicles from to time to time with the aim to hold the assets on the Group's consolidated statement of financial position until their respective disposals as a stand-alone opportunity to improve returns to the Company's shareholders as the targeted singular investment opportunities are believed to yield high returns;

(ii) asset warehousing: acquisition of assets for warehousing purposes funded 100% with Groups's own funds when the time is of essence in the acquisition of a particular asset(s). The aim would be to transfer them to an Investment Vehicle, in the form of a club deal or joint venture or alternatively to contribute them to a larger Investment Vehicle in due course and at a potential profit to the Group;

(iii) establishment of seeded portfolios: creating Investment Vehicles and seeding them with assets initially funded only with Group's own funds with the aim to not miss any opportunity or to show-case a strategy which is believed to facilitate the initial raising of funds from existing or new clients. Therefore, once the initial capital raising is completed, it is the intention of the Company, to jointly commit additional capital alongside clients to further grow the portfolio of such particular Investment Vehicle; and

(iv) establishment of Investment Vehicles with existing capital commitments from existing or new clients at the time of the creation of the Investment Vehicles: sponsoring and creating Investment Vehicles alongside clients with a view to committing capital with the aim for the Investment Vehicles to acquire assets within the Strategic Property-Type-Verticals.

However, the Company may decide to structure its investments through a variety of instruments different from those contemplated above.

e) Strengthening the alignment of interests with clients through intensification of the Alignment Capital Investments Activity

In respect of the majority of the Investment Vehicles it manages, the Company intends, under the Alignment Capital Investment Activity, to invest an increased proportion of its own funds relative to third-party capital in order to create a more balanced alignment of interest with its investors and clients as well as to benefit from the dividends, interest and capital gains on disposals of the relevant assets and thereby enhance total returns on Company shareholders' equity. The Company believes that this approach may help to strengthen the relationship of trust with its client base which may, in turn, attract increased long-term capital commitments as well as allow the deployment of new Investment Vehicles more rapidly, flexibly and responsively to client needs and market trends and conditions.

In this regard, the Company intends to hold minority stakes under circumstances whereby it holds significant influence over the financial and operating policies of the relevant Investment Vehicle but without holding control or joint control over such policies as shareholder. The Company intends for these minority stakes to range typically between 10% to 30% of the total equity invested in an Investment Vehicle, depending on client requirements, vehicle size and structure as well as on the Company's business strategy criteria from time to time. The Company aims to achieve an initial target blended ratio of 3:1 (ratio of capital invested by existing and/or new clients to capital invested by the Group) (see *"f) Target pace of investment and operating targets"*).

f) Target pace of investment and operating targets

The Company is currently engaged in building up a substantial, credible and attractive pipeline of investment opportunities across the Strategic Property-Type-Verticals for its Alignment Capital and Direct and Controlling Investments as well as for those to complete under its Investment Management Activity.

By acting on this pipeline, the Company aims to achieve a target blended IRR in the range of 10% to 13% on the Company's own capital investments (Alignment Capital and Direct and Controlling Investments). In addition, as a result of the capital-light nature of the Investment Management Activity, the incremental operating profit generated by fee bearing capital derived from the Group's assets under management may enhance the return on equity of the Company, with a potential boost to return on equity in the range of 250 to 400 basis points, once target total assets under management of €8 billion have been achieved and assuming normalized incentive fees, thus contributing to achievement of a target blended IRR in the range of 13% to 17% on the Company's own capital.

The Company expects the returns from the Alignment Capital Investment Activity and the Direct and Controlling Investment Activity to represent in 2022, once the operations of the Company have stabilized, two-thirds of total target returns and the returns from the Investment Management Activity to represent one-third of total target returns.

In the mid-to-long-term, the Company could look to strengthen its balance sheet with a view to continue delivering on its business strategy. The Company could eventually at some point consider a further capital raising provided that attractive risk adjusted investment opportunities continue to exist, favourable market conditions persist, investors remain supportive and the Company's share price reflects the potential of the Company's business.

The Company aims to achieve loan-to-value ratios in the range of 40% to 60% on the investments of its Investment Vehicles.

The Company aims to deploy the net proceeds of the Offering in approximately 12 months following completion of the Offering, with the objective of funding (i) seed portfolios for certain Investment Vehicles where initial investments are financed completely by the Company but with the aim of raising third party funds to continue growing the portfolio; (ii) fund investment opportunities for established Investment Vehicles where capital from clients has already been committed; (iii) warehousing activity where the Company identifies an attractive investment opportunity for an upcoming Investment Vehicle (with the aim to re-sell the asset when the Investment Vehicle is established); and (iv) proprietary investments through direct or controlling stakes (including the acquisition of operating platforms and asset management companies).

Thus, as the Company invests the net proceeds of the Offering, it plans to pursue further ongoing conversations with private placement agents (for example, in connection with the re-launch of Lazora and the fundraising of a sizeable Investment Vehicle focused on the vacation hotel segment) and prospective investors, with a view to gradually growing the size of its Investment Management Activity. The Company intends to raise capital in an initial target blended ratio of 3:1 (ratio of capital invested by existing and/or new clients to capital invested by the Group), with the objective of achieving approximately €6 billion of new assets under management by 2022 (excluding any potential revaluation of new investments completed). In addition, the Company is currently working on extending the term of a number of current mandates with existing and/or new clients, with the ultimate objective of achieving more than €8 billion of total assets under management by 2022 (for the avoidance of doubt this figure would include the extension of existing assets under management as of the date of this Prospectus, the new assets under management invested using the net proceeds of the Offering, the new assets under management managed on behalf of existing and/or new clients and the reinvestment of business cash-flow generated).

Across the various Investment Vehicles, and based on the risk profile of their respective investment mandates, the Group aims to maintain an asset management fee structure consistent with its existing investment management agreements while also taking into account the risk profile of the relevant Investment Vehicle. On a blended basis, a typical fee structure would consist of:

(i) an annual recurring asset management base fee referenced to GAV or NAV depending on the structure of the Investment Vehicle and, in any case, benefitting from ongoing revaluations, The Group's target is similar to its current fee structure ranging between 0.7% and 1.0% of GAV; and

(ii) an incentive fee, which the Group would be entitled to when a specified IRR hurdle is met:

    (a) the hurdle rate would be in line with market standards of approximately 7% IRR, with variation for certain strategies where it could range between 8% and 9%; and

    (b) an incentive fee would be 5% to 20% of the amount exceeding the gross proceeds raised in the particular Investment Vehicle or other methodologies based on metrics expressed as percentage of the growth of certain profitability metrics (i.e. NOI yield) for Investment Vehicles focused on core strategies.

Additionally, the Group is targeting the generation of property fees which are, in general, defined as a percentage of total revenues in the range of 4.5% to 5.0% and it may target pursuing disposition fees, commercialization fees and development fees.

Based on the aforementioned targets and fee structure, the Group would look to manage its personnel cost expenses with a view to achieving EBITDA Margin in the range of 45% to 60% in its Investment Management

Activity, which is in line with historic results; thus, the Group's profitability is expected to be strengthened through by returns on its on-balance sheet investments.

The Company will deploy the net proceeds of the Offering or overweight its investment in those Strategic Property-Type-Verticals or opportunities that are consistent with the Company's target returns, which may deviate from the target returns of other Investment Vehicles managed by the Group.

Recent Developments

The Blackstone Tender Offer

On April 5, 2018, Alzette, a company owned by entities advised by affiliates of Blackstone, announced through a relevant fact disclosure (*hecho relevante*) that it had entered into an unconditional agreement with QP Capital Holdings Limited and QPB Holdings Ltd. to purchase from them a stake amounting to 16.56% of the outstanding share capital of Hispania. As a result of such purchase, Alzette (and, by implication, its controlling entities advised by affiliates of Blackstone) have acquired 18,073,095 shares of Hispania, representing 16.56% of its outstanding share capital, at a price of €17.45 per share and for total consideration of approximately €315.38 million.

On the same date, the board of directors of Alzette announced through a further relevant fact disclosure (*hecho relevante*) that it had agreed to launch a voluntary public tender offer (the "**Blackstone Tender Offer**") for the remaining 91,096,447 shares of Hispania, representing 83.44% of its share capital. On April 23, 2018, through a relevant fact disclosure (*hecho relevante*), Alzette made public its request to the CNMV for authorisation in respect of the Blackstone Tender Offer.

As described in the Blackstone Tender Offer announcement published on April 6, 2018, the offer price under the Blackstone Tender Offer is €17.45 per Hispania share and would be paid entirely in cash (the "**Blackstone Offer Price**"). Accordingly, the maximum total amount paid by Alzette under the Blackstone Tender Offer would be approximately €1,589.63 million. The announcement also states that, if any distribution of dividends, reserves, premiums or any other equivalent form of distribution, return of capital or payment to or against equity (or related items), or any declaration thereof, is approved, made or paid by Hispania prior to the settlement of the Blackstone Tender Offer (a "**Hispania Distribution**"), the Blackstone Offer Price will be reduced, in accordance with the terms of article 33.1 of the Royal Decree on Takeover Bids, by an amount equal to the gross amount per share of any such Hispania Distribution (except to the extent that any such Hispania Distribution accrues following settlement of the Blackstone Tender Offer, if successful).

According to the Blackstone Tender Offer announcement, the Blackstone Tender Offer is subject to the following conditions, among others: (i) the acceptance of the Blackstone Tender Offer by shareholders of Hispania holding in the aggregate the number of shares required for Alzette to become the owner of at least 50% of the outstanding share capital plus one share of Hispania (including the shares currently owned by Alzette); (ii) no resolution having been passed by the General Shareholders' Meeting of Hispania, prior to the end of the acceptance period of the Blackstone Tender Offer, approving (a) the sale or encumbrance of assets for an aggregate transactional value equivalent to more than 5% of the NAV of Hispania as of December 31, 2017 or (b) any issuance by Hispania of new debt instruments; and (iii) the authorization (or the non-opposition by virtue of the expiration of the applicable waiting period) of the Blackstone Tender Offer by the Spanish National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) (CNMC).

The final terms of the Blackstone Tender Offer, including the conditions described above, are subject to the review and approval of the CNMV.

Based on the information available at the time of this Prospectus, it is uncertain whether or not, following settlement of the Blackstone Tender Offer (if successful), the Hispania Investment Manager Agreement will be terminated (as such settlement would not trigger the automatic termination of the Hispania Investment Manager Agreement). However, the early termination of such agreement could result in the accrual of an incentive fee, which the Blackstone Tender Offer announcement dated April 6, 2018 acknowledges in an amount of approximately €173 million, calculated on the basis of the Blackstone Offer Price and in accordance with the incentive fee calculation methodology disclosed in the Hispania IPO Prospectus. In addition, the early termination of the Hispania Investment Manager Agreement could also result in the payment of the aggregate base fees that Azora Gestión would have been entitled to during the full term of the agreement (see "*Material*

Contracts – Hispania Investment Manager Agreement" for a description of the calculation of the base fees). The actual amount of fees that Azora Gestión is entitled to receive will depend, however, on the circumstances following the settlement of the Blackstone Tender Offer (if successful).

In any case, if the above-referred incentive fee from Hispania is accrued, 50% would be distributed to Hispania's Carried Interest beneficiaries, in accordance with the Hispania Carry Interest arrangement (see "*Management and Board of Directors - Remuneration of the Senior Management Team*").

Vivenio Residencial SOCIMI, S.A.

Vivenio is a SOCIMI incorporated by Renta Corporación Real Estate, S.A. ("**Renta Corporación**") and Dutch pension fund APG in 2017, aimed to be listed on the MAB at the end of 2018 or in 2019.

In April 2018, the Group entered into an agreement to provide property management services in respect of Vivenio's portfolio, which consists of approximately 1,000 rented residential units in the Madrid region Vivenio's stated business strategy includes growing the portfolio further through the acquisition of rented residential units in Spain, particularly in Madrid and Barcelona. In the financial statements of Renta Corporación as of and for the year ended December 31, 2017, it stated that Vivenio's total committed capital amounted to €130 million, which it aims to increase to €250 million in the short term and €1,500 million by 2022.

REGULATION

The Company is incorporated in Spain as a limited liability company (*sociedad anónima*) and, as such, is governed by the Spanish Companies Act. The Company believes that it is in material compliance with all applicable laws, regulations and policies. However, the Company cannot predict the effect of changes to existing laws, regulations and policies.

Alternative Investment Fund Managers Directive

On June 8, 2011, the AIFM Directive was adopted. The AIFM Directive regulates entities involved in the management of alternative investment funds in the EU and aims to create an effective regulatory and supervisory framework for the managers of such funds. The AIFM Directive has been transposed into the national legislation of most EU Member States, including Spain, where it was implemented by means of Law 22/2014. The AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs, of the investment managers and investment funds that are subject to the AIFM Directive. In addition, marketing of units and/or shares in an AIF is subject to specific restrictions across the EU.

The Company believes it is neither an AIF nor an AIFM within the meaning of the AIFM Directive and, therefore, it does not intend to register in either respect nor does it intend to comply with the AIFM Directive requirements. This belief is based on the conclusion that the Company does not meet the applicable criteria to qualify as an AIF or as an AIFM under the AIFM Directive (notably, due to the nature of its business operations and its lack of a defined investment policy).

In addition, certain of the Group's managed Investment Vehicles, in which third parties hold investments, may be considered an AIF and certain of the Company's subsidiaries, particularly those whose main activity is the management of the Group's Investment Vehicles, may be considered an AIFM, in each case, within the meaning of the AIFM Directive. The Company will endeavour to assess whether its Investment Vehicles may qualify as an AIF, in order to identify whether a particular Investment Vehicle is required to be registered as an AIF and/or is required to appoint an external AIFM.

REASONS FOR THE OFFERING AND USE OF NET PROCEEDS

The Company will issue up to 47,250,048 New Shares in the Offering in exchange for cash contributions and will raise gross proceeds of approximately €454.55 million, using the Indicative Price Offer as the Offer Price; and assuming (i) full subscription of the New Shares, and (ii) no exercise of the Over-allotment Option, and before deducting underwriting commissions and other expenses in connection with the Offering. If the Over-allotment Option is exercised in full, the Company will issue the Over-allotment Shares in exchange for cash contributions and would raise additional gross proceeds of approximately €45.45 million using the Indicative Price Offer as the Offer Price.

After deducting underwriting commissions and other expenses in connection with the Offering, the Company estimates the net proceeds of the Offering to amount to approximately €442.83 million (assuming no exercise of the Over-allotment Option) and €487.15 million (assuming the Over-allotment Option is exercised in full).

The Company intends to use the net proceeds received to fund (i) the acquisition of investment opportunities within the Strategic Property-Type-Verticals in accordance with the Company's business strategy (see "*Business – Business Strategy*") as well as in other selected opportunities, which may be considered in special situations, including the acquisition of operating platforms and other asset management companies; (ii) the acquisition of (x) 621,929 shares in Carey, representing approximately 21.79% of its share capital, from Ibernia Iniciativa, S.C.R. de regimen simplificado, S.A. (a wholly-owned subsidiary of Hermanos Bécquer, holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño), Baztán Consultores (holding company controlled by Ms. María Concepción Osácar Garaicoechea) and Verport Hotel Opportunity B.V. a vehicle owned by entities advised or managed by Canepa's affiliates (consideration amounts approximately to €35.51 million); and (y) the contractual right to subscribe for 61,397 new shares of Carey (see "*Related Party Transactions – Carey Transfer*"); and (iii) the acquisition of 301,000 shares in Azora Capital, representing 25% of its share capital, from Canepa (consideration to amount approximately €58.71 million using the Indicative Offer Price as the Offer Price) (see "*Related Party Transactions – Azora Capital Transfer*"). The Company may also use the proceeds for general corporate purposes.

The Company expects the net proceeds of the Offering to be deployed in approximately 12 months following completion of the Offering.

DIVIDENDS AND DIVIDEND POLICY

Dividend policy

Once the results of operations have stabilized, which is aimed to be achieved in 2022, the Company intends to pay recurring and stabilized dividends to its shareholders for an amount equal at least to 50% of the FFO generated over the course of a certain financial year. The remaining FFO will be kept to finance further Company's investments as well as the overall growth of the business of the Company with the aim to enhance Company's shareholders' returns, to the extent there are investment opportunities that would make it advisable or recommended to keep such remaining funds. The Company may in any case, at any time and at its sole discretion, pay dividends in a reduced amount or not at all depending, among other factors, on the performance and prospects of the business, its capital structure and financial needs and any other factors that the Board of Directors of the Company may deem relevant from time to time.

Dividends may only be paid out of profits or distributable reserves, after meeting the requirements laid down by the law and in the bylaws of the Company, if the value of the Company's equity is not, and as a result of the proposed distribution would not be, less than the Company's share capital.

Holders of ordinary shares will be entitled to receive future dividends which are declared on the basis set out in the Company's bylaws. Dividends are paid *pro rata* according to the amounts paid up by the Company's shareholders on the ordinary shares. Dividends declared but not yet paid do not bear interest. Dividends paid on the ordinary shares are subject to withholding tax. See "*Taxation*". Under the Spanish Companies Act, the right to receive a dividend lapses and reverts back to the Company if it is not claimed within five (5) years after it becomes due.

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

Distribution of dividends

The table below sets out the dividends agreed to be distributed during the years ended December 31, 2013[19], December 31, 2014, December 31, 2015, December 31, 2016 and December 31, 2017 and for the first quarter of 2018.

Date of corporate resolution[(1)]	Type of dividend	Total amount (in million €)
November 6, 2014	Extraordinary dividend (with a charge to freely distributable reserves)	4.0
June 30, 2015	Ordinary (results of year ended December 31, 2014)	0.8
June 29, 2016	Ordinary (results of year ended December 31, 2015)	2.6
December 27, 2016	Interim divided (on account of 2016 year results)	4.8
June 22, 2017	Ordinary (results of year ended December 31, 2016)	2.0
December 21, 2017	Interim divided (on account of 2017 year results)	7.0
February 1, 2018	Interim divided (on account of 2017 year results)	22.0
February 1, 2018	Extraordinary dividend (with a charge to freely distributable reserves)	3.0

Note:

(1) Date of corporate resolutions does not necessarily coincide with date of payment of dividends

[19] No dividends were agreed to be distributed during the year ended December 31, 2013.

CAPITALIZATION AND INDEBTEDNESS

The table below sets out the Company's capitalization and indebtedness as of the date indicated below, on a historical basis.

(*in thousands of €*)	**As of February 28, 2018**	**Adj. - As of February 28, 2018**[(2)]
CAPITALIZATION		
Share capital	60	22,500
Legal reserve	6	6
Other reserves	89,064	66,624
Profit for the year attributable to the Parent	1,434	1,434
Interim dividend	(29,000)	(29,000)
Valuation adjustments	(14)	(14)
Equity attributable to the owners of the Parent	**61,550**	**61,550**
Non-controlling interest	18,702	18,702
Total equity	**80,252**	**80,252**
INDEBTEDNESS[(1)]		
Non-current bank borrowings	5,171	5,171
Other non-current financial liabilities	501	501
Deferred tax liabilities	2,132	2,132
Total non-current liabilities	**7,804**	**7,804**
Current bank borrowings	1,224	1,224
Trade and other payables	7,627	7,627
Other current financial liabilities	2,693	2,693
Other current liabilities	2,697	2,697
Total current liabilities	**14,241**	**14,241**
Total equity and liabilities	**102,297**	**102,297**

Notes:

(1) For an explanation of the Company's indebtedness as of December 31, 2017, see "*Operating and Financial Review—Liquidity and Capital Resources—Indebtedness*."

(2) Adjusted to reflect material changes to the Company's capitalization and indebtedness resulting from the impact of a share capital increase with a charge to voluntary reserves freely distributable for a total amount of €22.44 million completed on March 19, 2018. See "*Additional Information – No significant change*".

The foregoing table should be read in conjunction with "*Selected Financial Information and Operating Data*," and "*Operating and Financial Review*" and the Consolidated Financial Statements and related notes included elsewhere in this Prospectus.

SELECTED FINANCIAL AND OPERATING DATA

The following tables present the Group's summary consolidated financial and operating data as of and for the years ended December 31, 2017, 2016 and 2015. The selected consolidated financial and operating data set forth below has been derived from, and should be read together with, the Consolidated Financial Statements included elsewhere in this Prospectus. This information should be read in conjunction with the sections entitled "*Presentation of Financial and Other Information*" and "*Operating and Financial Review*."

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	**For the year ended December 31,**				
	2017		**2016**		**2015**
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
Revenue	77,612	21.38%	63,940	62.27%	39,403
Other operating income	1,449	(14.41)%	1,693	25.31%	1,351
Staff costs	(34,088)	16.98%	(29,140)	71.72%	(16,969)
Other operating expenses	(7,578)	(11.55)%	(8,568)	(3.36)%	(8,866)
Depreciation and amortization charge and impairment losses recognized	(1,206)	8.94%	(1,107)	28.57%	(861)
Excessive provisions	-	-	-	(100.00)%	37
Gains or losses on disposals of non-current assets	414	-	-	0.00%	-
Changes in fair value of investment property	36	(101.09)%	(3,303)	(1,009.92)%	363
Profit from operations	**36,639**	**55.81%**	**23,515**	**62.64%**	**14,458**
Finance income	1,402	367.33%	300	13.64%	264
Finance cost	(108)	(32.08)%	(159)	(21.29%)	(202)
Net exchange differences	(103)	(227.16)%	81	(606.25)%	(16)
Impairment and gains or losses on disposals of financial instruments	(635)	(333.46)%	272	(33.33)%	408
Financial result	**556**	**12.55%**	**494**	**8.81%**	**454**
Income from companies carried by the equity method	3,160	(10.18)%	3,518	(42.39)%	**6,107**
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	7,670	2,374.19%	310	-	-
Profit/(loss) before tax	**48,025**	**72.52%**	**27,837**	**32.44%**	**21,019**
Income tax	(8,257)	32.28%	(6,242)	50.85%	(4,138)
Profit/(loss) for the period/year from continuing operations	**39,768**	**84.15%**	**21,595**	**27.92%**	**16,881**
Attributable to minority interest (non-controlling interests)	(3,824)	(17.09)%	(4,612)	62.57%	(2,837)
Attributable to owners of the parent	35,943	111.63%	16,984	20.93%	14,044

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	For the year ended December 31,				
	2017		2016		2015
	(€'000)	(% change from 2016)	(€'000)	(% change from 2015)	(€'000)
ASSETS					
Non-current assets					
Intangible assets	1,678	(61.01)%	4,304	30.19%	3,306
Property, plant and equipment	573	(57.77)%	1,357	28.38%	1,057
Investment property	22,460	(11.70)%	25,436	(11.65)%	28,791
Investments accounted by using the equity method	45,033	8.89%	41,356	14.49%	36,122
Non-current financial assets	656	(5.34)%	693	(60.85)%	1,770
Deferred tax assets	187	(76.63)%	800	15.61%	692
Total non-current assets	**70,587**	**(4.54)%**	**73,946**	**3.08%**	**71,738**
Current assets					
Inventories	39	(79.03)%	186	177.61%	67
Trade and other receivables	8,813	1.83%	8,655	59.54%	5,425
Accounts receivable from public authorities	243	(44.27)%	436	(13.32)%	503
Other current financial assets	7,841	7.09%	7,322	70.04%	4,306
Other current assets	50	(72.22)%	180	(0.55)%	181
Cash and cash equivalents	50,652	468.10%	8,916	(12.53)%	10,193
Total current assets	**67,638**	**163.23%**	**25,695**	**24.28%**	**20,675**
Total assets	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**
TOTAL EQUITY					
Share capital	30	0.00%	30	0.00%	30
Legal reserve	6	0.00%	6	0.00%	6
Other reserves	55,983	22.38%	45,745	33.25%	34,330
Profit for the year attributable to the Parent	35,943	111.63%	16,984	20.93%	14,044
Interim dividend	(7,000)	45.83%	(4,800)	-	-
Valuation adjustments	100	(192.59)%	(108)	170.00%	(40)
Equity attributable to the owners of the Parent	85,062	47.02%	57,856	19.61%	48,370
Non-controlling interests	18,266	(5.89)%	19,410	1.79%	19,068
Total equity	**103,328**	**33.73%**	**77,266**	**14.58%**	**67,437**
LIABILITIES					
Non-current liabilities					
Non-current bank borrowings	5,233	(17.99)%	6,381	6.63%	5,984
Other non-current financial liabilities	500	(83.40)%	3,012	0.13%	3,008
Other non-current liabilities	-	0.00%	-	(100.00)%	49
Deferred tax liabilities	2,236	(23.63)%	2,928	(17.71)%	3,558
Total non-current liabilities	**7,969**	**(35.32)%**	**12,321**	**(2.21)%**	**12,599**
Current liabilities					
Short-term provisions	-	(100.00)%	693	3.28%	671
Current bank borrowings	3,374	292.78%	859	(80.94)%	4,506
Trade and other payables	20,835	179.03%	7,467	19.93%	6,226
Other current financial liabilities	2,709	570.54%	404	23.17%	328
Other current liabilities	10	(98.42)%	631	(2.32)%	646
Total current liabilities	**26,928**	**167.83%**	**10,054**	**(18.77)%**	**12,377**
Total liabilities	**34,897**	**55.96%**	**22,375**	**(10.41)%**	**24,976**
Total equity and liabilities	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**

Off-balance sheet item

Under the Hispania Investment Manager Agreement, the Company, via Azora Gestión (as investment manager under such agreement), is entitled to receive an incentive fee calculated on the basis of capital distributions (by means of payment of gross dividends or by means of any other distributions such as share buyback or similar transactions involving a cash or an in-kind payment to Hispania's shareholders), to the extent that returns in excess of specified hurdle rates are achieved. In particular, Azora Gestión becomes entitled to receive such incentive fee once Hispania has returned to its shareholders an aggregate amount equivalent to 100% of the gross proceeds raised across Hispania's various capital increases compounded by a 10% annual IRR from the respective dates of execution of such capital increases. At that point, returns above such threshold will be distributed on a 50%/50% basis between Hispania's shareholders and Azora Gestión. Thereafter, once Azora Gestión has received 20% of the total return, any additional return will be distributed on an 80%/20% basis between Hispania's shareholders and Azora Gestión. Divestments may be carried out via the sale of specific assets or via the sale of Hispania as a whole. For a more detailed description of the Hispania Investment Manager Agreement and of the calculation of the incentive fee see "*Material Contracts – Hispania Investment Manager Agreement*".

In its consolidated financial statements as of and for the year ended December 31, 2017, Hispania recorded a provision of €95.0 million in respect of Azora Gestión's incentive fee, calculated on the basis of certain assumptions, including: (i) the absence of any further revaluations of the Hispania portfolio; (ii) the aggregate amount of the capital distributions made to Hispania's shareholders as of December 31, 2017 (amounting approximately to €44.6 million); (iii) the EPRA NNNAV of Hispania at December 31, 2017 prior to the calculation of the additional provision to be recorded in the 2017 year-end consolidated financial statements of Hispania and adjusted by adding-back a provision for €56.0 million recorded in Hispania's consolidated financial statements as of and for the six (6) months ended June 30, 2017; (iv) dividend payments and other distributions expected to be made to Hispania's shareholders during 2018; and (v) estimated future dividends based on the 2018 funds from operations budget adjusted by an estimated inflation rate. Given that payment of the incentive fee may be triggered at any time during the term of the Hispania Investment Manager Agreement, Hispania estimates the value of the relevant provision on the basis of six-month alternate scenarios for the period from June 2018 until the end date of the Hispania Investment Manager Agreement (March 2020), having allocated different probability to each of the scenarios considered. In addition, the expected value obtained has been restated to present value using a pre-tax discount rate based on an estimate of the cost of equity of Hispania. Future factors and uncertainties beyond the Group's control could have a material impact on the amount of the Hispania incentive fee collected by Azora Gestión, including, without limitation, quantitative variations and the specific timing of capital distributions to Hispania's shareholders.

The Group's statement of financial position for the year ended December 31, 2017, does not reflect Hispania's incentive fee as it has not yet been accrued.

Notwithstanding the above, the Blackstone Tender Offer announcement dated April 6, 2018 acknowledges an incentive fee of approximately €173 million due to Azora Gestión, calculated on the basis of the Blackstone Offer Price and in accordance with the incentive fee calculation methodology disclosed in the Hispania IPO Prospectus (see "*Business – Recent Developments - the Blackstone Tender Offer*"). The actual amount of fees, which may also include the payment of the aggregate base fees that Azora Gestión would have been entitled to during the full term of the agreement, will depend, however, on the circumstances following settlement of the Blackstone Tender Offer (if successful).

The Hispania incentive fee, if accrued, would be distributed on a 50%/50% basis between the Group and Hispania's Carried Interest beneficiaries, in accordance with Hispania's Carried Interest arrangement (see "*Management and Board of Directors – Remuneration*") and the amount retained by the Group would be subject to corporate income tax. For illustrative purposes only, if the total performance fee to be accrued by Azora Gestión were to amount to €173 million, the Group would be entitled to a gross amount of €86.5 million and a net amount of €64.88 million, assuming a corporate income tax of 25%.

The calculation methodology of the incentive fee, is based, among other factors, on the amount and actual moment in time of both capital contributions made to Hispania by its shareholders and distributions made by Hispania to its shareholders. Therefore, the calculation of the incentive fee will be affected by (i) all the capital contributions and dividend distributions carried out as of the date of this Prospectus; and (ii) the actual amount and actual moment in time of each further distribution by Hispania to its shareholders. For a more detailed description of the Hispania Investment Manager Agreement and of the calculation of the incentive fee, see "*Material Contracts – Hispania Investment Manager Agreement*".

Considering the above, the tables below set out, for illustrative purposes only, how the net amount to be retained by the Group as an incentive fee would vary depending on the date of the disposal of Hispania's entire asset portfolio and the distribution per share paid by Hispania to its shareholders resulting from such disposal. These illustrative calculations assume that there are no additional distributions to Hispania's shareholders apart from the amount per share set out in each of the tables below.

Case I: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on April,24 2018

Hispania`s additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee(1) (€m)*
15.71	130	49
16.58	154	58
17.45	173	65
18.32	192	72
19.20	211	79

Case II: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on April 24, 2019

Hispania's additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee(1) (€m)*
15.71	58	22
16.58	105	40
17.45	153	57
18.32	192	72
19.20	211	79

Case III: Assuming entire disposal of Hispania's portfolio and distribution to Hispania's shareholders on March 14,2020

Hispania`s additional Distribution per share (in euro)	*Total incentive (€m)*	*Azora net retained incentive fee(1) (€m)*
15.71	0	0
16.58	35	13
17.45	82	31
18.32	130	49
19.20	177	67

Note:

(1) Calculated on the basis that the Group is entitled to keep 50% of the incentive fee and assuming a corporate income tax of 25%.

The tables above are included only for illustrative purposes and contemplate alternative theoretical scenarios which may or not materialise. The calculation of these scenarios involved making assumptions which may prove inaccurate. The actual distributions and the amount of each distribution may vary depending on a number of factors that are beyond the Group's control. Therefore, there is no assurance that the actual amount that the Group may potentially receive as an incentive fee in connection with Hispania matches any of the figures included in the scenarios above. As a result, investors should carefully consider the limitations of the calculations set out in the tables above. See "*Forward Looking Statements*".

CONSOLIDATED CASH FLOW STATEMENT	**For the year ended December 31,**				
	2017		**2016**		**2015**
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
CASH FLOW FROM OPERATING ACTIVITY	**43,243**	**123.39%**	**19,358**	**66.05%**	**11,658**
Profit/(loss) before tax	**48,025**	**72.52%**	**27,837**	**32.44%**	**21,019**
Profit adjustments	**(10,671)**	**(17,593.44)%**	**61**	**(101.09)%**	**(5,580)**
Depreciation and amortization charge and impairment losses recognized	1,206	8.94%	1,107	28.57%	861
Changes in fair value of investment property	(36)	(101.09)%	3,303	(1,009.92)%	(363)
Changes in provisions	-	(100.00)%	22	(96.15)%	571
Finance income	(1,402)	367.33%	(300)	13.64%	(264)
Finance cost	108	(32.08)%	159	(21.29)%	202
Net exchange differences	103	(227.16)%	(81)	(606.25)%	16
Gains or losses on disposal of non-current assets	(414)	-	-	0.00%	-
Impairment and gains or losses on disposal of financial instruments	635	(333.46)%	(272)	(33.33)%	(408)
Income from companies carried by the equity method	(3,160)	(10.18)%	(3,518)	(42.39)%	(6,107)
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	(7,670)	2,374.19%	(310)	-	-
Other income and expenses	(41)	(16.33)%	(49)	(44.32)%	(88)
Changes in working capital	**10,514**	**(578.56)%**	**(2,197)**	**1,207.74%**	**(168)**
Inventories	147	(223.53)%	(119)	981.82%	(11)
Trade and other receivables	219	(106.25)%	(3,502)	302.53%	(870)
Other current assets	391	39,000.00%	1	(103.03)%	(33)
Trade and other payables	11,071	712.85%	1,362	165.50%	513
Other current liabilities	(1,314)	(2,254.10)%	61	(73.82)%	233
Cash flow from operating activity	**(4,625)**	**(27.08)%**	**(6,343)**	**75.56%**	**(3,613)**
Interest paid	(108)	(16.28)%	(129)	(32.81)%	(192)
Interest received	203	(58.06)%	484	83.33%	264
Income tax paid	(4,720)	(29.53)%	(6,698)	81.76%	(3,685)
CASH FLOWS FROM INVESTMENT ACTIVITIES:	**10,326**	**(278.28)%**	**(5,792)**	**(31.86)%**	**(8,500)**
Payments due to investment	**(3,397)**	**(59.75)%**	**(8,440)**	**(5.25)%**	**(8,908)**
Intangible assets	(551)	(70.78)%	(1,886)	609.02%	(266)
Property, plant and equipment	(102)	(83.47)%	(617)	(20.39)%	(775)
Investment property	(4)	(50.00)%	(8)	(33.33)%	(12)
Other payments related to investment activities	(1,633)	(62.14)%	(4,313)	(44.33)%	(7,748)
Other financial assets	(1,107)	(31.50)%	(1,616)	1,410.28%	(107)
Proceeds from disposals	**13,723**	**418.24%**	**2,648**	**549.02%**	**408**
Investment property	3,100	-	-	0.00%	-
Other financial assets	-	-	-	(100.00)%	408
Other proceeds related to investment activities	10,020	278.40%	2,648	-	-
Group companies and associates	419	-	-	0.00%	-

CASH FLOWS FROM FINANCING ACTIVITIES	**(11,833)**	**(20.28)%**	**(14,843)**	**547.04%**	**(2,294)**
Proceeds and payments relating to financial liability instruments	**(11,833)**	**(20.28)%**	**(14,843)**	**547.04%**	**(2,294)**
Issue/(Repayment) of bank borrowings	1,559	(148.03)%	(3,246)	(1,481.28)%	235
Issue/(Repayment) of borrowings to/from Group companies and associates	-	(100.00)%	(1)	0.00%	(1)
Cash inflows (outflows) due to changes in the scope of consolidation	-	0.00%		(100.00)%	296
Dividends and returns on other equity instruments paid	(13,184)	13.69%	(11,596)	291.76%	(2,960)
Proceeds (Payments) of other borrowings	(208)	-	-	(100.00)%	136
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**41,736**	**(3,368.29)%**	**(1,277)**	**(247.80)%**	**864**
Cash and cash equivalents at the beginning of the period	8,916	(12.53)%	10,193	9.26%	9,329
Cash and cash equivalents at the end of the period	50,652	468.10%	8,916	(12.53)%	10,193

OPERATING AND FINANCIAL REVIEW

This "Operating and Financial Review" should be read in conjunction with the Consolidated Financial Statements and accompanying notes thereto, and the "Business", "Industry Overview" and "Selected Financial and Operating Data" sections included elsewhere herein. Prospective investors should read the entire Prospectus and not just rely on the summary set forth below. The Consolidated Financial Statements have been prepared in accordance with IFRS-EU. Some of the information in the discussion and analysis set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "Important Information—Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus. See "Presentation of Financial and Other Information—Changes in Presentation" for a discussion of changes affecting the presentation of the Group's financial information.

OVERVIEW

Founded in Madrid in 2003 by Mr. Gumuzio and Ms. Osácar, Azora Altus is a leading Spanish real estate investment and asset management platform (source: Internal estimates) with a market focus predominantly on Spain and particularly on attractive, underinvested asset classes where institutional capital is scarce with investments covering the entire value chain. Fifteen years on, the Group believes it has proven its ability to identify untapped investment themes and uncover attractive opportunities, and has demonstrated strong execution capabilities across the value chain.

As of December 31, 2017, the Group had €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017), representing a CAGR of approximately 30% in assets under management for the period 2009-2017. In the year ended December 31, 2017, the Group generated revenues of €77.6 million (an increase of 21.38% as compared to €63.9 million in the year ended December 31, 2016) and EBITDA of €37.4 million (an increase of 33.91% as compared to €27.9 million in the year ended December 31, 2016).

The Group generates income principally from three (3) distinct but interrelated business segments:

(i) the Investment Management Activity, which generates fee-based revenues (base fees, incentive fees and property management fees) from the Investment Vehicles in exchange for investment, asset and property management services provided by the Group. The revenues generated by this business segment amounted to €76.9 million in the year ended December 31, 2017 (an increase of 21.69% as compared to €63.2 million generated in the year ended December 31, 2016);

(ii) the Alignment Capital Investment Activity, which generates income (both income from associated companies recorded using the equity method and capital gains and losses at disposal of the stake in the Investment Vehicles) relating to the stakes held in Investment Vehicles where the Group participates as minority co-investor alongside clients. The profit for the year from continuing operations generated by this business segment amounted to €12.0 million in the year ended December 31, 2017 (an increase of 194.46% as compared to €4.1 million generated in the year ended December 31, 2016); and

(iii) the Direct and Controlling Investment Activity, which generates revenues (rental income, another type of income generated and capital gains) from the Group's Direct and Controlling Investments. The income generated by this business segment amounted to €0.7 million in the year ended December 31, 2017 (a slight decrease of 3.94% as compared to €0.8 million generated in the year ended December 31, 2016).

Under its business strategy (See *"Business – Business Strategy"*), the Company intends to structure assets under management around four Strategic Property-Type-Verticals:

(i) Lodging Real Estate. As of December 31, 2017, the Group had €2.1 billion of lodging assets under management, representing 47.4% of total assets under management;

(ii) Residential Real Estate. As of December 31, 2017, the Group had €1.5 billion of rented residential assets under management, representing 33.4% of total assets under management;

(iii) Commercial Real Estate. As of December 31, 2017, the Group had €0.8 billion of office assets under management, representing 19.1% of total assets under management; and

(iv) Real Estate Debt. As of December 31, 2017, the Group did not yet have any real estate debt assets under management.

The Group works with both domestic and international clients through tailor-made Investment Vehicles, in which the Group typically participates as a co-investor alongside clients to promote alignment of interests (see *"Business Segments—Alignment Capital Investment Activity"*). Across its operating history, the Group has built a broad contact network encompassing more than 600 investor contacts which range from ultra-high net worth individuals to large global institutional investors. These include, among others, APG, AXA Investment Managers, Bank of Montreal (BMO), Blackrock, BW Gestao de Investimentos, Cohen & Steers, CBRE Global Investors, Fidelity Management & Research Company, Goldman Sachs, Moore Capital, Paulson & Co Inc. and Soros Fund Management (source: CNMV – Hispania's significant holdings and treasury shares; Hispania IPO Prospectus; and press releases in relation to the Student Accommodation Transaction) from which across its operating history the Group has raised approximately €2.3 billion in total accumulated capital commitments as of December 31, 2017 (representing a CAGR of approximately 24% for the period 2012-2017).

Historically, the Group's client base was predominantly domiciled in Spain. However, during the real estate trough in 2013, the Group began working with foreign institutional investors such as Fortress and Goldman Sachs who, at the time, were among the first non-Spanish institutional investors to return to the Spanish real estate market. In March 2014, the Group sponsored the €550 million Hispania's initial public offering on the Spanish Stock Exchanges, which facilitated the progressive internationalization of the Group's client and investor contact base. Whereas, prior to Hispania's initial public offering in March 2014, Spanish clients represented 67% of total accumulated capital commitments from clients, as of December 31, 2017, Spanish clients represented just 38% of total accumulated capital commitments. In this manner, the Company believes the Group has significantly improved its brand recognition and reputation in the international institutional investor community, which the Company believes may enhance its ability to raise capital to implement its business strategy going forward (see "*Business Strategy*").

The Company believes its ability to attract client capital is mainly due to the Group's investment approach focused on implementing innovative and disciplined value-return driven strategies in asset classes where institutional capital remains scarce, so as to deliver attractive risk-adjusted returns across all market cycles. The Company believes this distinctive investment approach differentiates the Group from its competitors and is demonstrated by its achievement of high double digit returns (above 20% IRRs) on investments realized to date (see *"Key Strengths"*) which, in turn, reinforces the Group's reputation within the investment and management industry while building trust among clients.

The Group has a multidisciplinary, vertically integrated team of 206 high performing professionals (based on the number of full time employees instead of on the number of employment contracts and including three employees assigned to existing Investment Vehicles). The Group's 206-member team is spread across three Strategic Property-Type-Verticals: Lodging Real Estate, Residential Real Estate and Commercial Real Estate, each of which has an investment management and advisory team and an asset and/or property team; as well as a centralized Group-wide support function team. A fourth team dedicated to supporting the Group's new business strategies (including the Real Estate Debt Property-Type-Vertical) is currently in development.

As of December 31, 2017, the Lodging Real Estate team consisted of 14 full-time employees overseeing approximately €2.1 billion of assets under management, the Residential Real Estate team consisted of 139 full-time employees overseeing approximately €1.5 billion of assets under management and the Commercial Real Estate team consisted of 6 full-time employees overseeing approximately €0.8 billion of assets under management. The three Strategic Property-Type-Verticals teams are supported by centralized Group-wide support functions, including, in-house development (with 7 full-time employees), legal (with 6 full-time employees), financial and controlling (with 20 full-time employees), corporate development and investor relations (with 5 full-time employees), compliance and internal audit (with 3 full-time employees), human resources (with 1 full-time employee) and corporate services (with 5 full-time employees). The three Strategic Property-Type-Verticals teams and the centralized Group-wide support functions are led by a highly experienced multidisciplinary senior real estate team cultivated in well-known multinationals and distinguished business schools (see *"Management and Board of Directors"*).

KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors the Group believes have affected, and are expected to continue to affect, its business, results of operations, financial condition and prospects.

General macroeconomic developments in Spain

As the Group's business activities are subject to general economic conditions prevailing in Spain, the Group often has to adapt its business strategies during a particular period to maximize returns for its clients and itself. Macroeconomic developments outside of the Group's control, such as economic growth rates, unemployment rates, inflationary or deflationary trends and interest rate levels, affect the realization of or exit from the Group's investment products, rental income, property sales, acquisitions and the purchase prices to be paid in the context of add-on purchases. The Group monitors and assesses, on a regular basis, the effects of macroeconomic developments on its investment environment and the resulting effects on the Group's business, such as the availability and the creditworthiness of tenants, the availability of real estate investors and their financial resources, the legal framework and tax conditions, the attractiveness of the location "Spain" compared to other countries and in the context of the global real estate markets, supply of and demand for real estate investments compared to other types of investments, as well as general economic trends and, in particular, the interest rates for the financing of real estate acquisitions, in order to be able to adapt the Group's investment strategies to ever-evolving circumstances and make appropriate decisions to maximize returns for the Group's clients and shareholders.

For example, in the context of low interest rates during the periods under review, there was a significant increase in demand for real estate properties in Spain which resulted in increased competition in the Spanish real estate market and a subsequent yield compression in most real estate properties, especially in the commercial real estate industry. Spanish real estate companies and real estate investors took advantage of this lower interest rate environment by purchasing more real estate assets in Spain and the Group expects this trend to continue while low interest rates persist.

Strong capital inflow into the Spanish real estate market provided the opportunity (i.e., through increases in deal quantity and deal size) to increase the Group's assets under management, which provided a broader basis for the Group's fee-based revenues such as Asset Management revenues and Property Management revenues in the years under review. However, there is no guarantee that the macroeconomic conditions in Spain will remain positive, and any negative change in the Spanish macroeconomic environment may adversely affect the ability of the Group to attract the interest of clients and grow its assets under management base, as well as the ability of the Group to generate positive returns from its existing investments from time to time, which could negatively affect all revenues streams of the Group.

Macroeconomic trends in the Eurozone

Macroeconomic trends in the Eurozone, including, among others, changes in the purchasing power index in individual countries, demographic developments, the development of gross domestic product in countries in which the Group has invested or intends to invest, a deterioration of macroeconomic indicators or extreme fluctuations in the price of oil, inflationary or deflationary trends or excessive public debt, may affect the Group's results of operations.

The Group monitors and assesses changes in macroeconomic and industry dynamics in the Eurozone and, in particular, in countries and industries which the Group intends to enter into or expand, to be in a position to anticipate such trends and adapt the Group's business strategies, to the extent possible, to make appropriate decisions to maximize returns. Although Spain is and will remain the Group's main real estate investment market, it already has real estate exposure in selective European markets, such as Poland, the UK, Belgium, Switzerland and Germany and intends to enter certain other European markets such as Italy and Greece. The Group envisages structured growth through efficient resource allocation and ensuring necessary market expertise.

The broader European real estate market presents multiple opportunities within the Group's Strategic Property-Type-Verticals. The Group's experienced management team, together with the cooperation of selected local partners and brokers, ensures that the Group participates in transactions with the full understanding of such local markets, industry dynamics and the actual assets being considered.

Portfolio size, rent levels, vacancy rates and other real estate related parameters

The Group's business activities are subject to factors that generally affect the real estate market including, but not limited to, portfolio size, rent levels, vacancy rates, the availability of appropriate financing, changes in tax laws and laws in general, fluctuations in energy costs, the dependency on decisions by major tenants for the location of their businesses or, in general, the attractiveness of the locations where the Group is present or locations it intends to enter. Such factors may affect the results of the Group's Alignment Capital Investment Activity, the revenues from its Investment Management Activity and the results from its Direct and Controlling Investment Activity. Such factors may also affect the valuation of the real estate assets of the Group's Investment Vehicles and, therefore, may also influence the basis of the management-based fee income from its Investment Management Activity. For example, a high fluctuation of tenants may result in higher property management fees from residential real estate assets (given that such fees are also driven by the number of new lettings), but may be dilutive of the valuation of the respective portfolio and may, therefore, result in lower asset management fees and, at a later date, incentive fees in the case of an exit.

One-off transactions may impact the Group's results of operations in a number of related ways

Certain transactions may impact the Group's results of operations in a number of manners due to the interrelated nature of the Group's business segments. On December 1, 2017 the Group disposed of its student accommodation platform through the Student Accommodation Transaction. The Student Accommodation Transaction impacted the financial position of the Group in a number of related ways:

- The Group disposed of its 7.65% stake in Encampus. The proceeds of this disposal amounted to €9.9 million, of which €0.4 million was pending collection as of December 31, 2017 under a deposit in guarantee. The Group obtained a capital gain of €7.7 million which was recognized in "Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method" in the year ended December 31, 2017. At the time of its disposal, Encampus comprised a portfolio of seven student accommodation residences.

- The Group also disposed of its 75% stake in RESA. The proceeds of such disposal amounted to €1.8 million, of which €64 thousand was pending collection under a deposit in guarantee as of December 31, 2017. RESA represented the only property management company of the Group's Investment Vehicles dedicated to student accommodations. Lazora had a purchase option on RESA, which was signed on December 16, 2011. The price payable by Lazora if it had exercised the option would have been the amount disbursed by the Group to acquire the shares, less the dividends received in the period during which the Group held the shares, plus interest at market rates. On November 30, 2017 the Group and Lazora cancelled such purchase option. As liquidation of this cancellation, on November 29, 2017, the Group paid Lazora the sum of €42 thousand; consequently, the Group was able to sell RESA to a third party.

Since the Group received more in dividends during this period than the amount of interest accrued, a loss of €0.4 million was recorded under "Impairment and gains or losses on disposals of financial instruments" in the consolidated statement of profit or loss for the year ended December 31, 2017. As a consequence of the sale, €0.8 million in non-controlling interests was derecognized.

In accordance with the terms of the provision of services agreement for corporate and investment services between Encampus and Azora Capital, the Student Accommodation Transaction generated an incentive fee amounting to €30.3 million. As of December 31, 2017, €2.5 million were pending collection under two deposits in guarantee, one of which is expected to be released on June 1, 2018 and the other of which is expected to be released on June 1, 2019. The Student Accommodation Transaction had, and future transactions of a similar scale could have, an impact on several of the Group's revenues streams.

Sourcing activities

The success of the Group's business depends on its ability to source attractive real estate transactions. Through its management's expertise and network of contacts, as well as its industry network, the Group has access to attractive real estate transactions that are generally, although not always, made available only to a limited number of potential investors. The Group's management has built long-lasting and reliable relationships with relevant major decision makers and market participants in Spain, including financial institutions, property funds, planning authorities, tenants, corporates, private investors, advisers and brokers. The Group believes that it has access to a significant number of attractive real estate transactions which are not being widely publicized and which are only offered to certain market players that have built superior relationships or have a strong reputation in the industry.

The Group has a broad contact network comprising more than 600 investor contacts, which range from ultra-high net worth individuals to large global institutional investors that form the foundation for its ability to raise capital for its Investment Vehicles. As a real estate investment and asset management company, the Group covers every stage of the life cycle of a real estate investment. Based on its in-depth understanding of the details and dynamics of the underlying real estate assets and markets, and its focus on value creation by way of hands-on management, one of the Group's overarching principles is to be closely linked to its clients' investment requirements, which guide its selection of investment opportunities and corresponding exit strategies as well as ensuring suitable fund and transaction structuring.

Ability to find clients and suitable local partners for expansion

The Group's ability to find clients for its Investment Vehicles depends on a number of factors, including, but not limited to, market-driven factors that are outside the Group's control. Investor contacts may choose to invest in assets other than real estate or in real estate investment structures that the Group does not offer. The Group's ability to find clients for new Investment Vehicles may be similarly influenced if the general appeal of investments in real estate related assets were to decline. The Group is continuously seeking to increase its contact network by reaching out to more domestic and international contacts, in addition to its current broad contact network comprising over 600 investor contacts, which range from ultra-high net worth individuals to large global institutional investors, and is actively working on expanding its product offering with investment policies that are timely and suitable for potential clients. In particular, through the development of in-house operating platforms, such as Azzam Vivienda, within certain of the Strategic Property-Type-Verticals, the Group believes that its competitive position can be significantly strengthened, which may result in access to opportunities at attractive prices, value creation through asset management initiatives and, consequently, generation of higher returns which may allow the Group to attract more capital and expansion of its client and contact network base.

Spain is and will remain the Group's main real estate investment market. However, the Group also plans to selectively enter further attractive European markets based on potential demand from existing and potential contacts or clients and on the existence of attractive investment opportunities that the Group believes it will have access to and generate attractive returns from. In most of these markets, the Group envisages working with local partners and, in certain markets, eventually creating its own local teams.

The Group's access to clients and capital base

The Group's business is dependent on its ability to raise capital from existing or potential new clients or investor contacts. The Group's equity sourcing network is built on its successful investment track record, which has raised its profile among existing and potential clients and investor contact network who are interested in investing in real estate assets. The Group believes that its relationships with a diverse and long-standing network of former and current clients, which predominantly includes institutional clients and investor contact network, will provide the Group with a competitive advantage in its ability to raise new capital in the future.

In addition, the Group is increasingly seeking to attract additional clients. This will enable the Group to access new opportunities, to invest in more and larger assets and to create and sponsor new Investment Vehicles. However, if the Group is unable to find new attractive investment opportunities, define attractive investment policies or unable to execute successful exits of its investments, this may negatively affect its efforts to raise capital from former or existing clients or investor contact network and/or broaden its client base or investor contact network.

Access to suitable financing and financing conditions

Historically, the Group's Direct and Controlling Investments, as well as its Investment Vehicles, have relied on third-party debt to finance a portion of its assets. At the time of raising such financing or refinancing an existing financing, the Group depends to a considerable extent on the availability of debt financing or refinancing on reasonable terms. Financing conditions and, in particular, interest rates, maturities, repayment profiles and loan-to values, are subject to fluctuations and are influenced by a variety of factors, including general economic conditions and market developments, over which the Group has no control. Adverse changes in financing conditions, and in particular increases in interest rates, could increase financing and refinancing costs and, therefore increase the debt service requirements for the Group's Investment Vehicles or Direct and Controlling Investments, which would affect results from its Alignment Capital Investment Activity and results from its Direct and Controlling Investment Activity. Such changes could also have an influence on the valuation of the real estate assets of the Group's Investment Vehicles and therefore may also influence its management-based fee income from Investment Management Activity. Additionally, the above-mentioned changes may also affect the valuation of the real estate assets in which the Group has a direct, minority or controlling stake and therefore may also influence the returns generated by these assets (i.e., a decrease in the capital gains at the time of disposal).

Changes in law and regulations applicable to the Company, its subsidiaries or its Investment Vehicles

The expected return from each Investment Vehicle and each of the Company's minority, direct or controlling investments will include a certain assumption on the expected taxation. Any changes in such taxation may affect the actual returns of such Investment Vehicle or such investment and may consequently affect the total revenues of the Group.

Ability to successfully implement its asset management value added initiatives

The Group seeks to enhance the value of real estate assets in its Investment Vehicles or held directly or through Direct and Controlling Investments by active asset management activity, including, among others, by driving down vacancy rates, increasing rents, identifying appropriate and suitable tenants and leasing the properties on attractive terms. Furthermore, the Group invests in maintaining and improving the quality of the real estate assets across all of its investments. In addition, the Group exploits the potential of value enhancements through modernization, development and, where suitable, repositioning of existing properties by implementing selective capital expenditure programs. Besides ensuring a certain quality standard in the various portfolios and individual assets, modernization or commercialization projects tend to increase rent levels and reduce vacancies, which positively impacts rental income and leads to increases in the fair value of the various portfolios and individual assets. Such services are provided during the holding period by the Group's Asset Management and Property Management operations. Revenues are generated from (i) the asset and property management fees paid to the Group, which are usually linked to the size and asset value of the portfolios as well as to the rents evolution and letting activities; (ii) the returns generated by the Alignment Capital Investments and Direct and Controlling Investments, which are directly linked to the underlying performance of the investments and (iii) incentive fees which are also linked by the return generated by each of the Investment Vehicles. Accordingly, any poor performance or decline in the operational metrics of the investments undertaken through Investment Vehicles or through Direct and Controlling Investments, could adversely affect the Group's revenues and returns, which, may cumulatively result in an adverse impact on the Group's results of operations.

Ability to exit investment products on appropriate terms

The Group exits its Investment Vehicles or its Direct and Controlling Investments by way of portfolio sales, sales on an asset-by-asset basis or sales of Investment Vehicle assets. As such, the Group seeks to identify appropriate purchasers and determine the right timing for the exit in order to maximize value for both its clients and itself. Returns from realized investment exits depend on a number of factors, such as the quality of the assets sold (in terms of, among others, location, mix of assets, technical features and ability to generate recurring cash flows), investors' appetite for the asset class or the specific asset(s) up for sale, identification of the appropriate target purchasers, the transaction structure, and market conditions.

Taking into account the above factors and due to the current low interest rate environment and general positive perception of the Spanish real estate market, the Group has successfully sold some of its Investment Vehicles and has generated attractive returns for its clients and itself. However, if current favorable conditions deteriorate or the general economic environment worsens, it may become more difficult for the Group to monetize its investments on appropriate terms, which could adversely affect its business and results of operations.

Changes in laws and regulations relating to the Group's business

Although the Company does not consider itself to be an AIF under the AIFM Directive, the Company may nonetheless be considered an AIF under the AIFM Directive as implemented in certain states of the EEA other than Spain. In addition, future Investment Vehicles created or sponsored by the Group may be considered an AIF in Spain or in other EEA member states. This, together with potential amendments to the scope of the

AIFM Directive, or the manner in which the AIFM Directive is enforced in Spain or in other EEA member states in which the Group operates or intends to operate, may require the Company to incur additional operating costs to ensure compliance.

The Group also incurs expenses associated with maintaining compliance with applicable environmental, health, safety, zoning and planning laws and regulations. Changes in these and other regulations, or the manner of their enforcement, may affect the Group's business, and could cause the Group to incur increased capital expenditure or operating expenses to ensure compliance.

Valuation of investment properties

The fair value of the assets owned by the Group's Investment Vehicles or by the Group's Direct and Controlling Investments is determined by using recognized valuation techniques. All investment properties rented, or that are expected to be rented, for operating leasing are classified as investment properties.

In accordance with IAS 40, the Group periodically determines the fair value of the investment property elements, in such a way that at year-end, the fair value reflects the market conditions of the investment property elements at said date. Said fair value is determined at least by each year-end by taking as a reference the valuations made by independent experts.

Recent Accounting Pronouncements

See Note 2.c), *International Financial Reporting Standards (EU-IFRS) and interpretations issued in force*, of the 2017 Consolidated Financial Statements for information regarding new accounting standards recently published by the International Accounting Standards Board. The main new accounting pronouncements applicable to the Group are IFRS 9 and IFRS 15.

IFRS 15 is the standard for the recognition of revenues with customers. The Group's management has assessed that the estate agency management and administration service represent a single performance obligation and the revenues shall be recognized when the control of the services described above is transferred to the client. This situation shall not have any impact regarding the Group's current revenue recognition. The Group intends to retroactively apply IFRS 15, without restating comparative information. Apart from providing more extensive disclosures about the Group's income transactions, the Company does not expect the application of IFRS 15 to have a significant impact on the Group's financial and performance situation.

IFRS 9 shall replace IAS 39 from the year beginning on January 1, 2018 and relates to recognition and valuation of financial instruments. The Group has assessed the potential impact that this standard may have and concluded that it does not expect a significant impact on the next published consolidated financial statements.

SEGMENTAL REPORTING

Based on the Group's business model and related revenues streams, the Group uses the following reporting segments:

(i) Investment Management Activity;

  (a) Asset Management; and

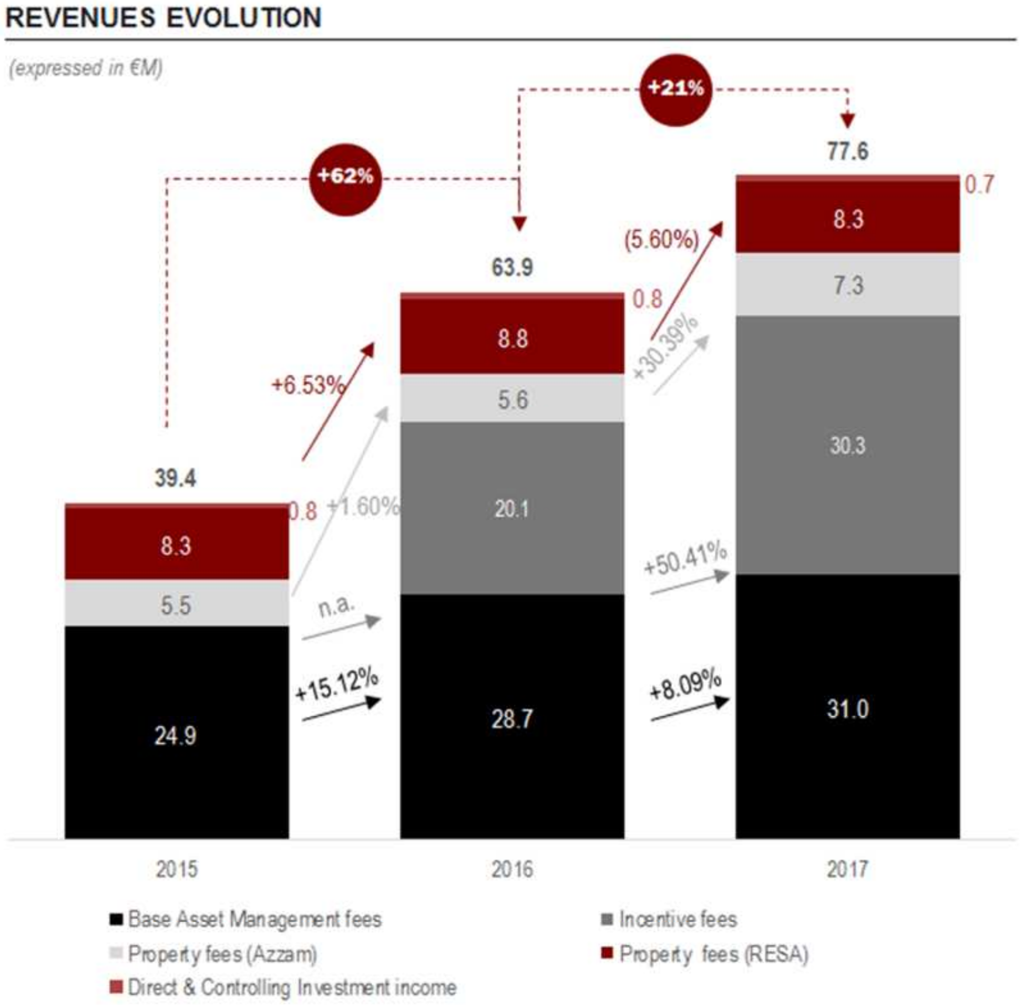
  (b) Property Management;

(ii) Alignment Capital Investment Activity; and

(iii) Direct and Controlling Investment Activity.

Such segment demarcation and reporting align with the Group's internal data and organizational structure and is subject to periodic review, discussion and evaluation by the Senior Management Team. Segment performance, and the allocation of income, expenses, assets and liabilities among segments for reporting purposes, is evaluated based on the ordinary income, expenses, assets and liabilities directly attributable to each segment.

The following chart sets forth the evolution of the Group's consolidated revenues by source for the periods indicated.



The following tables set forth the Group's main consolidated statements of financial position and profit or loss items by operational segment for the periods indicated.

For the period ended December 31, 2017 *(€'000)*	**Investment Management Activity** Asset Management	Property Management	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Total
Revenue	61,267[(1)]	15,613[(2)]	-	732	77,612
Other operating income	-	1,279	-	170	1,449
Staff costs	(23,661)	(10,427)	-	-	(34,088)
Other operating expenses	(2,567)	(4,707)	-	(304)	(7,578)
Depreciation and amortization charge and impairment losses recognized	(201)	(1,059)	-	54	(1,206)
Gains or losses on disposals of non-current assets	435	(21)	-	-	414
Changes in fair value of investment property	-	-	-	36	36
Finance income	216	-	1,184	2	1,402
Finance cost	(23)	(21)	(2)	(62)	(108)
Net exchange differences	(103)	-	-	-	(103)
Impairment and gains or losses on disposals of financial instruments	(635)[(3)]	-	-	-	(635)
Income from companies carried by the equity method	-	-	3,160	-	3,160
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	-	-	7,670[(4)]	-	7,670
Income tax	(8,025)	(232)	-	-	(8,257)
Profit/(loss) for the period/year from continuing operations	26,703	425	12,012	628	39,768
Total Assets	**59,760**	**3,900**	**50,509**	**24,056**	**138,225**
Total Liabilities	**24,143**	**1,892**	**2,628**	**6,234**	**34,897**

Notes:

(1) Includes €30,283 thousand relating to the incentive fee under the contract for the provision of corporate management and investment services between Encampus and Azora Capital, as well as €871 thousand and €467 thousand relating to the management agreement between the Group, Encampus and Sociedades Inversoras en Residencias de Estudiantes, a group of student accommodation companies.

(2) Includes €8,304 thousand relating to RESA, until RESA was excluded from the consolidation following its sale.

(3) Includes a decrease in value relating to the sale of RESA, amounting to €398 thousand.

(4) Includes capital gains amounting to €7,670 thousand relating to the sale of Encampus.

For the period ended December 31, 2016 *(€'000)*	**Investment Management Activity** Asset Management	Property Management	**Alignment Capital Investment Activity**	**Direct and Controlling Investment Activity**	**Total**
Revenue	48,799[(1)]	14,379	-	762	63,940
Other operating income	-	1,548	-	145	1,693
Staff costs	(19,178)	(9,962)	-	-	(29,140)
Other operating expenses	(3,668)	(4,683)	-	(217)	(8,568)
Depreciation and amortization charge and impairment losses recognized	(558)	(489)	-	(60)	(1,107)
Changes in fair value of investment property	-	-	-	(3,303)	(3,303)
Finance income	33	2	253	12	300
Finance cost	(67)	(17)	(1)	(74)	(159)
Net exchange differences	81	-	-	-	81
Impairment and gains or losses on disposals of financial instruments	272	-	-	-	272
Income from companies carried by the equity method	-	-	3,518	-	3,518
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	-	-	310	-	310
Income tax	(6,112)	(130)	-	-	(6,242)
Profit/(loss) for the period/year from continuing operations	19,602	648	4,080	(2,735)	21,595
Total Assets	**17,600**	**8,967**	**46,170**	**26,904**	**99,641**
Total Liabilities	**8,815**	**4,472**	**2,626**	**6,462**	**22,375**

Notes:

(1) Includes €20,134 thousand relating to the incentive fee under the Aneto Transaction.

For the period ended December 31, 2015 *(€'000)*	**Investment Management Activity**		**Alignment Capital Investment Activity**	**Direct and Controlling Investment Activity**	**Total**
	Asset Management	**Property Management**			
Revenue	24,901	13,752	-	750	39,403
Other operating income	117	1,100	-	134	1,351
Staff costs	(7,560)	(9,409)	-	-	(16,969)
Other operating expenses	(4,265)	(4,378)	-	(223)	(8,866)
Excessive provisions	-	37	-	-	37
Depreciation and amortization charge and impairment losses recognized	(542)	(319)	-	-	(861)
Changes in fair value of investment property	-	-	-	363	363
Finance income	-	27	223	14	264
Finance cost	(99)	(3)	-	(100)	(202)
Net exchange differences	(16)	-	-	-	(16)
Impairment and gains or losses on disposals of financial instruments	408	-	-	-	408
Income from companies carried by the equity method	-	-	6,107	-	6,107
Income tax	(3,888)	(250)	-	-	(4,138)
Profit/(loss) for the period/year from continuing operations	9,056	557	6,330	938	16,881
Total Assets	**15,773**	**7,504**	**39,047**	**30,089**	**92,413**
Total Liabilities	**12,319**	**3,212**	**2,556**	**6,889**	**24,976**

In addition to the operational segments, the Group has segmented its distribution of income by geographical area based on the geographic location of the assets as the criterion. The following table sets forth the Group's revenues by geography for the periods indicated.

	Year ended December 31		
	(€'000)		
Geographic Markets	**2017**	**2016**	**2015**
Spain	74,387	39,859	34,922
Poland	1,197	1,908	1,941
Ireland	-	20,134	-
Belgium	102	147	318
Switzerland	132	106	190
Germany	968	963	1,095
England	187	186	212
United States	639	637	725
Total	**77,612**	**63,940**	**39,403**

See Note 6, *Information by segment*, of the 2017 Consolidated Financial Statements for further information regarding the Group's segments.

DESCRIPTION OF KEY LINE ITEMS

Revenues

Revenues from Investment Management Activity

Revenues from Investment Management Activity consists of fee-based revenues and includes both Asset Management and Property Management related revenues. Total revenues from the Investment Management Activity amounted to €76.9 million, €63.2 million and €38.7 million for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively (representing a 21.69% increase in the year ended December 31, 2017 as compared to the year ended December 31, 2016, and a 63.45% increase in the year ended December 31, 2016 as compared to the year ended December 31, 2015), and accounted for 99.06%, 98.81% and 98.10% of Group's total revenues for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively. The detailed development of each of the fees related to Asset Management and Property Management is set out below.

Asset Management revenues are derived from fee-based revenues under the respective investment management agreements relating to the Group's Investment Vehicles. The fee structure under the Group's current investment management agreements provides only for recurring base fees and incentive fees. However, going forward, the Group may consider charging additional fees under future investment management agreements for new Investment Vehicles or under amended agreements relating to existing ones, such as acquisition and disposal related fees. Asset Management revenues have historically been generated by Azora Gestión, Azora Capital and Azora International Management, respectively. These revenues amounted to €61.3 million, €48.8 million and €24.9 million for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively, and accounted for 79.69%, 77.24% and 64.42% of the Group's total revenues from the Investment Management Activity for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively (representing a 25.55% increase in the year ended December 31, 2017 as compared to the year ended December 31, 2016, and a 95.97% increase in the year ended December 31, 2016 as compared to the year ended December 31, 2015).

Revenues from base fees are derived from asset management agreements with the Group's Investment Vehicles as compensation for on-going services provided by the Group under these management agreements such as, among others, implementation of the relevant Investment Vehicle's business plan, securing financing, corporate and administrative services, and property management monitoring. To date, the base fees have typically been determined as a percentage of the capital committed, as a percentage of the capital invested and/or as a percentage of the GAV being managed or NAV of the Investment Vehicles. However, the Group may consider different methods of calculating the base fees in the future. These revenues from base fees amounted to €31.0 million, €28.7 million and €24.9 million for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively and accounting for 50.57%, 58.74% and 100.00% of the Group's total Asset Management revenues for years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively (representing a 8.09% increase and a 15.12% increase from the year ended December 31, 2016 to the year ended December 31, 2017 and from the year ended December 31, 2015 to the year ended December 31, 2016, respectively).

Revenues from incentive fees accrued thus far have been derived from payments received upon the realization of exits from the Group's Investment Vehicles where the minimum target return under the relevant investment management agreement (the "hurdle return") was achieved. The purpose of the incentive fee is to compensate the asset manager for exceeding the hurdle return set out in respect of the relevant Investment Vehicle. The incentive fee is typically determined as a percentage of the return generated in excess of the hurdle defined in the particular investment management agreement, with the potential for catch-up mechanisms to be built in if applicable. The Group may consider alternative methods of calculating the incentive fees in the future; however, incentive fees realized as a result of the Aneto Transaction in 2016 and the Student Accommodation Transaction in 2017 amounted to €20.1 million and €30.3 million, respectively. No incentive fees were recorded for the year ended December 31, 2015 as no exit was realized during the period. These revenues accounted for 49.43%, 41.26% and 0.00% of the Group's total Asset Management revenues for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively (representing a 50.41% increase from the year ended December 31, 2016 to the year ended December 31, 2017).

Property Management revenues are derived from property management contracts for all services in relation to the day-to-day management or ordinary course of operation of the properties comprising the real estate assets managed under these contracts. Some of the services provided under these contracts include, but are not limited to, leasing services, managing property and supplier services, insurance, rent billing and collection managing technical services, administrative management and filing. These types of revenues have been generated by the Company's subsidiaries RESA (the Group's property manager for the student accommodation business) and Azzam Vivienda (the property manager for the Group's rented residential real estate business) amounting to €15.6 million (€8.3 million by RESA and €7.3 million by Azzam Vivienda), €14.4 million (€8.8 million by RESA and €5.6 million by Azzam Vivienda) and €13.8 million (€8.3 million by RESA and €5.5 million by Azzam Vivienda) for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively, and accounting for 20.31%, 22.76% and 35.58% of the Group's total revenues from the Investment Management Activity for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively (representing an 8.58% increase from the year ended December 31, 2016 to the year ended December 31, 2017 (comprising a 5.60% decrease in RESA and a 30.94% increase in Azzam Vivienda) and a 4.56% increase from the year ended December 31, 2015 to the year ended December 31, 2016 (comprising a 6.53% increase in RESA and a 1.60% increase in Azzam Vivienda)). However, in the context of the Student Accommodation Transaction, the property activity of RESA has been discontinued from that date onwards (the contribution of the RESA activity to the Property Management revenues amounted to 53.19%, 61.18% and 60.05% for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively).

Total revenues from the Alignment Capital Investment Activity

Total revenues from the Alignment Capital Investment Activity comprises revenues, including interest and income from associated companies recorded using the equity method and impairment and gains or losses on significant influence loss over an associate consolidated by the equity method. In general terms, associated companies are those companies where a group holds, directly or indirectly, 20% or more of the total voting rights of such companies; this position usually results in the ability of a company to exercise significant influence over the financial and operational policy decisions of such companies. Likewise, even where the Group holds an equity interest below 20% of the total voting rights of a company, the Group is considered to exercise significant influence over the financial and operational policy decisions of such company when: (i) the Group is represented by members on the board of such company; and (ii) a Group entity has entered into an investment management agreement with such company in which the Group also holds an equity interest.

For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, the profit for the year from continuing operations of this operating segment amounted to €12.0 million, €4.1 million and €6.3 million, respectively (representing a 194.46% increase from the year ended December 31, 2016 to the year ended December 31, 2017 and a 35.55% decrease from the year ended December 31, 2015 to the year ended December 31. 2016).

Total revenues from the Direct and Controlling Investment Activity

Revenues from the Direct and Controlling Investment Activity include rental income and any other type of income generated by the Group's Direct and Controlling Investments, whether held directly or through one of the Group's Investment Vehicles in which the Group has a controlling stake, as well as changes in their fair value. These revenues are therefore recorded in the Consolidated Financial Statements using the full consolidation method. At the end of the year ended December 31, 2017, the Group only had one 'Direct and Controlling Investment' (Colón Viviendas, with a stake of 65%), with revenues amounting to €0.8 million in the years ended December 31, 2015 and 2016, and decreasing to €0.7 million for the year ended December 31, 2017 (representing a 1.60% increase from the year ended December 31, 2015 to the year ended December 31, 2016 and a 3.94% decrease from the year ended December 31, 2016 to the year ended December 31, 2017).

See "*Business—Business Segments*" for further information.

Other operating income

Other operating income consists mainly of additional income derived from the Group's Property Management services, including vending machines, student enrollment in university, among others, related to RESA (the Group's property manager for the student accommodation business) which was sold on December 1, 2017.

Staff costs

Staff costs consists of salaries (fixed and variable), compensation, social charges and provisions relating to the Group's employees. The Group employed an average of 216 people in the period from January 1, 2018 to April 14, 2018, as compared to an average of 369 people in the year ended December 31, 2017 (355 average employees in the year ended December 31, 2016; 328 average employees in the year ended December 31, 2015). This difference in the average number of employees between the aforementioned 2018 period and the year 2017 is mainly due to the completion of the Student Accommodation Transaction, as employees employed by RESA and Encampus are no longer employed by the Group following the disposal of RESA and Encampus. The average number of employees can be broken down into the following categories:

Categories	2018[(1)]	2017	2016	2015
Management staff	30	26	18	11
Technical staff and middle management	35	72	64	74
Administrative staff	151	271	273	243
Total	**216**	**369**	**355**	**328**

Notes:

(1) The average number of employees corresponds to the period from January 1, 2018 to April 14, 2018.

Historically, the variable component of staff costs was fully discretionary but linked to the performance of the Group.

Other operating expenses

Other operating expenses consists mainly of leasing, independent professional services and other external services (including travel expenses and subsistence allowance, among others) and costs directly related to the Group's assets, including repairs, maintenance and property taxes.

Operating expenses related to leasing amounted to €1.0 million for the year ended December 31, 2017 (as compared to €1.2 million for the year ended December 31, 2016 and €0.9 million for the year ended December 31, 2015). Such leasing expenses correspond mainly to the lease of the Group's offices, located at Calle Serrano 30 (Madrid) and Calle Gregorio Benitez 3 (Madrid).

Changes in fair value of investment property

Changes in fair value of investment property consists mainly of the changes in fair value periodically determined by the Group based on an assessment of the fair value of the investment property elements, which takes into account the market conditions of the investment property elements at that date. This fair value is determined on an annual basis by taking into account the valuations carried out by independent experts.

The market value of the Group's investment property as at December 31, 2016 and 2017 amounted to €25.4 million and €22.5 million, respectively, calculated according to the valuations carried out by CBRE Valuation Advisory, S.A., an independent expert not related to the Group, which were conducted in accordance with the UK's Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards and with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC) respectively. The decrease in the market value of the Group's investment property as at December 31, 2017 compared to the market value of the Group's investment property as at December 31, 2016 primarily relates to the sale of the Beach Guadalmina Playa Parque del Sol, S.L. investment property.

Finance income

Finance income consists mainly of interest income derived from loans to Alignment Capital Investments (Carey).

Finance cost

Finance cost consists mainly of interest incurred on bank loans related to Direct and Controlling Investments and credit policies.

Impairment and gains or losses on disposals of financial instruments

Impairment and gains or losses on disposals of financial instruments mainly consists of the profit or loss recognized due to the sale of stakes held by the Group in companies not consolidated by the equity method.

Income from companies carried by the equity method

Income from companies carried by the equity method includes the net income attributable to the Group, based on its stake, from companies consolidated by the equity method.

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method mainly consists of the profit or loss recognized due to the sale of equity interests held by the Group in companies consolidated by the equity method.

Profit for the year from continuing operations attributable to owners of the parent

Profit for the year from continuing operations attributable to owners of the parent consists of the Group's net profit after tax expense and loss attributable to non-controlling interests. Income tax is comprised of current income tax expenses and deferred taxes associated with the Group's operations.

Investment property

Investment property comprises real estate assets that are totally or partially held in order to obtain revenues, gains or both, instead of for use in the production or supply of goods or services, or for administrative ends of the Group or for sale in the ordinary course of business.

The purpose of these properties is to lease them to third parties.

At the end of the year ended December 31, 2017 the Group only had one 'Direct and Controlling Investment' (Colón Viviendas, with a stake of 65%). For additional information, see "*Direct and Controlling Investments*".

Investments accounted by using the equity method

Investments accounted by using the equity method includes stakes in associated companies accounted for by using the equity method. In general terms, associated companies, or "associates", are those companies where a group holds, directly or indirectly, 20% or more of the total voting rights of such companies; this position usually results in the ability of a company to exercise significant influence on the financial and operational policy decisions of such companies. Further, where the Group holds an equity interest below 20% of the total voting rights of a company, the Group may nevertheless be considered to exercise significant influence on the financial and operational policy decisions of such company where: (i) the Group is represented by members on the Board of such company; and (ii) a Group entity has entered into an investment management agreement with such company in which the Group also holds an equity interest. These companies are primarily Hispania, Carey, Lazora and Encasa, as well as Encampus until its disposal in December 2017 as part of the Student Accommodation Transaction.

Trade and other receivables

Trade and other receivables mainly refer to the accounts receivable from services provided to the companies in accordance with their corresponding management contracts.

Other current financial assets

Other current financial assets mainly include three loans granted to Carey and its finance income accrued.

Cash and cash equivalents

Cash and cash equivalents include cash and other high-liquidity short-term investments with an original maturity of three months or less that are held for the purpose of covering short-term payment commitments.

CURRENT TRADING AND PROSPECTS

The Group has continued to trade in line with the Board of Directors' expectations in the year 2018 to date. Overall, the Board of Directors remains confident regarding the Group's prospects. The Directors believe that the outlook for the Group is positive due to attractive growth prospects in the sectors in which the Group operates.

The Group intends to significantly grow its assets under management, targeting €6.0 billion of new assets under management (see "Business—Business Strategy") by 2022 through the development of new strategic themes, and the continued pursuit of existing strategic themes, within the Strategic Property-Type Verticals. The Group aims to become a reference real estate investment and management platform in the real estate market. This target increase of assets under management within the five (5) years following the Offering, in combination with equity replacement processes in a number of existing Investment Vehicles as of the date of this Prospectus and the potential for further growth of assets under management derived from, among others, the business cash-flow reinvestment, is targeting more than €8 billion of assets under management by 2022.

On April 5, 2018, Alzette, a company owned by entities advised by affiliates of Blackstone, announced through a relevant fact disclosure (*hecho relevante*) that it had entered into an unconditional agreement with QP Capital Holdings Limited and QPB Holdings Ltd. to purchase from them a stake amounting to 16.56% of the outstanding share capital of Hispania. As a result of such purchase, Alzette (and, by implication, its controlling entities advised by affiliates of Blackstone) have acquired 18,073,095 shares of Hispania, representing 16.56% of its outstanding share capital, at a price of €17.45 per share and for total consideration of approximately €315.38 million. On the same date, the board of directors of Alzette announced through a further relevant fact disclosure (*hecho relevante*) that it had agreed to launch the Blackstone Tender Offer for the remaining 91,096,447 shares of Hispania, representing 83.44% of its share capital. Based on the information available at the time of this Prospectus, it is uncertain whether or not, following settlement of the Blackstone Tender Offer (if successful), the Hispania Investment Manager Agreement will be terminated (as such settlement would not trigger the automatic termination of the Hispania Investment Manager Agreement). However, the early termination of such agreement could result in the accrual of an incentive fee, which the Blackstone Tender Offer announcement dated April 6, 2018 acknowledges in an amount of approximately €173 million, calculated on the basis of the Blackstone Offer Price and in accordance with the incentive fee calculation methodology disclosed in the Hispania IPO Prospectus. In addition, the early termination of the Hispania Investment Manager Agreement could also result in the payment of the aggregate base fees that Azora Gestión would have been entitled to during the full term of the agreement (see "*Material Contracts – Hispania Investment Manager Agreement*" for a description of the calculation of the base fees). The actual amount of fees that Azora Gestión is entitled to receive will depend, however, on the circumstances following the settlement of the Blackstone Tender Offer (if successful). See "*Business – Recent Developments – the Blackstone Tender Offer*".

In April 2018, the Group entered into an agreement to provide property management services in respect of Vivenio's portfolio, which consists of approximately 1,000 rented residential units in the Madrid region Vivenio's stated business strategy includes growing the portfolio further through the acquisition of rented residential units in Spain, particularly in Madrid and Barcelona. In the financial statements of Renta Corporación as of and for the year ended December 31, 2017, it stated that Vivenio's total committed capital amounted to €130 million, which it aims to increase to €250 million in the short term and €1,500 million by 2022.

RESULTS OF OPERATIONS

The table below presents the Group's consolidated results of operations for the periods indicated which has been extracted without material adjustment from the historical financial information set out in the Consolidated Financial Statements for the years ended December 31, 2017, 2016 and 2015.

	Year ended December 31				
	2017		2016		2015
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*

Revenue	**77,612**	**21.38%**	**63,940**	**62.27%**	**39,403**
Other operating income	1,449	(14.41)%	1,693	25.31%	1,351
Staff costs	(34,088)	16.98%	(29,140)	71.72%	(16,969)
Other operating expenses	(7,578)	(11.55)%	(8,568)	(3.36)%	(8,866)
Depreciation and amortization charge and impairment losses recognized	(1,206)	8.94%	(1,107)	28.57%	(861)
Excessive provisions	-	0.00%	-	(100.00)%	37
Gains or losses on disposals of non-current assets	414	-	-	0.00%	-
Changes in fair value of investment property	36	(101.09)%	(3,303)	(1,009.92)%	363
Profit from operations	**36,639**	**55.81%**	**23,515**	**62.64%**	**14,458**
Finance income	1,402	367.33%	300	13.64%	264
Finance cost	(108)	(32.08)%	(159)	(21.29)%	(202)
Net exchange differences	(103)	(227.16)%	81	(606.25)%	(16)
Impairment and gains or losses on disposals of financial instruments	(635)	(333.46)%	272	(33.33)%	408
Financial Result	**556**	**12.55%**	**494**	**8.81%**	**454**
Income from companies carried by the equity method	3,160	(10.18)%	3,518	(42.39)%	6,107
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	7,670	2,374.19%	310	-	-
Profit/(loss) before tax	**48,025**	**72.52%**	**27,837**	**32.44%**	**21,019**
Income tax	(8,257)	32.28%	(6,242)	50.85%	(4,138)
Profit/(loss) for the period/year from continuing operations	**39,768**	**84.15%**	**21,595**	**27.92%**	**16,881**
Attributable to minority interest (non-controlling interests)	(3,824)	(17.09)%	(4,612)	62.57%	(2,837)
Attributable to owners of the Parent	35,943	111.63%	16,984	20.93%	14,044

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017 COMPARED TO THE YEAR ENDED DECEMBER 31, 2016

Revenues

Revenues increased by €13.7 million, or 21.38%, to €77.6 million in the year ended December 31, 2017 from €63.9 million in the year ended December 31, 2016, representing a CAGR of 40.35% between 2015 and 2017. This increase was primarily due to the 50.41% increase in incentive fees (related to the Student Accommodation Transaction amounting to €30.3 million in the year ended December 31, 2017 and the Aneto Transaction amounting to €20.1 million in the year ended December 31, 2016) and due to an increase in management fees, mainly in Hispania, both from Investment Management Activity segment. The Group, through Azora Gestión (as investment manager), has an unaccrued incentive fee under the Hispania Investment Manager Agreement. In its consolidated financial statements as of and for the year ended December 31, 2017, Hispania recorded a provision of €95.0 million in respect of the Azora Gestión incentive fee. For more information, see "*Selected Financial and Operating Data—Off-balance sheet item*". The following table sets out the Group's principal sources of revenue as a percentage of total revenues for each of the periods indicated:

	Year ended December 31	
	(as a percentage of revenues)	
	2017	**2016**
Incentive fees	37.89	31.46
Hispania	26.03	24.88
Lazora	13.53	14.08
Siresa	10.53	13.83
Encasa	3.35	3.60
Carey	2.96	3.60
Azora Europa	1.55	2.97
Encampus	1.85	1.98
Selección de Inmuebles	1.29	1.56
Colón Vivienda	0.90	1.25
Other	0.13	0.78
Revenues	**100.00**	**100.00**

Other operating income

Other operating income decreased by €0.2 million, or 14.41%, to €1.4 million in the year ended December 31, 2017 from €1.7 million in the year ended December 31, 2016. This decrease was primarily due to a decrease in income related to property management of the Group's subsidiary, RESA, which formed part of the Group's Investment Vehicles dedicated to investing in and managing student accommodations in Spain and was sold on December 1, 2017.

Staff costs

Staff costs increased by €4.9 million, or 16.98%, to €34.1 million in the year ended December 31, 2017 from €29.1 million in the year ended December 31, 2016 and accounted for 43.92% of revenues and 81.81% of total operating expenses for the year. This increase was primarily due to an increase in management remuneration mainly related to the performance of the Group (with a 50.41% increase in the incentive fee from the year ended December 31, 2016 to the year ended December 31, 2017, and an 8.09% increase in base fees over the same period). In accordance with the fee structure, the Group had staff costs related to base fees and property management fees (€21.6 million in the year ended December 31, 2017 and €20.2 million in the year ended December 31, 2016) and staff costs related to incentive fees, which accounted for 70.7% of the increase in staff costs for the period (€12.4 million in the year ended December 31, 2017 and €8.9 million in the year ended December 31, 2016).

Other operating expenses

Other operating expenses decreased by €1.0 million, or 11.55%, to €7.6 million in the year ended December 31, 2017 from €8.6 million in the year ended December 31, 2016. This decrease was primarily due to savings in non-recurring corporate transactions in the year ended December 31, 2017.

Changes in fair value of investment property

Changes in fair value of investment property amounted to €36 thousand in the year ended December 31, 2017, which reflects the consistent investment property conditions driving property valuations, including, among others, rents and occupancy levels, between the years ended December 31, 2016 and 2017.

Finance income

Finance income increased by €1.1 million, or 367.33%, to €1.4 million in the year ended December 31, 2017 from €0.3 million in the year ended December 31, 2016. This increase was primarily due to interest generated by the updated value of the loan assigned to the Company in the year ended December 31, 2014 and the loan granted to Carey in the year ended December 31, 2017 amounting to €20.5 million. See *"Related Party Transactions—Loan agreements with Carey"* for further information.

Finance cost

Finance cost decreased by €51 thousand, or 32.08%, to €0.1 million in the year ended December 31, 2017 from €0.2 million in the year ended December 31, 2016. This decrease was primarily due to the decrease in bank loans (Colón Vivienda) due to repayments during the year.

Impairment and gains or losses on disposals of financial instruments

Impairment and gains or losses on disposals of financial instruments decreased by €0.9 million in the year ended December 31, 2017 primarily due to the sale of RESA amounting to €0.4 million.

Income from companies carried by the equity method

Income from companies carried by the equity method decreased by €0.4 million, or 10.18%, to €3.2 million in the year ended December 31, 2017 from €3.5 million in the year ended December 31, 2016. This decrease was primarily due to the decrease in the net profit of Hispania.

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method increased by €7.4 million in the year ended December 31, 2017 due to the sale of Encampus.

Profit before tax

Profit before tax increased by €20.2 million, or 72.52%, to €48.0 million in the year ended December 31, 2017 from €27.8 million in the year ended December 31, 2016. This increase was primarily due to the increase in revenues, which was partially offset by the increase in staff costs described above, as well as the increase in Impairment and gains or losses on disposals of financial instruments related to income related to the disposal of the Investment Vehicles dedicated to investing in and managing student accommodations in Spain.

Income tax

Income tax increased by €2.0 million, or 32.28%, to €8.3 million in the year ended December 31, 2017 from €6.2 million in the year ended December 31, 2016. This increase was primarily due to increased profit before tax. The Company's effective tax rate for the year ended December 31, 2017 was 17.19%, as the Company was exempted from tax on capital gains from the Student Accommodation Transaction.

Profit for the year from continuing operations attributable to owners of the parent

Profit for the year from continuing operations attributable to owners of the parent increased by €19.0 million, or 111.63%, to €35.9 million in the year ended December 31, 2017 from €17.0 million in the year ended December 31, 2016. This increase was primarily as a result of the factors described above.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016 COMPARED TO THE YEAR ENDED DECEMBER 31, 2015

Revenues

Revenues increased by €24.5 million, or 62.27%, to €63.9 million in the year ended December 31, 2016 from €39.4 million in the year ended December 31, 2015. This increase was primarily due to an incentive fee related to the Aneto Transaction amounting to €20.1 million and due to an increase in management fees, mainly in Hispania, both from the Investment Management Activity segment. The following table sets out the Group's principal sources of revenue as a percentage of total revenues for each of the periods indicated:

	Year ended December 31 *(as a percentage of revenues)*	
	2016	**2015**
Incentive fees	31.46	0.00
Hispania	24.88	26.65
Lazora	14.08	23.60
Siresa	13.83	20.60
Encasa	3.60	6.09
Carey	3.60	7.11
Azora Europa	2.97	4.82
Encampus	1.98	3.51
Selección de Inmuebles	1.56	2.79
Colón Vivienda	1.25	2.79
Other	0.78	2.03
Revenues	**100.00**	**100.00**

Other operating income

Other operating income increased by €0.3 million, or 25.31%, to €1.7 million in the year ended December 31, 2016 from €1.4 million in the year ended December 31, 2015. This increase was due to additional income related to property management of the Group's subsidiary, RESA.

Staff costs

Staff costs increased by €12.2 million, or 71.72%, to €29.1 million in the year ended December 31, 2016 from €17.0 million in the year ended December 31, 2015 and accounted for 45.57% of total revenues and 77.28% of total operating expenses for the year (43.07% of total revenues and 65.68% of total operating expenses in 2015). This increase was primarily due to an increase in the average number of employees (from an average of 328 employees in the year ended December 31, 2015 to an average of 355 employees in the year ended December 31, 2016) and due to an increase in the management remuneration mainly related to the performance of the Group. Incentive fees increased to €20.1 million in the year ended December 31, 2016, as compared to €0.0 million in the year ended December 31, 2015. In accordance with the fee structure, the Group has staff costs related to base fees and property management fees (€20.2 million in 2016 and €17.0 million in 2015) and staff costs related to incentive fees (€8.9 million in 2016 and €0.0 million in 2015).

Other operating expenses

Other operating expenses decreased by €0.3 million, or 3.36%, to €8.6 million in the year ended December 31, 2016, from €8.9 million in the year ended December 31, 2015. This decrease was primarily due to a decrease in non-recurring corporate transactions in 2016 offset by an increase in other external services (including travel expenses and subsistence allowance, among others) and an increase in leasing expenses.

Changes in fair value of investment property

Changes in fair value of investment property decreased by €3.7 million to negative €3.3 million in the year ended December 31, 2016, from €0.4 million in the year ended December 31, 2015. This decrease was primarily due to the shift in the year ended December 31, 2016 to the RICS Valuation - Professional Standards of Great Britain and the International Valuation Standards published by the International Valuation Standards Committee from the order ECO/805/2003, amended by order EHA/3011/2017.

Finance income

Finance income increased by €0.04 million, or 13.64%, to €0.3 million in the year ended December 31, 2016, from €0.26 million in the year ended December 31, 2015. This increase was primarily due to the income accrued on the acquisition of a loan convertible into shares of an Alignment Capital Investment (Carey), which was signed during 2016.

Finance cost

Finance cost decreased by €43 thousand, or 21.29%, to €0.16 million in the year ended December 31, 2016, from €0.20 million in the year ended December 31, 2015. This decrease was primarily due to the reduction in the amount drawn on the Group’s credit facilities and the decrease in bank loans (Colón Viviendas) due to repayments during the year.

Income from companies carried by the equity method

Income from companies carried by the equity method decreased by €2.6 million, or 42.39%, to €3.5 million in the year ended December 31, 2016 from €6.1 million in the year ended December 31, 2015. This decrease was primarily due to the decrease in the net profit of Carey in 2016.

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method

Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method increased by €0.3 million in the year ended December 31, 2016 due to the sale of shares in Carey realized in the year ended December 31, 2016.

Profit before tax

Profit before tax increased by €6.8 million, or 32.44%, to €27.8 million in the year ended December 31, 2016 from €21.0 million in the year ended December 31, 2015. This increase was primarily due to the increase in revenues, partially offset by an increase in operating costs, which was mainly related to increased staff costs, described above.

Income tax

Income tax increased by €2.1 million, or 50.85%, to €6.2 million in the year ended December 31, 2016, from €4.1 million in the year ended December 31, 2015. This increase was primarily due to increased profit before tax. The Company's effective tax rate for the year ended December 31, 2016 was 22.42%.

Profit for the year from continuing operations attributable to owners of the parent

As a result of the factors described above, profit for the year from continuing operations attributable to owners of the parent increased by €2.9 million, or 20.93%, to €17.0 million in the year ended December 31, 2016, from €14.0 million in the year ended December 31, 2015.

Consolidated Statement of Financial Position

The following table sets forth selected data from the Group's consolidated statements of financial position as of the dates indicated:

	As of December 31				
	2017		2016		2015
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
Non-current assets					
Intangible assets	1,678	(61.01)%	4,304	30.19%	3,306
Property, plant and equipment	573	(57.77)%	1,357	28.38%	1,057
Investment property	22,460	(11.70)%	25,436	(11.65)%	28,791
Investments accounted by using the equity method	45,033	8.89%	41,356	14.49%	36,122
Non-current financial assets	656	(5.34)%	693	(60.85)%	1,770
Deferred tax assets	187	(76.63)%	800	15.61%	692
Total non-current assets	**70,587**	**(4.54)%**	**73,946**	**3.08%**	**71,738**
Current assets					
Inventories	39	(79.03)%	186	177.61%	67
Trade and other receivables	8,813	1.83%	8,655	59.54%	5,425
Accounts receivable from public authorities	243	(44.27)%	436	(13.32)%	503
Other current financial assets	7,841	7.09%	7,322	70.04%	4,306
Other current assets	50	(72.22)%	180	(0.55)%	181
Cash and cash equivalents	50,652	468.10%	8,916	(12.53)%	10,193
Total current assets	**67,638**	**163.23%**	**25,695**	**24.28%**	**20,675**
Total assets	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**
Total Equity					
Share capital	30	0.00%	30	0.00%	30
Legal reserve	6	0.00%	6	0.00%	6
Other reserves	55,983	22.38%	45,745	33.25%	34,330
Profit for the year attributable to the Parent	35,943	111.63%	16,984	20.93%	14,044
Interim dividend	(7,000)	45.83%	(4,800)	-	-
Valuation adjustments	100	(192.59)%	(108)	170.00%	(40)
Equity attributable to the owners of the Parent	85,062	47.02%	57,856	19.61%	48,370
Non-controlling interests	18,266	(5.89)%	19,410	1.79%	19,068
Total equity	**103,328**	**33.73%**	**77,266**	**14.58%**	**67,437**
Non-current liabilities					
Non-current bank borrowings	5,233	(17.99)%	6,381	6.63%	5,984

	As of December 31				
	2017		2016		2015
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
Other non-current financial liabilities	500	(83.40)%	3,012	0.13%	3,008
Other non-current liabilities	-	0.00%	-	(100.00)%	49
Deferred tax liabilities	2,236	(23.63)%	2,928	(17.71)%	3,558
Total non-current liabilities	**7,969**	**(35.32)%**	**12,321**	**(2.21)%**	**12,599**
Current liabilities					
Short-term provisions	-	(100.00)%	693	3.28%	671
Current bank borrowings	3,374	292.78%	859	(80.94)%	4,506
Trade and other payables	20,835	179.03%	7,467	19.93%	6,226
Other current financial liabilities	2,709	570.54%	404	23.17%	328
Other current liabilities	10	(98.42)%	631	(2.32)%	646
Total current liabilities	**26,928**	**167.83%**	**10,054**	**(18.77)%**	**12,377**
Total liabilities	**34,897**	**55.96%**	**22,375**	**(10.41)%**	**24,976**
Total equity and liabilities	**138,225**	**38.72%**	**99,641**	**7.82%**	**92,413**

Financial position as of December 31, 2017 compared to financial position as of December 31, 2016

Investment property

Investment property decreased by €3.0 million, or 11.70%, to €22.5 million as of December 31, 2017 from €25.4 million as of December 31, 2016. This decrease was primarily due to the sale of the Beach Guadalmina Playa Parque del Sol, S.L. investment property.

Investments accounted by using the equity method

Investments accounted by using the equity method increased by €3.7 million, or 8.89%, to €45.0 million as of December 31, 2017 from €41.4 million as of December 31, 2016. This increase was primarily due to increases in Hispania's, Carey's and Lazora's equity, respectively, and was partially offset by a decrease of €2.1 million relating to investments accounted by using the equity method but no longer held following the Student Accommodation Transaction (in particular, the sale of Encampus).

Trade and other receivables

Trade and other receivables increased marginally by €0.2 million, or 1.83%, to €8.8 million as of December 31, 2017 from €8.7 million as of December 31, 2016. The main receivable pending collection related to Hispania's base fee amounting to €5.0 million (€4.9 million relating to Azora Gestión and €0.1 million relating to Azzam), which is collected at the beginning of the next financial year according to its contract structure. The slight increase in the year ended December 31, 2017 as compared to the year ended December 31, 2016 is due to the increase in base asset management fees and property management fees during the period.

Other current financial assets

Other current financial assets increased by €0.5 million, or 7.09%, to €7.8 million as of December 31, 2017 from €7.3 million as of December 31, 2016. This increase was primarily due to a loan granted to Carey in the year ended December 31, 2017 amounting to €20.5 million, which was drawn down in the amount of €1.1 million as at December 31, 2017, and partially offset by a reduction in short-term deposits and others. See "*Related Party Transactions—Loan agreements with Carey*".

Cash and cash equivalents

Cash and cash equivalents increased by €41.7 million, or 468.10%, to €50.7 million as of December 31, 2017 from €8.9 million as of December 31, 2016. This increase was primarily due to the increase in revenues derived from the base asset management fees and property management fees and the proceeds obtained from the Student Accommodation Transaction, as well as the recurrent cash flow generated by the Investment Management Activity. See "*Liquidity and Capital Resources*". Cash and cash equivalents as of December 31, 2017 as adjusted for the distribution of a dividend of €22 million on February 1, 2018 to the current shareholders of Azora Altus on the basis of results achieved in the year ended December 31, 2017 and a cash dividend with a charge to freely distributable reserves of €3 million, would amount to €25.0 million.

Financial position as of December 31, 2016 compared to financial position as of December 31, 2015

Investment property

Investment property decreased by €3.4 million, or 11.65%, to €25.4 million as of December 31, 2016 from €28.8 million as of December 31, 2015. This decrease was primarily due to a decrease in the fair value of Direct and Controlling Investments (Colón Viviendas) related to the shift in the year ended December 31, 2016 to the RICS Valuation - Professional Standards of Great Britain and the International Valuation Standards published by the International Valuation Standards Committee from the order ECO/805/2003, amended by order EHA/3011/2017.

Investments accounted by using the equity method

Investments accounted by using the equity method increased by €5.2 million, or 14.49%, to €41.4 million as of December 31, 2016, from €36.1 million as of December 31, 2015. This increase was primarily due to an increase in Hispania's equity.

Trade and other receivables

Trade and other receivables increased by €3.2 million, or 59.54%, to €8.7 million as of December 31, 2016 from €5.4 million as of December 31, 2015. The main receivable is related to the base fee to be collected from Hispania, which is collected at the beginning of the following financial year under the terms of the Hispania Investment Manager Agreement. The increase in the year ended December 31, 2016 was primarily due to an increase in the Hispania base fee.

Other current financial assets

Other current financial assets increased by €3.0 million, or 70.04%, to €7.3 million as of December 31, 2016, from €4.3 million as of December 31, 2015. This increase was primarily due to the acquisition of a loan convertible into share capital of an Alignment Capital Investment (Carey) for an amount of €1.6 million.

Cash and cash equivalents

Cash and cash equivalents decreased by €1.3 million, or 12.53%, to €8.9 million as of December 31, 2016, from €10.2 million as of December 31, 2015. This decrease was primarily due to payments of dividends by the Group amounting to €11.6 million in December 2016, compared to €3.0 million in December 2015 (recorded as "Dividends and returns on other equity instruments paid" in the Group's consolidated cash flow statement, which includes dividend payments mainly made by Azora Capital amounting to €2.2 million), and was partially offset by the increase in profit for the year before tax mainly due to the increase in base fees and the incentive fee relating to the Aneto Transaction.

Liquidity and Capital Resources

The Group's liquidity requirements arise primarily from its need to finance its working capital, as well as its Direct and Controlling Investments. The Group's primary sources of liquidity are the cash flows generated from its operations, along with bank and other borrowings and equity financings.

Cash flows

The table below presents a summary of the Group's consolidated cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in the Consolidated Financial Statements.

	Year ended December 31				
	2017		2016		2015
	(€'000)	*(% change from 2016)*	*(€'000)*	*(% change from 2015)*	*(€'000)*
Cash flow from operating activity	**43,243**	**123.39%**	**19,358**	**66.05%**	**11,658**
Profit / loss before tax	48,025	72.52%	27,837	32.44%	21,019
Profit adjustments	(10,671)	(1,7593.44)%	61	(101.09)%	(5,580)
Changes in working capital	10,514	(578.56)%	(2,197)	1,207.74%	(168)
Cash flow from operating activity	(4,625)	(27.08)%	(6,343)	75.56%	(3,613)
Cash flows from investment activities	**10,326**	**(278.28)**%	**(5,792)**	**(31.86)**%	**(8,500)**
Payments due to investment	(3,397)	(59.75)%	(8,440)	(5.25)%	(8,908)
Proceeds from disposals	13,723	(418.24)%	2,648	549.02%	408
Cash flows from financing activities	**(11,833)**	**(20.28)**%	**(14,843)**	**547.04**%	**(2,294)**
Proceeds and payments relating to financial liability instruments	(11,833)	(20.28)%	(14,843)	547.04%	(2,294)
Net increase/(decrease) in cash and cash equivalents	**41,736**	**(3,368.29)**%	**(1,277)**	**(247.80)**%	**864**
Cash and cash equivalents at the end of the period	50,652	468.10%	8,916	(12.53)%	10,193

Cash flow from operating activity

Cash inflow from operating activity increased by €23.9 million, or 123.39%, to €43.2 million in the year ended December 31, 2017 from €19.4 million in the year ended December 31, 2016 primarily due to an increase in Hispania's base fees as well as the incentive fee resulting from the Student Accommodation Transaction.

Cash inflow from operating activity increased by €7.7 million, or 66.05%, to €19.4 million in the year ended December 31, 2016 from €11.7 million in the year ended December 31, 2015 primarily due to the increase in profit for the year before tax which is mainly related to the revenues obtained as a result of the incentive fee in relation to the Aneto Transaction, and partially offset by the increase in staff costs as a consequence of the increase in the average number of employees (from an average of 328 employees in the year ended December 31, 2015 to an average of 355 employees in the year ended December 31, 2016) and staff costs related to the incentive fee relating to the Aneto Transaction.

Changes in working capital

Cash inflow from changes in working capital increased by €12.7 million, or 578.56%, to €10.5 million in the year ended December 31, 2017 from an outflow of €2.2 million in the year ended December 31, 2016 primarily due to an increase in trade and other payables relating to the taxes related to the Student Accommodation Transaction amounting to €20.8 million (€7.5 million in 2016).

Cash outflow from changes in working capital increased by €2.0 million, or 1,207.74%, to €2.2 million in the year ended December 31, 2016 from €0.2 million in the year ended December 31, 2015, primarily due to an increase in trade and other receivables due to an increase in the Hispania base fee.

Cash flows from investment activities

Cash inflow from investment activities increased by €16.1 million, or 278.28%, to €10.3 million in the year ended December 31, 2017 from an outflow of €5.8 million in the year ended December 31, 2016. Cash outflow from investment activities decreased by €2.7 million, or 31.86%, to €5.8 million in the year ended December 31, 2016, from €8.5 million in the year ended December 31, 2015.

In the year ended December 31, 2017, cash inflow from investment activities primarily related to the proceeds from the disposals undertaken in the Student Accommodation Transaction, and partially offset by payments related to the acquisition of shares in Carey and Azora Europa. In the year ended December 31, 2016, cash outflow from investment activities was mainly attributable to payments for the acquisition of shares in Hispania and Carey, as well as costs relating to investment in IT (namely, implementation of SAP HANA in Azzam) amounting to €1.9 million. This outflow was partially offset by the proceeds from the disposal of shares in Carey. In the year ended December 31, 2015, cash outflow from investment activities mainly related to the acquisition of shares in Carey.

Cash flows from financing activities

Cash outflow from financing activities decreased by €3.0 million, or 20.28%, to €11.8 million in the year ended December 31, 2017 from €14.8 million in the year ended December 31, 2016. Cash outflow from financing activities increased by €12.5 million, or 547.04%, to €14.8 million in the year ended December 31, 2016, from €2.3 million in the year ended December 31, 2015.

In the year ended December 31, 2017, cash outflow from financing activities mainly related to the payment of a dividend amounting to €13.2 million, which was partially offset by a drawdown a credit facility and the repayment of Colón Viviendas mortgage loans amounting to €1.4 million. In the year ended December 31, 2016, cash outflow from financing activities was mainly attributable to the payment of dividends amounting to €11.6 million (recorded as "Dividends and returns on other equity instruments paid" in the Group's consolidated cash flow statement, which includes dividend payments mainly made by Azora Capital amounting to €4.2 million) and debt repayment with credit institutions amounting to €3.3 million. In the year ended December 31, 2015, cash outflow from financing activities was mainly related to the payment of dividends amounting to €3.0 million (recorded as "Dividends and returns on other equity instruments paid" in the Group's consolidated cash flow statement, which includes dividend payments mainly made by Azora Capital amounting to €2.2 million).

Borrowings

The table below presents a breakdown of the Group's current and non-current loans and borrowings as at the dates indicated.

	As at December 31 (€'000)		
	2017	**2016**	**2015**
Non-current bank borrowings	**5,233**	**6,381**	**5,984**
Credit policies	-	347	-
Bank loans	5,233	6,034	5,984
Current bank borrowings	**3,374**	**859**	**4,506**
Credit policies	2,999	494	4,161
Bank loans	375	365	345

Bank loans

In the year ended December 31, 2013, the Group acquired the right to use four promotions through the investee company Colón Viviendas, which it maintains in "Investment Property" in the consolidated statement of financial position, together with the subrogated loans that the selling party had contracted with a financial entity.

As at December 31, 2017 and 2016, bank loans amounted to €5.6 million and €6.4 million, respectively, of which €5.2 million were classified as non-current liabilities in the consolidated statement of financial position and €0.4 million were classified as current liabilities in accordance with their 2017 maturity. Colón Viviendas receives operating subsidies to pay for the interest on loans to finance homes under the public protection regime. These subsidies are credited to the consolidated statement of profit or loss as the expenses financed accrue. In the year ended December 31, 2017, subsidies were recognized in the amount of €41 thousand (€49 thousand in 2016) and presented as a reduction of finance costs in the consolidated statement of profit or loss.

In addition, subsidies received associated with the financing of the principal of the debts with credit institutions also originating from qualified housing development loans amounted to €0.2 million and €0.1 million in 2017 and 2016, respectively, and were recognized as "Other operating income" in the consolidated statement of profit or loss.

Bank loans earn interest tied to IRPH (reference index of mortgage loans). As at December 31, 2017, the effective interest rate was 1.73%.

Credit policies

In 2016, the Group signed a bank loan through the company RESA for an amount of €0.7 million, which reaches maturity on July 11, 2019. As a result of the sale of RESA on December 1, 2017 as part of the Student Accommodation Transaction, the loan is no longer included in the Group's credit policy profile.

As at December 31, 2017, the Group had four credit policies amounting to €11.5 million, which were drawn down in the amount of €3.0 million.

The Group's credit policies earn interest tied to Euribor plus margin.

The maturity calendar of the borrowings as at December 31, 2017, 2016, 2015 is as follows:

	As at December 31 (€'000)		
	2017	**2016**	**2015**
At 1 year	3,374	859	4,506
At 2 years	380	372	353
At 3 years	387	1,151	361
More than 3 years	4,466	4,858	5,270
Total	**8,607**	**7,240**	**10,490**

All Group debts with credit institutions the Group had as at December 31, 2017 accrue a market interest rate.

The costs accrued from the debts with credit institutions in 2017, 2016 and 2015 amounted to €60 thousand, €59 thousand and €99 thousand, respectively, and were recognized as "Finance cost" in the consolidated statement of profit or loss.

Contingent liabilities

The Group's contingent liabilities relate to a loan and a credit policy granted to companies of Azzam Vivienda and Azzam Gestión, respectively, in respect of which Azora Capital, one of the Group companies, acts as a guarantor. As at December 31, 2017, these amounted to €0.8 million (€0.8 million in the year ended December 31, 2016, €0.9 million in the year ended December 31, 2015). As of January 8, 2018, a credit policy for a maximum amount of €0.3 million has been canceled.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

The tables below presents a simplified summary of the Group's investments, acquisitions and divestments for the periods indicated.

Alignment Capital Investments

Investments accounted for by using the equity method, as well as the result attributable to the Group, as at December 31, 2017, 2016 and 2015 are detailed below.

Balance at December 31, 2017	**Investments accounted by using the equity method**	**Income from companies carried by the equity method**
	(€'000)	
Lazora S.I.I, S.A.	8,487	1,161
Azora Europa I, S.A.	1,632	(607)
Carey Cologne Value Added, GmbH & CO	23	11
Encasa Cibeles, S.L.	3,707	64
Hispania Activos Inmobiliarios SOCIMI, S.A.	17,706	2,389

Carey Value Added, S.L.	13,478	142
Total	**45,033**	**3,160**

Balance at December 31, 2016	**Investments accounted by using the equity method**	**Income from companies carried by the equity method**
	(€'000)	
Lazora S.I.I, S.A.	7,173	150
Azora Europa I, S.A.	1,713	(1)
Encampus Residencia de Estudiantes, S.A.	2,106	-
Carey Cologne Value Added, GmbH & CO	12	2
Encasa Cibeles, S.L.	3,909	61
Hispania Activos Inmobiliarios SOCIMI, S.A.	15,394	3,308
Carey Value Added, S.L.	11,049	(2)
Total	**41,356**	**3,518**

Balance at December 31, 2015	**Investments accounted by using the equity method**	**Income from companies carried by the equity method**
	(€'000)	
Lazora S.I.I, S.A.	7,157	399
Azora Europa I, S.A.	1,776	200
Encampus Residencia de Estudiantes, S.A.	2,106	-
Carey Cologne Value Added, GmbH & CO	10	(1)
Encasa Cibeles, S.L.	4,011	11
Hispania Activos Inmobiliarios SOCIMI, S.A.	9,133	666
Carey Value Added, S.L.	11,929	4,832
Total	**36,122**	**6,107**

Direct and Controlling Investments

The Group's Direct and Controlling Investments portfolio is measured at fair value. It is comprised of investment properties and other rights in rem. An asset located in Guadalmina, Málaga owned by Beach Guadalmina Playa Parque del Sol, S.L. was sold in 2017. The capital gain amounting to €0.4 million was recognized under "gains or losses on disposal of non-current assets".

	Colón Viviendas SOCIMI, S.A.	**Beach Guadalmina Playa Parque del Sol, S.L.**
	(€'000)	
Balance at January 1, 2015	**25,340**	**-**
Additions	12	-
Additions by change in scope of consolidation	-	3,076
Change in fair value of investment property and others	363	-
Balances at December 31, 2015	**25,715**	**3,076**
Additions	8	-
Changes in fair value of investment property and others	(3,303)	(60)
Balances at December 31, 2016	**22,420**	**3,016**
Additions	4	-
Disposals	-	(2,956)
Changes in fair value of investment property and others	36	(60)
Balances at December 31, 2017	**22,460**	**-**

"Other rights in rem" are recognized as assets purchased as surface rights. These assets are detailed in the table below and correspond to Colón Viviendas, located in the city of Barcelona.

Asset name	Location	Date of acquisition	Maturity date	Surface (*square meters*)
Manuel Sancho	Barcelona	08/02/2013	10/24/2077	4,631
Paseo Urrutia	Barcelona	08/02/2013	03/20/2077	3,708
Sagrera	Barcelona	08/02/2013	05/02/2077	3,408
Travesia de les Corts	Barcelona	08/02/2013	05/02/2077	2,622

Off-balance sheet arrangements

For information regarding the Group's commitments and contingent liabilities, see "*Contingent Liabilities*". For additional information regarding the Group's operating lease commitments, see Note 12, *Leasing*, of the 2017 Consolidated Financial Statements. The Group, through Azora Gestión (as investment manager), has an unaccrued incentive fee under the Hispania Investment Manager Agreement. In its consolidated financial statements as of and for the year ended December 31, 2017, Hispania recorded a provision of €95.0 million in respect of the Azora Gestión incentive fee. For more information, see "*Selected Financial and Operating Data—Off-balance sheet item*".

In addition, the total amounts of bank guarantees in favor of one of the Group companies, for a complementary guarantee to the deposits received from lessees, amounted to approximately €21,000, €26,000 and €39,000 as at December 31, 2017, 2016 and 2015, respectively.

Quantitative and Qualitative Disclosures about Market Risks

The following discussion summarizes the Group's market risks. It is difficult to accurately predict changes in economic or market conditions and to anticipate the effects of such changes on its financial performance and business operations. For a description of the Group's management of credit, liquidity, market and tax risks, see Note 5, *Financial risk management*, of the 2017 Consolidated Financial Statements.

Credit Risk

Credit risk is defined as the risk of financial loss that the Group faces if a client or third party does not satisfy its contractual obligations. The Group is exposed to credit risk from the operating activities, which are mainly related to management and property services. Such operating performance is monitored very closely by the Group as a result of its deep knowledge of the Investment Vehicles managed. Furthermore, and related to real estate investments (Colón Viviendas), the Group's credit risk arises from the risk of non-payment of rents contracted with tenants. The Group manages this risk through careful selection of contractual parties, through the contracts predicating advance payment of rents and through requiring legal and other financial guarantees that cover potential non-payment of rent. In general, the Group maintains its cash and equivalent liquid assets in financial institutions with high credit ratings.

Liquidity Risk

Liquidity risk is defined as the risk related to difficulties the Group may face in satisfying its obligations related to financial liabilities that are settled by the payment of cash or other financial assets. The Group manages liquidity risk prudently, based on maintaining sufficient liquidity to satisfy its obligations when they are due, both under normal and stress conditions, without incurring unacceptable losses or risking the reputation of the Group. Working capital (defined as current assets *less* current liabilities) for the years ended December 31, 2017, 2016 and 2015 was €40.7 million, €15.6 million and €8.3 million, respectively.

Market Risk

The Group's stakes in Investment Vehicles are exposed to developments in the real estate market in the areas where their assets are located. Market risk also encompasses the exposure of the Group's liquid assets and financial debt to interest rate risk, which may have an adverse effect on its financial results and cash flows.

Tax Risk

Tax risk is the risk associated with changes in the tax legislation applicable to the Group. Furthermore, the Group has tax risk associated with the required approval of the distribution of income obtained by Colón Viviendas as a dividend, which is eligible for the special tax regime for Listed Real Estate Investment Companies (SOCIMI), in the year ended December 31, 2015. If the shareholders' meeting does not approve the distribution of dividends proposed by the board of directors, Colón Viviendas is not in compliance and therefore shall by taxed under the general tax regime and not the regime that applies to SOCIMIs. Total taxes payable by the Company for the year ended December 31, 2017 amounted to €15.9 million, with €12.5 million expected to be paid in the first half of 2018 and the remaining €3.4 million to be paid in July 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Except as otherwise indicated, the Group's financial information included in this Prospectus has been prepared and presented in accordance with IFRS-EU.

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see Note 2, Bases for the presentation of the financial statements and consolidation principles, of the 2017 Consolidated Financial Statements.

The preparation of financial statements requires the Group's management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within the Group's financial statements represent good faith assessments of the Group's future performance for which the Senior Management Team believes there is a reasonable basis.

These estimates and assumptions represent the Group's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Group's actual future results, performance and achievements to differ materially from those forecasted.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures ("**APMs**") to provide additional information which facilitates the comparability of its financial information. The most significant APMs that the Group uses are as follows:

Net Asset Value ("NAV")

The Company calculates the Group's NAV as follows: total equity *less* non-controlling interests *plus* deferred tax liabilities from investment properties under IAS40.

	Year ended December 31		
	(€'000)		
	2017	**2016**	**2015**
Total Equity	**103,328**	**77,266**	**67,437**
Non-controlling interests	(18,266)	(19,410)	(19,068)
Deferred tax liabilities from investment properties under IAS40	1,876	1,840	2,346
NAV Group Total	**86,938**	**59,696**	**50,715**

The Group's NAV increased by €27.2 million or 45.63% to €86.9 million in the year ended December 31, 2017 from €59.7 million in the year ended December 31, 2016, mainly due to the profit for the year from continuing operations and partially offset by the interim dividend.

The Group's NAV increased by €9.0 million or 17.71% to €59.7 million in the year ended December 31, 2016 from €50.7 million in the year ended December 31, 2015, mainly due to the profit for the year from continuing operations and partially offset by the interim dividend.

The Company considers NAV to be a useful performance measure because it provides important infrastructure to measure the performance of the Group's value at a specific point in time, as well as between periods.

Gross Asset Value ("GAV")

The Company calculates the Group`s GAV as follows: the aggregate market value of the real estate assets in which the Group holds a Direct and Controlling Investment. This calculation is obtained through appraisals typically performed by an independent expert. For the years ended December 31, 2017, 2016 and 2015, the Group's GAV was calculated only in relation to the Direct and Controlling Investments segment.

	Year ended December 31		
	(€'000)		
	2017	**2016**	**2015**
Colón Viviendas SOCIMI, S.A.	**22,460**	**22,420**	**25,715**
Travesera de les Corts	4,660	4,620	6,456
Sagrera	5,400	5,400	6,088
Urrutia	6,700	6,700	7,349
Manuel Sancho	5,700	5,700	5,822
Beach Guadalmina Playa Parque del Sol, S.L.	**-**	**3,016**	**3,076**
Beach Guadalmina Playa Parque del Sol, S.L.	-	3,016	3,076
Total Group GAV	**22,460**	**25,436**	**28,791**

The Group's GAV decreased by €3.0 million or 11.70% to €22.5 million in the year ended December 31, 2017 from €25.4 million in the year ended December 31, 2016 due to the sale of Beach Guadalmina Playa Parque del Sol, S.L. investment property.

The Group's GAV decreased by €3.4 million or 11.65% to €25.4 million in the year ended December 31, 2016 from €28.8 million in the year ended December 31, 2015 due to a decrease in the fair value of the Group's Direct and Controlling Investments (Colón Viviendas) related to the shift in the year ended December 31, 2016 to the RICS Valuation - Professional Standards of Great Britain and the International Valuation Standards published by the International Valuation Standards Committee from the order ECO/805/2003, amended by order EHA/3011/2017.

The Company considers GAV to be a useful performance measure because it provides information on the market value of the Direct and Controlling Investment Activity.

Assets under management

The Company calculates assets under management based on Total GAV (principally based on appraisals by independent experts in accordance with the RICS and ECO methodologies) of the assets it manages. As of December 31, 2017, the Group had €4.4 billion of assets under management (including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017). The Group had €4.1 billion of assets under management as of December 31, 2016, and increase of 14.51% as compared to €3.6 billion of assets under management (excluding Aneto, for which there were no related base fees) as of December 31, 2015. For more information regarding the Group's assets under management, see "*Business*".

The following table sets forth the Group's assets under management at the beginning and end of each year of the periods indicated.

	As at December 31		
	(€'000)		
	2017	**2016**	**2015[(3)]**
Lazora, S.I.I., S.A.	868,475	926,159	935,147
Azora Europa I, S.A.	246,600	260,700	269,482
Carey Value Added, S.L.	283,161	389,305	390,548
Colón Viviendas SOCIMI, S.A.	22,460	22,400	25,705
Encasa Cibeles, S.L.	155,001	171,441	183,953
Selección de Inmuebles, S.L.	28,756	147,276	180,176

	As at December 31		
	(€'000)		
	2017	2016	2015[(3)]
Témpore Properties SOCIMI, S.A.	175,458[20]	-	-
Student Residence Investment Companies	-	149,605	151,014
Encampus Residencia de Estudiantes, S.A.	-	41,544	33,722
Hispania Activos Inmobiliarios SOCIMI, S.A[(1)].	2,658,990	2,007,990	1,425,220
Total assets under management at end of period	**4,438,901**	**4,116,420**	**3,594,967**
Total assets under management at beginning of period	**4,116,420**	**3,594,967**	**2,623,635**
Average assets under management during the period	**4,337,848**	**4,023,073**	**3,018,986**
Management fees as a percentage of average assets under management during the period[(2)]	**1.07%**	**1.07%**	**1.28%**

Notes:

(1) Including the acquisition by Hispania of the Alúa hotel portfolio for €165 million and the Barceló Marbella hotel for €19 million, each agreed as of December 31, 2017 and completed as of February 28, 2018, as if such acquisitions had been completed as of December 31, 2017.

(2) Only base fees considered.

(3) Excluding Aneto.

The Group's management fees as a percentage of average assets under management (comprising base fees) during the period were 1.07%, 1.07%, and 1.28% for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively.

The Group's management fees as a percentage of average assets under management (comprising base fees) for the year ended December 31, 2017 were consistent with its management fees as a percentage of average assets under management compared with the year ended December 31, 2016 due to the constant increase of assets under management and management fees during both periods.

The Group's management fees as a percentage of average assets under management (comprising base fees) decreased in the year ended December 31, 2016 as compared with the year ended December 31, 2015 due to the change made in the structure of Hispania's base fee calculation during the 2016 financial year.

The Company considers assets under management to be a useful performance measure since it provides information on the market value of the assets it manages and the total volume of assets that it manages.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")

The Company calculates the Group's EBITDA as follows: profit from operations *less* (i) changes in fair value of investment property, (ii) gains or losses on disposals of non-current assets, (iii) excessive provisions *plus* depreciation and amortization charges and impairment losses recognized.

		Year ended December 31		
		(€'000)		
		2017	2016	2015
Profit from operations		**36,639**	**23,515**	**14,458**
Changes in fair value of investment property	(*less*)	36	(3,303)	363
Gains or losses on disposals of non-current assets	(*less*)	414	-	-
Excessive provisions	(*less*)	-	-	37
Depreciation and amortization charge and impairment losses recognized[(1)]	(*plus*)	1,206	1,107	861
EBITDA		**37,395**	**27,925**	**14,919**

Notes:

(1) "Depreciation and amortization charge and impairment losses recognized" is recorded as a loss in the consolidated statement of profit or loss.

[20] As per the valuation of the assets as of September 30, 2017.

The Group's EBITDA increased by €9.5 million, or 33.91%, to €37.4 million in the year ended December 31, 2017 from €27.9 million in the year ended December 31, 2016 mainly as a result of the evolution of the revenues and cost base of the Group.

The Group's EBITDA increased by €13.0 million or 87.18% in the year ended December 31, 2016, to €27.9 million from €14.9 million in the year ended December 31, 2015 due to an increase in profit from operations as a result of evolution of the revenues and cost base of the Group.

The Group considers EBITDA to be a meaningful performance measure because it provides information for analyzing profitability by approximating the operating flows that generate cash. It is also a measure that is widely used by the investment community in appraising companies' performance. It is also used by rating agencies and the creditor community to evaluate leverage and interest coverage by comparing EBITDA with an entity's net debt and debt service obligations.

Adjusted Performance Result

The Company calculates Adjusted Performance Result as follows: EBITDA *plus* Alignment Capital Investment Activity net result.

	Year ended December 31		
	(€'000)		
	2017	**2016**	**2015**
EBITDA	**37,395**	**27,925**	**14,919**
Alignment Capital Investment Activity profit for the year from continuing operations	12,012	4,080	6,330
Adjusted Performance Result	**49,407**	**32,005**	**21,249**

The Group's Adjusted Performance Result increased by €17.4 million, or 54.37%, to €49.4 million in the year ended December 31, 2017 from €32.0 million in the year ended December 31, 2016 mainly due to an increase in EBITDA as a result of the evolution of revenues and the cost base of the Group and the result of the divestment in Encampus recorded in the Alignment Capital Investment Activity.

The Group's Adjusted Performance Result increased by €10.8 million or 50.62% in the year ended December 31, 2016, to €32.0 million from €21.3 million in the year ended December 31, 2015 mainly due to an increase in EBITDA as a result of the evolution of revenues and the cost base of the Group.

The Group considers Adjusted Performance Result to be a meaningful performance measure because it provides information for analyzing profitability by approximating the operating flows that generate cash including Alignment Capital Investment Activity.

EBITDA Margin

The Company calculates the Group's EBITDA Margin as follows: EBITDA *divided by* total revenues.

	Year ended December 31		
	(€000, unless otherwise indicated)		
	2017	**2016**	**2015**
EBITDA	**37,395**	**27,925**	**14,919**
Revenue	77,612	63,940	39,403
EBITDA Margin	**48.18%**	**43.67%**	**37.86%**

The Group's EBITDA Margin in the years ended December 31, 2017, 2016 and 2015 were 48.18%, 43.67% and 37.86%, respectively.

The Group's EBITDA Margin increased by 4.51% to 48.18% in the year ended December 31, 2017 from 43.67% in the year ended December 31, 2016 mainly due to an increase in EBITDA, as explained above.

The Group's EBITDA Margin increased by 5.81% to 43.67% in the year ended December 31, 2016 from 43.67% in the year ended December 31, 2016 mainly due to an increase in EBITDA, as explained above.

The Group considers EBITDA Margin to be a meaningful measure to assess operational performance of the business and, in some instances, as a relative measure to compare the performance of the business to the performance of a set of comparators previously defined.

Adjusted Performance Result Margin

The Company calculates the Group's Adjusted Performance Result Margin as follows: Adjusted Performance Result *divided by* total revenue.

	Year ended December 31 (*€000, unless otherwise indicated*)		
	2017	**2016**	**2015**
Adjusted Performance Result	**49,407**	**32,005**	**21,249**
Revenue	77,612	63,940	39,403
Adjusted Performance Result Margin	**63.66%**	**50.05%**	**53.93%**

The Group's Adjusted Performance Result Margin in the years ended December 31, 2017, 2016 and 2015 was 63.66%, 50.05% and 53.93%, respectively.

The Group's Adjusted Performance Result Margin increased by 13.60%, to 63.66% in the year ended December 31, 2017 from 50.05% in the year ended December 31, 2016 mainly due to an increase in EBITDA, as explained above, which was slightly higher than the increase in revenues during the same year.

The Group's Adjusted Performance Result Margin decreased by 3.87%, to 50.05% in the year ended December 31, 2016 from 53.93% in the year ended December 31, 2016 mainly due to an increase in EBITDA, as explained above, which was slightly lower than the increase in revenues during the same year.

The Group considers Adjusted Performance Result Margin to be a meaningful measure to assess operational performance of the business, including the Alignment Capital Investment Activity and, in some instances, as a relative measure to compare the performance of the business to the performance of a set of comparators previously defined.

Revenues like-for-like

The Company calculates revenues like-for-like for the purposes of making a fair comparison among its segment revenues for each of the periods presented, taking into consideration only those revenues that were generated during the three years presented and by removing the impact of revenues generated from one-off transactions.

	Year ended December 31 (*€'000*)		
	2017	**2016**	**2015**
Revenues	**77,612**	**63,940**	**39,403**
Incentive fees relating to Aneto Transaction	-	(20,134)	-
Base fees relating to Student Accommodation Transaction[(1)]	-	(686)	(623)
Incentive fees relating to Student Accommodation Transaction[(1)]	(30,283)	-	-
Revenues like-for-like	**47,329**	**43,120**	**38,780**

Notes:

(1) Homogenization of the Student Accommodation Transaction accounted for on December 1, 2017. One month of income corresponding to the 2016 and 2015 financial years has been eliminated so that each of the periods indicated reflect eleven months of management fees.

The Group's revenues like-for-like increased by €4.2 million or 9.76% to €47.3 million in the year ended December 31, 2017 from €43.1 million in the year ended December 31, 2016 mainly due to the increase in base fees.

The Group's revenues like-for-like increased by €4.3 million or 11.19% to €43.1 million in the year ended December 31, 2016 from €38.8 million in the year ended December 31, 2015 mainly due to the increase in base fees.

The Group consider revenues like-for-like to be a useful performance measure because it measures its ability to generate recurring revenues considering a constant perimeter. The perimeter was not changed during the years ended December 31, 2015, 2016 or 2017.

Funds From Operations ("FFO")

The Company calculates the Group's FFO as follows: EBITDA *plus* Finance income *less* Finance cost *plus* or *less* Net exchange differences *plus* cash generated by the Alignment Capital Investment Activity (*less* finance income and expenses) *less* income tax paid *less* current corporate tax. The Company uses FFO as a measure of the ability of the Group to generate cash flows from operations.

	Year ended December 31 (€'000)		
	2017	**2016**	**2015**
EBITDA	**37,395**	**27,925**	**14,919**
Finance income	1,402	300	264
Finance cost	(108)	(159)	(202)
Net exchange differences	(103)	81	(16)
Cash generated by Alignment Capital Investment Activity(1)	9,501	2,536	-
Income tax paid	(4,720)	(6,698)	(3,685)
Current corporate tax(2)	(3,233)	(577)	(746)
Funds From Operations	**40,134**	**23,408**	**10,534**

Notes:

(1) In 2017, corresponds to the proceeds relating to the disposal of the Group's 7.65% stake in Encampus amounting to €9.9 million, of which €0.4 million was pending collection as at December 31, 2017 and in 2016, corresponds to the sale of shares in Carey realized in the year ended December 31, 2016.

(2) Public finance debtors *less* public finance creditors. See Note 14, *Public administrations and tax situation*, of the 2017 Consolidated Financial Statements and Note 15, *Public administrations and tax situation*, of the 2016 and 2015 Consolidated Financial Statements.

The Group's FFO increased by €16.7 million or 71.45% to €40.1 million in the year ended December 31, 2017 from €23.4 million in the year ended December 31, 2016 mainly due to the increase in asset management revenues relating to the Student Accommodation Transaction incentive fee, the increase in Hispania base fees and the inflow relating to the disposal of Encampus.

The Group's FFO increased by €12.9 million or 122.21% to €23.4 million in the year ended December 31, 2016 from €10.5 million in the year ended December 31, 2015 mainly due to an increase in asset management revenues relating to the Aneto Transaction incentive fee and an increase in base fees relating to Hispania.

The Company believes that FFO is a meaningful supplemental measure of the operating performance of the Group's business because it takes into consideration the ability of the Group to generate cash in the regular course of the business (financial and operating income and expenses).

Gross financial debt

The Company calculates the Group's gross financial debt as follows: bank loans *plus* credit policies accounted for in the Group's statement of financial position.

	Year ended December 31 (€'000)		
	2017	**2016**	**2015**
Non-current bank borrowings	**5,233**	**6,381**	**5,984**
Bank Loans	5,233	6,034	5,984
Credit policies	-	347	-
Current bank borrowings	**3,374**	**859**	**4,506**
Bank Loans	375	365	345

	Year ended December 31 (€'000)		
	2017	**2016**	**2015**
Credit policies	2,999	494	4,161
Gross financial debt	**8,607**	**7,240**	**10,490**

The Group's gross financial debt increased by €1.4 million, or 18.88%, to €8.6 million in the year ended December 31, 2017 from €7.2 million in the year ended December 31, 2016. This increase was primarily due to an increase in credit facilities drawn through.

The Group's gross financial debt has decreased by €3.3 million or 30.98% in the year ended December 31, 2016 to €7.2 million from €10.5 million in the year ended December 31, 2015 due to a reduction in credit facilities drawn down.

The Company considers gross financial debt to be a useful performance measure because it measures the Group's financial position with respect to its aggregate financial debt obligations and is necessary for the calculation of leverage magnitudes.

Adjusted net financial debt

The Company calculates the Group's adjusted net financial debt as follows: gross financial debt *less* cash and cash equivalents *less* dividend distributions not paid.

	Year ended December 31 (€'000)		
	2017	**2016**	**2015**
Gross financial debt	**8,607**	**7,240**	**10,490**
Cash and cash equivalents	50,652	8,916	10,193
Net financial debt	*(42,045)*	*(1,676)*	*297*
Dividend distributions not paid[1]	(25,000)	-	-
Adjusted net financial debt	**(17,045)**	**(1,676)**	**297**

Notes:

(1) Distribution made in February 2018.

The Group's adjusted net financial debt decreased by €15.4 million to negative €17.0 million in the year ended December 31, 2017 from negative €1.7 million in the year ended December 31, 2016, mainly due to the collection of the incentive fee relating to the Student Accommodation Transaction in December 2017 as well as the recurrent cash flow generated by the Investment Management Activity and partially offset by a dividend distribution made in February 2018.

The Group's adjusted net financial debt decreased by €2.0 million to negative €1.7 million in the year ended December 31, 2016 from €0.3 million in the year ended December 31, 2015 mainly due to the decrease in gross financial debt as explained above and due to the decrease in cash and cash equivalents, which mainly relate to payments of dividends by the Group amounting to €11.6 million (recorded as "Dividends and returns on other equity instruments paid" in the Group's consolidated cash flow statement, which includes dividend payments mainly made by Azora Capital amounting to €4.2 million).

The Company considers adjusted net debt to be a meaningful performance measure because it measures the Group's net financial position with respect to its net financial debt obligations. It is also a metric that is widely used by investors to analyze companies' net leverage, and by rating agencies and creditors to assess net debt.

MANAGEMENT AND BOARD OF DIRECTORS

Spanish corporate law is mainly regulated by Royal Legislative Decree 1/2010 approving the restated text of the Spanish Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the "**Spanish Companies Act**"), which is the principal legislation under which the Company operates. In order to adapt the Company to the corporate good governance requirements and to practices of listed companies, the Board of Directors, at its meeting held on March 23, 2018, approved the regulations that govern the Board of Directors (the "**Board of Directors Regulations**") and approved the Internal Code of Conduct in the Securities Markets, which will become effective upon Admission. Additionally, on March 23, 2018 the shareholders of the Company amended the Company's bylaws and approved a new restated text thereof and the regulations that govern the General Shareholders' Meeting (the "**General Shareholders' Meeting Regulations**"). Likewise, on March 23, 2018 the shareholders of the Company acknowledged the approval of the Board of Directors Regulations, as well as the Internal Code of Conduct in the Securities Markets approved by the Board of Directors.

Board of Directors

Spanish corporate law provides that a Spanish incorporated company's board of directors is responsible for the management, administration and representation of the company in all matters concerning its business, subject to the provisions of such company's bylaws (*Estatutos Sociales*), except for those matters expressly reserved for the general shareholders' meetings.

The Company's bylaws and the Board of Directors Regulations provide for a Board of Directors that consists of between five and fifteen members. The Board of Directors currently consists of eight (8) members. According to the bylaws and the Board of Directors Regulations, the Company's Directors are elected by the General Shareholders' Meeting (shareholders have the right to appoint a number of Directors in proportion to their shareholding in the Company provided that vacancies exist) to serve for a maximum term of four years and may be re-elected to serve for an unlimited number of terms of the same duration (save that no Independent Director can serve for more than twelve years and still be considered as independent). If a Director does not serve out his or her term, the Board of Directors may fill the vacancy by co-opting a replacement Director to serve until the next General Shareholders' Meeting. If the vacancy occurs once the General Shareholders' Meeting has been convened and before the meeting has been held, the Board of Directors may appoint a Director to serve until the next General Shareholders' Meeting. Any natural or legal person may serve on the Board of Directors, except for persons specifically prohibited by applicable law, the Company's bylaws or the Board of Directors Regulations. A Director may be removed from office by the shareholders at a General Shareholders' Meeting, even if such removal is not included in the agenda for that General Shareholders' Meeting.

According to Spanish law, the Board of Directors Regulations and the Company's bylaws, the Chairman of the Board of Directors and, where appropriate, the Vice-Chairman, who acts as Chairman in the event of the Chairman's absence or incapacity, shall be elected from among the members of the Board of Directors. Pursuant to Article 529 septies of the Spanish Companies Act, applicable upon Admission, and to the Board of Directors Regulations, if the Chairman is an Executive Director, a Coordinating Director shall be appointed from among the Independent Directors. Since the Company's Chairman is an Executive Director, Mr. Juan María Nin Génova has been appointed from among the Independent Directors as the Coordinating Director. The Coordinating Director shall have the power (i) to chair the Board of Directors in the absence of the Chairman or Vice-Chairmen, as the case may be, (ii) to echo the concerns of Non-Executive Directors of the Board of Directors, (iii) to be in contact with company shareholders and institutional investors to hear their opinions, in particular with reference to corporate governance, (iv) to coordinate the Chairman's succession plan, (v) to request the call of the meetings of the Board of Directors, (vi) to include new items on the agenda of the meetings, (vii) to coordinate Non-Executive Directors and (viii) to lead, if necessary, the regular evaluation of the Chairman of the Board of Directors. The Secretary and, where appropriate, the Vice-Secretary of the Board of Directors do not need to be Directors, in which case they will have right to voice their views but not the right to vote decisions.

In addition, pursuant to the Company's Board of Directors Regulations, and with a view to achieving the highest possible efficiency and optimising their management, Directors must tender their resignation to the Board of Directors and the Board of Directors may accept such resignation, at its discretion, under the following circumstances: (i) when the relevant Director ceases to hold the executive officer position to which such Director's appointment to the Board of Directors was related; (ii) when the participation of such Director on the Board of Directors is contrary to applicable law for reasons of ineligibility or incompatibility; (iii) when such

Director has been indicted for an allegedly criminal act or is subject to a disciplinary proceeding for serious or very serious misdemeanor by supervisory authorities; (iv) when the Director's participation on the Board of Directors may be contrary to the Company's interests or when the reasons for such Director's appointment cease to exist, such as where a Director represents a shareholder that has sold its shares or where a shareholder disposes of a part of its shareholding which requires the removal of one or more of its nominated Directors in proportion to such disposal; (v) when there is a significant change in the professional standing of the Director or in the conditions by virtue of which the Director was appointed; or (vi) when for reasons attributable to the Director, the continued participation of that Director on the Board of Directors may, in the opinion of the Board of Directors, damage the value of the Company's equity or reputation.

The Board of Directors is responsible for the Company's management and establishes, among other things, the Company's strategic, accounting, organizational and financing policies. In addition, and further to any other matters as may be provided by law, the Company's bylaws or the Board of Directors' Regulations, the following matters cannot be delegated under any circumstances by the Board of Directors: a) supervising the effective operation of any Committees established or the performance of any delegated bodies or managers it may have nominated; b) determining the Company's general policies and strategies; c) authorizing a waiver of the obligations arising from the duty of loyalty in accordance with the provisions of article 230 of the Spanish Companies Act; d) its own organization and functioning; e) drafting the financial statements and presenting them to the General Shareholders' Meeting; f) drafting any type of report required from the Board by law, assuming that the operation to which the report refers cannot be delegated; g) nominating or removing managers who report directly to the Board or to any of its members, as well as establishing the basic conditions of their contracts, including remuneration; h) decisions relating to Directors' remuneration, within the statutory framework and, when relevant, to the Remuneration Policy approved by the General Shareholders' Meeting; i) calling the General Shareholders' Meeting and preparing the agenda and resolutions proposals; and j) the policy relating to treasury stock; k) any powers that the General Shareholders' Meeting has vested to the Board of Directors, unless the board has explicitly authorized that they may be sub-delegated.

In addition, listed companies' Boards of Directors cannot delegate the decision on the following specific matters: a) approval of the strategic or business plan, annual management objectives and budget, investment and finance policies, corporate liability policy and the dividend policy; b) establishment of the risk control and management policy, including financial and the supervision of the internal information and control systems; c) establishment of the company and group's corporate governance policy, its organization and functioning and, in particular, the approval and amendment of its own regulations; d) approval of the financial information that, pursuant to its listed nature, the company must periodically make public; e) definition of the structure of the group of companies of which the company is the parent entity; f) approval of all types of investments and transactions that, due to their high quantity or special characteristics, are of a strategic nature or have special tax risk, unless their approval falls under the General Shareholders' Meeting's authority; g) approval of the creation or acquisition of shares in special purpose entities or registered in countries or territories considered tax havens, in addition to any other transaction or operation of a similar nature that, due to its complexity, may undermine the transparency of the company and its group; h) approval, following a report from the Audit Committee, of any operations the company or companies in the group perform with directors, pursuant to Articles 229 and 230 of the Spanish Companies Act, or with significant shareholders, either individually or jointly with others, of a significant share, including shareholders represented by proxy in the board of directors of the company or other companies that form part of the same group, or with persons related to them—directors affected, who represent, or who are related to shareholders affected, must abstain from participating in the deliberations and voting on the relevant resolutions. Transactions may only be exempt from this approval if they have all three of the following characteristics: (i) they are performed under contracts whose conditions are standardized and applied *en masse* to a large number of clients; (ii) they are performed at prices or rates generally established by the supplier of the relevant goods or services; and (iii) their quantity does not exceed one percent of the company's annual income. Under urgent and duly justified circumstances, decisions relating to the previous matters may be adopted by the delegated bodies or persons, which must be ratified in the first Board of Directors' meeting held after the adoption of the decision.

The Company's bylaws and the Board of Directors Regulations provide that the Chairman of the Board of Directors may call a meeting whenever he or she considers such a meeting necessary or suitable. The Chairman of the Board of Directors is also required to call a meeting at the request of at least one third of the members of the Board of Directors or, where applicable, at the request of the coordinating Independent Director. According to the Company's bylaws and the Board of Directors Regulations, the Board of Directors shall meet at least quarterly, in compliance with the Spanish Companies Act. However, the Board of Directors of the Company may meet more frequently, in line with the recommendations of the Corporate Governance Code (*Código de*

Buen Gobierno), approved by the CNMV in February 2015 (the "**Corporate Governance Code**"). The Company's bylaws and the Board of Directors Regulations provide that the majority (half plus one) of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) shall be present or represented in order to constitute a quorum. Except otherwise provided by law or specified in the Company's bylaws, resolutions of the Board of Directors shall be passed by an absolute majority of the Directors attending a meeting, whether personally or by proxy. In case of a tie, the Chairman has a casting vote. The Company's bylaws and the Board of Directors Regulations do not contain any special majorities to pass any resolution different from those that are established by the legislation in force as of the date of this Prospectus.

According to the Spanish Companies Act, Directors may contest resolutions passed by the Board of Directors or by any other management body, within thirty days of their adoption. Similarly, such agreements may be contested by any shareholder or shareholders who, in the case of listed companies, represent 0.1% of the share capital, within thirty days of becoming aware of said resolutions and provided not more than one year has elapsed since their adoption. The causes, processing and effects of these challenges shall be subject to the same provisions as established to challenge resolutions of the General Shareholders' Meeting (see "*Description of Share Capital - Shareholders' Meetings and Voting Rights"*), with the special provision that, in this case, they shall also be processed for breach of the Board of Directors' Regulations.

Directors

The table below shows the composition of the Board of Directors as of the date of this Prospectus, which is composed by eight Directors, four of whom are Independent Directors, three are Executive Directors and one is other external Director:

Name	Age	Title	Member of Board of Directors since	Terms expires	Category / status
Mr. Fernando Gumuzio Iñíguez de Onzoño	60	Executive Chairman	April 5, 2018	April 5, 2022	Executive
Ms. María Concepción Osácar Garaicoechea	71	Vice-Chairwoman	April 5, 2018	April 5, 2022	Executive
Mr. Juan Antonio del Rivero Bermejo.......................	62	Director	April 5, 2018	April 5, 2022	Executive
Mr. Juan María Nin Génova	65	Coordinating Director	April 5, 2018	April 5, 2022	Independent(1)
Mr. Mariano Puig Guasch	62	Director	April 5, 2018	April 5, 2022	Independent
Mr. Juan Colombas Calafat	55	Director	April 5, 2018	April 5, 2022	Independent
Mr. Eloy Domínguez-Adame Cobos	76	Director	April 5, 2018	April 5, 2022	Independent(2)
Mr. Francisco Félix Rodríguez Magdaleno	44	Director	April 5, 2018	April 5, 2022	Other External(3)

Notes:

(1) Mr. Juan María Nin has been a non-executive director of Azora Capital from December 19, 2014 until April 5, 2018 where he tendered his resignation as director and as Chairman of the Audit and Control Committee of Azora Capital. In addition, Mr. Juan María Nin has not received any type of remuneration from Azora Capital additional to the remuneration received as director in his capacity as such.

(2) Mr. Eloy Domínguez-Adame Cobos has been a non-executive director and chairman of the Board of Directors of the Company from November 20, 2003 until June 2013. In addition, he has been a non-executive director of Azora Capital from June 25, 2013 until April 5, 2018 where he tendered his resignation.

In addition, Mr. Eloy Domínguez-Adame Cobos has been a director of the Investment Vehicle Azora Europa from February 15, 2007 until March 20, 2013 where he tendered his resignation as director and member of the Investment Committee of Azora Europa. In addition, Mr. Eloy Domínguez-Adame Cobos has been a director and chairman of the Board of Directors of the Investment Vehicle Lazora from October 22, 2003. On May 27, 2004 he was appointed as member of the Investment Committee of Lazora. On June 2013, Mr. Eloy Domínguez-Adame Cobos resigned from his positions. Mr. Eloy Domínguez-Adame Cobos has not received any type of remuneration from Azora Europa and Lazora in addition to the remuneration received in his capacity as director. In addition, Mr. Eloy Domínguez-Adame Cobos was not appointed director in such Investment Vehicles upon the proposal of Azora.

(3) In accordance with article 529 *duodecies* of the Spanish Companies Act, Mr. Francisco Félix Rodríguez Magdaleno qualifies as an "other external Director" to the extent that it does not qualify as an "Independent Director (given the past and current relationship between Canepa and the Group)", a "Proprietary Director" or an "Executive Director" for the purposes of Spanish corporate regulations. However, should Canepa finally subscribe for new ordinary shares in the Company pursuant to the indication of interest that it has provided in relation to the Offering (see "*Business—General overview*"), the category of Mr. Francisco Félix Rodríguez Magdaleno will be reassessed and moved to that of a Proprietary Director.

The Executive Chairman has been delegated certain faculties (with powers of substitution in favour of other Executive Directors and members of the Management Team) in relation to the Company's business and, in particular, regarding any investment and/or divestments decisions not exceeding €30 million.

The non-director Secretary of the Board of Directors is Mr. Rafael Ortiz de Solórzano Cubillo.

All members of the Board of Directors designate the Company's registered address as their professional address for the purpose of this Prospectus.

Biographical information

Biographical information for each of the current members of the Board of Directors, including a brief description of each Director's business experience and education, is presented below.

Fernando Gumuzio Íñiguez de Onzoño

Founding partner of the Group, member of the Board of Hispania

Previously, Fernando was Chief Executive responsible for Asset Management, Private Banking and Insurance of Grupo Santander while being member of its Management Committee, as well as a Director of several companies of Grupo Santander. He has also been a Director of the Caixa Gral Bank, Chairman of the Board of Directors of Sample Test (clinical analysis laboratory and diagnosis services in Spain and Portugal), Executive Vice-Chairman of Corporación Eólica CESA (renewable energy company), Chairman of Transmol Logística (hydrocarbons logistics and natural gas management company) and Independent Board Member of Cortefiel and Zeltia.

Fernando has a law and economics degree from Deusto University.

Concha Osácar Garaicoechea

Founding partner of the Group, member of the Board of Hispania.

Trustee of the ICO Foundation (Official Credit Institute), member of the Advisory Board of Think Tank Institución Futuro, member of the Editorial Board of the Vocento Group, member of the Governing Board of APD (Association of the management progress) and Fellow of the Royal Institution of Chatered Surveyors.

Previously, Concha was Vice President and CEO of Santander Central Hispano Activos Inmobiliarios and President of Banif Inmobiliaria S.A. as well as President of INVERCO (Association of Collective investment institutions and Pension Funds) and Board Member of Caja Navarra.

Concha has a degree in law from Universidad Autónoma Madrid, an MBA from the Instituto de Empresa and a PDG IESE from Universidad de Navarra.

Juan Antonio del Rivero Bermejo

Managing Partner and Chairman of the Board of Directors of Azora Capital

Juan is Director and Member of the Advisory Board (Consejo Asesor) of Uría Menéndez, Member of the Investment Committee for Alternative Investments of and Senior Adviser to Omega Capital. He has been an Independent Board Member of Cortefiel and Sigla (VIPS Group).

Prior to joining the Group in May 2012, he worked for 23 years at Goldman Sachs, becoming Head of Investment Banking for Spain and Portugal, Head of Marketing for Europe (1994), Chairman for Spain and Portugal and Partner from 2002. During this time, Goldman Sachs became one of the leading investment banks in Spain, taking the lead role in privatizations, banking and corporate finance and mergers and acquisitions. Prior to joining Goldman Sachs, he led the Asset Management Department of Banco Santander de Negocios for two years and was executive director at Banco Chase Manhattan in Madrid and London between 1980 and 1987.

Juan has a law degree from Deusto University.

Juan María Nin Génova

Independent Director of the Company

Juan María is also member of the Board of Directors of different companies such as Société Générale, Día Group and AZVI. He is also Operating Partner of Corsair, Senior Advisor of Permira, CBRE and Cap Gemini. Member of the Board of Directors of Deusto University, ESADE Business School and *Círculo de Empresarios*. In the past, he has been member of the Board of Directors of companies such as Gas Natural, Repsol, Cepsa, Inbursa (Mexico), Erste Bank (Austria) and BPI (Portugal). Within the Group, Juan María has served as non-executive director of Azora Capital.

He worked for more than 6 years at Caixa Group (2007 – 2014), as Deputy Chairman and CEO. Prior to joining CaixaBank, he was Managing Director of Banco Sabadell (2002 – 2007) and, before that, General Manager at Banco Santander Central Hispano, being member of its Management Committee. Between 1978 and 1980 he was Project Manager for the Spanish Minister in charge of conducting the negotiations for the accession of Spain to the European Community.

Juan María has a Law and Economics degree from Deusto University and a Master in Laws from the London School of Economics and Political Sciences (London). He has been awarded with the *Gran Cruz de la Orden del Mérito Civil* and written several books.

Mariano Puig Guasch

Independent Director of the Company

Mariano holds an MSc in Chemical Engineering by the Chemical Institute of Sarria (IQS). He completed an MBA at IMD Business School in Lausanne, and worked in Marketing and Sales at the Puig Group in London, New York and then Paris.

In 1991 he was appointed President and CEO of Paco Rabanne in Paris and five years later held the position of Co-CEO of Puig Group and the Presidency of Nina Ricci Group until 2002 also from Paris. In that year, he returned to Barcelona as CEO of Isdin, and was appointed executive Chairman of the Board in 2016.

Since 2001 he is member of the board of Bank Degroof Petercam Spain, becoming Vicepresident in 2010. He also is member of the Trustee Board at the Chemical Institute of Sarria (IQS), in Barcelona, former member of the board of the TNC (National Theater of Catalonia), since 2010 member of Board of Trustees of FPdGi (Princess of Girona Foundation), since 2013 member of the International Advisory Council of Brookings Institution (Washington), since 2012 member of Barcelona Global, becoming President in 2014, and Honorary President since 2016 and since 2015 treasurer and member of the MACBA Foundation.

Juan Colombas Calafat

Independent Director of the Company

Juan has experience as banking Director and Executive having held senior positions at Banco Santander SA and Lloyds Banking Group Plc, two of Europe's largest banking groups. From 2011 Juan has served as Chief Risk Officer at Lloyds Banking Group and in 2017 he was appointed Chief Operating Officer of the group. He is a member of the Lloyds Banking Group's board since 2013. Previously, from 1986 to 2011, he has held numerous positions at Banco Santander in the investment, commercial and retail divisions, with focus on risk management. He has extensive experience in all aspects of banking and risk management, as well as in banking mergers, acquisitions and divestments, governance, strategic development and alignment of risk appetite with the applicable strategy, among other experience.

Juan holds a degree in Industrial Chemical Engineering from Madrid Polytechnic University, a degree in financial management from ICADE and completed a MBA from the Instituto de Empresa (IE).

Eloy Domínguez-Adame Cobos

Independent Director of the Company

Eloy is a Board member of Unicaja Banco, S.A.

Within the Group, he has been member of the Board of Directors of different companies, including non-executive director of companies managed by the Group including Azora Altus, Azora Capital, Lazora, Azora Europa I and Azora Europa II.

Eloy served as Vice-President (1997-2003) and Managing Director (1997-2003) of Grupo Dragados, S.A., the most important Spanish construction company at the time.

He has also served as a Board member of various listed companies including Urbis, S.A., Aurea, S.A., Concesionaria de Infraestructuras, S.A., Sevillana de Electricidad, S.A., Autopistas del Mare Nostrum, S.A., and Control y Aplicaciones, S.A., as well as other non-listed companies including TYPSA or Urbaser, S.A., Intecsa-Uhde, S.A., Incro, S.A., Cobasa, S.A., Geocisa, S.A., Intecsa, S.A., Dravo, S.A.

He is a Senior Civil Engineer by the Universidad Politécnica de Madrid.

Francisco Félix Rodríguez Magdaleno

Other External Director of the Company

Francisco Félix is an indirect shareholder, co-founder and Director of Canepa. Mr. Rodriguez is a co-founder of Canepa Global Managers SCS, a specialised investor in asset management firms based in Luxembourg with interests in a number of asset managers globally. Mr. Rodriguez is a partner and Director of other Canepa-affiliated entities.

Prior to joining Canepa affiliates in 2009, Francisco Félix served as Head for the Americas at Santander Private Banking in Miami, where he was responsible for providing oversight to the marketing team covering Latin America. Prior to joining Santander Private Banking in 2003, Francisco Félix served as Regional Director of the Pension and Insurance Business of Banco Santander in Latin America, where he was a Member of the Board of Directors of a number of Pension and Insurance companies of the Santander Group in Latin America. Prior to that, Francisco Félix served as a member of the Corporate Finance team of Banco Santander and Banco Central Hispano, and began his career in 1996 as an attorney with Uria & Menendez law firm in Madrid.

Francisco Félix has a Degree in Economics and Business Sciences and a Law Degree from Universidad Pontificia de Comillas (ICADE E-3) and completed a Corporate Leadership Program at IESE.

Rafael Ortiz de Solórzano Cubillo

Secretary of the Board of Directors of the Company.

Rafael is founding partner of Avest Abogados. His main area of practice is Corporate Law and M&A. He also holds Secretary positions in other relevant companies.

He has a broad experience advising domestic companies and family offices; as well as coordinating multi-jurisdictional transactions (Argentina, Germany, the Netherlands, the UK, USA, among others).

Before founding Avest Abogados, he worked for more than 14 years practicing at the national Law Firm well known Melchor de las Heras (currently, CMS' Albiñana y Suárez de Lezo), as senior associate, and, before that, at Hervada & Klingenberg, as partner.

Rafael obtained a Law degree from Universidad Complutense de Madrid (1981) and has postgraduate studies conducted at the IE Instituto de Empresa (1982) and at the Universidad Complutense de Madrid (EU Law Speciality) (1985).

Directors' managerial positions and shareholdings

The table below sets out all entities (except Group companies, those family-owned asset-holding companies not relevant for the Company or other merely instrumental non-operative companies not relevant for the Company) in which the members of the Board of Directors have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings (excluding non-significant shareholding interests held in listed companies different to any of the listed Investment Vehicles managed by the

Group) at any time during the five year period preceding the date of this Prospectus, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities. Shareholding positions of the Directors in the Investment Vehicles managed by the Group are set out in "*Related Party Transactions - Shareholdings of Directors and the Senior Management Team of the Company in Investment Vehicles*".

Director's managerial positions

Director	Company	Position/Title	Sector	In office
Ms. Concha Osácar Garaicoechea	Azora Europa I, S.A.[1]	Director	Real Estate	Yes
	Ave Este, S.L. [7]	Director	Real Estate	Yes
	Azora Europa II, S.A. [2]	Director	Real Estate	No
	Hispania Activos Inmobiliarios SOCIMI, S.A. [1]	Director	Real Estate	Yes
	Bay Hotels & Leisure SOCIMI, S.A. [4]	Director	Real Estate	Yes
	Lazora SII, S.A. [1]	Director	Real Estate	Yes
	Residencias de Estudiantes, S.L. (previously Residencias de Estudiantes, S.A.) [3]	Director	Real Estate	No
	Siresa Salmantina, S.A. [6]	Director	Real Estate	No
	Carey Value Added, S.L. [1]	Director	Real Estate	Yes
	Baztán Consultores, S.L.	Director	Holding company	Yes
	Siresa Campus, S.L. (previously Siresa Campus SII, S.A.) [2]	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Valenciana, S.A. [6]	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes de Navarra, S.A. [6]	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Hispalense, S.A. [6]	Director	Real Estate	No
	Encampus Residencias de Estudiantes, S.L. (previously Encampus Residencias de Estudiantes, S.A.) [2]	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Euskadi, S.A. [6]	Director	Real Estate	No
	Siresa Campus Noroeste, S.L. [6]	Director	Real Estate	No
	Viding Fitness, S.L.	Representative of a Director	Fitness	No
	Hispania Fides, S.L. [4]	Director	Real Estate	No
	Siresa Carolus Magnus, S.A. [6]	Director	Real Estate	No
	Lazora Alojamientos, S.L. [8]	Director	Real Estate	No
	Siresa Barcelonina, S.A. [6]	Director	Real Estate	No
	Carey Property, S.L. [5]	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Granadina, S.A. [6]	Director	Real Estate	No
	Siresa Hernán Cortes, S.A. [6]	Director	Real Estate	No
	Siresa Domus, S.A. [6]	Director	Real Estate	No
	Siresa Cervantina, S.A. [6]	Director	Real Estate	No
	Siresa Noroeste, S.A. [6]	Director	Real Estate	No
	Siresa Europea, S.A. [6]	Director	Real Estate	No
	Siresa Tarragonina, S.A. [6]	Director	Real Estate	No
	Siresa Nova, S.A. [6]	Director	Real Estate	No
	Herome Inversiones 2011, S.L.	Director	Energy	Yes
Mr. Fernando Gumuzio Íniguez de Onzoño	Hispania Activos Inmobiliarios SOCIMI, S.A. [1]	Director	Real Estate	Yes
	Bay Hotels & Leisure SOCIMI, S.A. [4]	Director	Real Estate	Yes
	Lazora SII, S.A. [1]	Director	Real Estate	Yes

Director	Company	Position/Title	Sector	In office
	Encasa Cibeles, S.L. (1)	Director	Real Estate	Yes
	Encampus Residencias de Estudiantes, S.L. (formerly Encampus Residencias de Estudiantes, S.A) (2)	Director	Real Estate	No
	Residencias de Estudiantes, S.L. (previously Residencias de Estudiantes, S.A.) (3)	Director	Real Estate	No
	Ecovent Parc Eolic, S.A.	Director	Energy	Yes
	Energías Ambientales de Outes, S.A.	Director	Energy	Yes
	Azora Europa I, S.A. (1)	Director	Real Estate	Yes
	Carey Value Added, S.L. (1)	Director	Real Estate	Yes
	Canepa Green Energy España, S.A.	Director	Energy	Yes
	Ave Este, S.L. (7)	Director	Real Estate	Yes
	Hermanos Bécquer 10, S.L.	Joint and Several Director	Holding company	Yes
	Green Energy Noroeste, S.L.	Director	Energy	Yes
	Ibernia Iniciativa S.C.R. de régimen simplificado, S.A.	Representative of a Director	Holding company	Yes
	Científica Inversión Pentavalor, S.L.	Representative of a Director	Sanitary equipment	Yes
	Siresa Campus, S.L. (previously Siresa Campus SII, S.A.) (2)	Director	Real Estate	No
	Corporación Eólica CESA, S.A.	Director	Energy	Yes
	Sociedad Inversora en Residencias para Estudiantes Valenciana, S.A. (6)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes de Navarra, S.A. (6)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Hispalense, S.A. (6)	Director	Real Estate	No
	Zenova Zeltia, S.A.	Director	Sanitary equipment	No
	Genómica, S.A.	Director	Sanitary equipment	No
	Siresa Campus Noroeste, S.L. (6)	Director	Real Estate	No
	Banco Caixa Geral, S.A.	Director	Finance	No
	Taper Servicio Técnico, S.L.	Director	Sanitary equipment	No
	Hispania Real SOCIMI, S.A. (4)	Director	Real Estate	No
	Hispania Fides, S.L. (4)	Director	Real Estate	No
	Siresa Carolus Magnus, S.A. (6)	Director	Real Estate	No
	Siresa Barcelonina, S.A. (6)	Director	Real Estate	No
	Lazora Alojamientos, S.L. (8)	Director	Real Estate	No
	Carey Property, S.L. (5)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Granadina, S.A. (6)	Director	Real Estate	No
	Azora Europa II, S.A. (2)	Director	Real Estate	No
	Siresa Domus, S.A. (6)	Director	Real Estate	No
	Siresa Cervantina, S.A. (6)	Director	Real Estate	No
	Siresa Noroeste, S.A. (6)	Director	Real Estate	No
	Siresa Noroeste, S.A. (6)	Director	Real Estate	No
	Siresa Taragonina, S.A. (6)	Director	Real Estate	No
	Siresa Gironina, S.A. (6)	Director	Real Estate	No
	Siresa Nova, S.A. (6)	Director	Real Estate	No
	Aguake Capital, S.A. (former Grupo Taper, S.A.)	Director	Sanitary Equipment	Yes
Mr. Juan Antonio del Rivero Bermejo	Bay Hotels & Leisure SOCIMI, S.A. (2)	Director	Real Estate	No
Mr. Mariano Puig	ISDIN, S.A.	Non executive	Pharma	Yes

Director	Company	Position/Title	Sector	In office
Guasch		chairman		
	Bank Degroof Petercam Spain	Vicepresident	Finance	Yes
	Barcelona Global	Honorary president and member of the executive committee	Non-profit	Yes
	Quaestor investments SICAV, S.A.	Member of the Board	Finance	Yes
	Pharmaderm, S.L.	Director	Pharma	Yes
	Laboratorios Barcino, S.L.	Director	Pharma	Yes
	Betlan, S.L.[9]	Director	Real Estate	Yes
	Bescaran 2000, S.L.[9]	Director	Real Estate	Yes
	MACBA Foundation	Treasurer	Art	Yes
Mr. Juan Colombas Calafat	International Financial Risk Institute	Vice Chairman	Research	No
	Lloyds Banking Group Plc.	Executive Director	Finance	Yes
	Lloyds Bank	Executive Director	Finance	Yes
	Bank of Scotland Plc.	Executive Director	Finance	Yes
Mr. Eloy Domínguez-Adame Cobos	Unicaja Banco, S.A.	Director	Finance	Yes
	Técnica y Proyectos, S.A.	Director	Engineering	No
	Lazora SII, S.A. [1]	Director	Real Estate	No
	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) [3]	Director	Real Estate	No
	Azora Europa I, S.L. [1]	Director	Real Estate	No
	Azora Europa II, S.A. [2]	Director	Real Estate	No
	Guadalmina Beach, S.A.	Director	Leisure	No
	Siresa Campus, S.L. (previously Siresa Campus SII, S.A.) [2]	Director	Real Estate	No
Mr. Juan María Nin Génova	Société Générale	Member of the board of directors	Finance	Yes
	Distribuidora Internacional de Alimentación, S.A.	Member of the board of directors	Retail	Yes
	Grupo de Empresas Azvi, S.L.[9]	Member of the board of directors	Real Estate	Yes
	Corsair Capital LLC	Operating Partner[11]	Private Equity	Yes
	Caixabank, S.A.	Executive vice chairman and CEO	Finance	No
	Segurcaixa Holding, S.A.	Member of the board of directors	Insurance	No
	Repsol, S.A.	Member of the board of directors	Oil&Gas	No
	Gas Natural SDG, S.A.	Member of the board of directors	Oil&Gas	No
	ERSTE Group Bank AG	Member of the board of directors	Finance	No
	Banco Portugués de Investimento, S.A.	Member of the board of directors	Finance	No
	Grupo Financiero Inbursa	Member of the board of directors	Finance	No
Mr. Francisco Félix Rodríguez Magdaleno[10]	Insparo Asset Management, Ltd.	Director	Asset management	Yes
	CAM-Brasil Partnership, Participaçoes S.A.	Director	Asset management	Yes

Director	Company	Position/Title	Sector	In office
	Canepa Management Ltd.	Director	Asset management	Yes
	Canepa European Activist Holdings, S.á r.l.	Director	Asset management	Yes
	Canepa International, S. á r.l. (SPF)	Director	Asset Management	Yes
	Canepa Management GP COOP, S.A	Director	Asset management	Yes
	Canepa Management (Suisse), S.A.	Director	Investment advisory	Yes
	Canepa Advanced Healthcare Partners, Ltd.	Director	Asset management	Yes
	Kite Lake Capital, Ltd.	Director	Asset management	Yes
	Canepa Green Energy España, S.L.	Director	Energy	Yes
	Energías Ambientales de Outes, S.A.	Director	Energy	Yes
	Ecovent Parc Eolic, S.A.	Director	Energy	Yes
	Hermes Growth Partners Limited	Director	Asset management	Yes
	Alantra EQMC Asset Management SGIIC, S.A.	Director	Asset management	Yes
	Carey Value Added, S.L. (1)	Director	Real Estate	Yes
	Carey Property, S.L. (5)	Director	Real Estate	No
	CGM Partners, S.á r.l.	Director	Asset management	Yes
	Canepa Iberia Holdings, S.á r.l.	Director	Holding company	Yes

Notes:

(1) Investment Vehicle managed by the Group.

(2) Investment Vehicle formerly managed by the Group.

(3) Former Group company.

(4) Subsidiary of Hispania, Investment Vehicle managed by the Group.

(5) Subsidiary of Carey, Investment Vehicle managed by the Group.

(6) Subsidiary of Siresa, Investment Vehicle formerly managed by the Group.

(7) Subsidiary of Azora Europa, Investment Vehicle managed by the Group.

(8) Subsidiary of Lazora, Investment Vehicle managed by the Group.

(9) No conflict of interest arises under this position.

(10) The list does not include directorship positions held by Mr. Francisco Félix Rodríguez Magdaleno in affiliates or vehicles managed or advised by the companies included in his list.

(11) The operating partner provides industry expertise, assistance and advice in monitoring investments and evaluating potential transactions.

Director's shareholdings

Director	Company	Stake	Sector
Ms. Ms. Concha Osácar Garaicoechea	Baztán Consultores, S.L.	70%	Holding company
Mr. Fernando Gumuzio Íniguez de Onzoño	Hermanos Bécquer 10, S.L.	49.98	Holding company
Mr. Mariano Puig Guasch	Puig, S.A.	9.43%	Cosmetics and perfume
	Betlan, S.L. (2)	49%	Real Estate
	Guasch Hermanos, S.A.	11%	Textile
	Guasch Capellades, S.L.	11%	Textile
Mr. Francisco Félix Rodríguez Magdaleno(1)	CAM-Brasil Partnership, Participacoes S.A.	7.697%	Asset management
	Canepa Management Ltd.	12.25%	Asset management
	Canepa European Activist Holdings, S.á	10.87%	Asset management

r.1.		
Canepa International, S. á r.l. (SPF)	12.25%	Asset management
Canepa Management GP COOP, S.A.	12.25%	Asset management
Insparo Asset Management, Ltd.	6.02%	Asset management
Canepa Management (Suisse), S.A.	12.25%	Investment Advisory
Canepa Advanced Healthcare Partners, Ltd.	12.25%	Asset management
Kite Lake Capital, Ltd.	3.06%	Asset management
Aureana Capital LLC	12.25%	Asset management
GEF Capital Partners, LLC.	4.08%	Asset management
Concise Capital Management, L.P.	6.13%	Asset management
Canepa Global Managers SCS	12.25%	Asset management
CGM Partners, S. á r.l.	25%	Asset management
Canepa XTC Holdings, Ltd.	11.03%	Asset management
Heisenberg Global Partners LLC.	12.25%	Holding company
Canepa Iberia Holdings, S.á r.l.	12.25%	Holding company

Notes:

(1) The list does not include shareholdings held by Mr. Francisco Félix Rodríguez Magdaleno in affiliates or vehicles managed or advised by the companies included in his list.

(2) No conflict of interest arises under this position.

Certain members of the Board of Directors (excluding the Executive Director, who is not shown in the table below but rather in the corresponding Senior Management Team table) have indicated to the Company their interest to subscribe, whether directly or through one of their respective controlled companies, for New Shares in the Offering for an aggregate amount of €1.05 million, corresponding to 109,147 New Shares (assuming the Indicative Offer Price as the Offer Price).

The respective indication of interests of the relevant members of the Board of Directors (excluding the Executive Directors) are detailed below:

	Indication of interest	
Name	**Euro**	**Number of ordinary shares(1)**
Mr. Juan María Nin Génova	200,000	20,790
Mr. Mariano Puig Guasch......................................	250,000	25,987
Mr. Juan Colombas Calafat....................................	100,000	10,395
Mr. Eloy Domínguez Adame.................................	500,000	51,975
Total..	**1,050,000**	**109,147**

Notes:

(1) Assuming the Indicative Offer Price as the Offer Price.

Board Committees

In compliance with the Company's bylaws and the Board of Directors Regulations, the Board of Directors has an Audit Committee (the "**Audit Committee**") and a Corporate Governance, Appointments and Remuneration Committee (the "**Corporate Governance, Appointments and Remuneration Committee**") (the Audit Committee and the Corporate Governance, Appointments and Remuneration Committee will be jointly referred to as the "**Committees of the Board of Directors**"), which are governed by the Company's bylaws and the Board of Directors Regulations.

In fulfilling their duties, the Committees of the Board of Directors are entitled to (i) access any corporate records they consider necessary; (ii) seek the cooperation and advice of members of the Directors; and (iii) retain the services of external professionals when the committee considers such services necessary to obtain advice or independent counsel which may not be adequately obtained internally.

The following is a brief description of the principal characteristics of the committees of the Board of Directors, which conforms to the Company's bylaws and the Board of Directors Regulations.

Audit Committee

The composition, responsibilities and rules of the Audit Committee are to be governed by the Company's bylaws and the Board of Directors Regulations. The Board of Directors has established an Audit Committee in compliance with Article 43 of the Company's bylaws and Article 37 of the Board of Directors Regulations. The regulations applicable to the Audit Committee are set forth in the above referenced articles.

The Audit Committee shall have at least three members, with a maximum of five members, all of whom must be Non-Executive Directors and the majority of whom must be Independent Directors and at least one of them shall be appointed taking into account his knowledge and expertise in accounting, audit or both fields.

The Chairman of the Audit Committee is appointed by the Board of Directors from among the independent members of the Committee and for a maximum period of four years. The Chairman may only be re-elected as Chairman at least one year after his or her removal, without prejudice to his or her continuation as member of the Audit Committee. The Secretary of the Audit Committee is appointed by the Board of Directors.

As of the date of the Prospectus, the members of the Audit Committee are as follows:

Name	**Category**	**Title**
Mr. Juan María Nin Génova(1)	Independent	Chairman
Mr. Mariano Puig Guasch................................	Independent	Member
Mr. Juan Colombas Calafat..............................	Independent	Member

Notes:

(1) Appointed taking into account his knowledge and expertise in accounting, audit or both fields

The Non-Director Secretary of the Audit Committee will be the Secretary of the Board of Directors.

The Audit Committee is responsible for, among other things, the following matters (together with any others that may be attributed to the Audit Committee by law, the bylaws or the Board of Directors Regulations):

(a) to inform in the General Shareholders' Meeting of the Company on issues of its competence brought up by shareholders in relation to the areas of the Audit Committee's competence;

(b) to perform an analysis and issue a prior report on the operations of structural and corporate modifications of which it may be informed about its economic conditions and accounting effect and, especially, where applicable, about the proposed exchange equation;

(c) to bring before the Board of Directors for submission by the Board of Directors to the General Shareholders' Meeting of the Company the proposed selection, appointment, re-election and replacement of the Company's external auditors and their terms of engagement, the scope of their professional mandate and, where appropriate, revocation or non-renewal; and to seek from the external auditors information on the audit plan and its execution as well as to preserve independence in the exercise of their duties;

(d) to monitor the effectiveness of the Company's internal control and its internal audit and risk management systems, including tax-risk management systems, and to monitor and to discuss with the Company's auditors any significant weaknesses detected in the internal control system during the audit;

(e) to ensure that the external auditor's compensation does not compromise his/her quality nor his/her independence;

(f) to supervise that the Company communicates as a relevant fact to the CNMV the changing of an auditor together with a statement of the eventual existence of disagreements with the outgoing auditor and, where applicable, of their contents;

(g) to ensure that the external auditor holds an annual meeting with the entire Board of Directors to inform them of the work performed and of the evolution of the accounting and risk situation of the Company;

(h) to ensure that the Company and the external auditor respect the effective standards on the provision of services different from auditing services, the restrictions on the focus of the auditor's business and, in general, other standards on the independence of auditors;

(i) to examine the circumstances that motivate the resignation of the external auditor;

(j) to ensure the independence and effectiveness of the internal auditing function and verifying the adequacy and integrity thereof, helping to support the Audit Committee in its supervision of the internal control system;

(k) to propose the selection, appointment and substitution of the person responsible for the internal auditing services; to propose the budget for such services; to approve the focus and plans of his/her work, ensuring that his/her activity is mainly focused on the relevant risks of the Company; to receive periodic information in relation to its activities and verify that the members of the Management Team take into account the conclusions and recommendations included in its reports;

(l) to act as a channel of communication between the Board of Directors and the external auditors, evaluating the results of each audit and supervising the responses of the Management Team to the recommendations of the external auditors and mediating in the event of discrepancies between the two in relation to the principles and criteria applicable in the preparation of the financial statements and, where appropriate, investigating the circumstances giving rise to the resignation of the auditors;

(m) to review, on a regular basis, the internal control and risk management systems of the Company and in particular, the correct design of the internal control system on the financial information (SCIIF), in order to duly identify, manage and give notice of the main risks;

(n) to approve the internal auditing plan for the evaluation of SCIIF and receiving regular information of the outcome of its work, as well as of the action plan for dealing with the identified deficiencies;

(o) to establish relationships with the external auditors in order to receive information about any matters that might jeopardise such auditors' independence and any other matters related to the audit process and other communications as provided in laws regarding the auditing and technical standards applied to auditing;

(p) to monitor compliance with the terms of the auditors' engagement and ensuring that the audit opinion in respect to the Company's financial statement is clearly and precisely formulated;

(q) to supervise the preparation and presentation process of the accounts and periodic financial information furnished by the Board of Directors to the securities regulatory authorities and the regulatory bodies of the stock exchanges on which the Company's ordinary shares are traded, ensuring that the Company is in compliance with the rules and regulations of such regulatory authorities and that it is correctly applying generally accepted accounting principles and reporting on any proposals for modification of the Company's accounting principles and criteria suggested by its senior management;

(r) to issue annually, prior to the audit report, a report on the independence of the external auditors;

(s) to supervise compliance with regard to related party transactions regulations. In particular, it shall ensure that the information on related party transactions is communicated to the market in compliance with applicable regulations at each given time, and inform the Board of Directors beforehand of any situations that entail or may entail conflicts of interest for the Directors and, in general, of the matters relating to related party transactions and referred to in Article 32 of the Board of Directors Regulations;

(t) to authorize the execution of investment and/or divestment transaction between Investment Vehicles managed on a discretionary basis by Group and/or vehicles owned by the Group; the foregoing without prejudice to those cases where the decision shall be submitted to the approval of the Board of Directors in accordance with the Board of Directors Regulations; and

(u) to establish and supervise the mechanisms that allow employees to confidentially communicate financial and accountancy irregularities within the Company, if applicable.

The Audit Committee is validly assembled when the majority of its members attend in person or by proxy. The resolutions of the Audit will be approved by the majority of its members attending in person or by proxy. In the event of a tie, the Chairman of the Audit Committee has a casting vote. All the agreements adopted shall be drawn-up in the minutes, which the entire Board of Directors shall be informed of, and a copy of the minutes shall be forwarded or submitted to all the members of the Board of Directors.

Corporate Governance, Appointments and Remuneration Committee

The Corporate Governance, Appointments and Remuneration Committee consist of between three and five members, all of whom must be Non-Executive Directors. Additionally, a majority of its members must be Independent Directors. The Chairman of the Corporate Governance, Appointments and Remuneration Committee, who must be an Independent Director, is elected by the Board of Directors from among the independent members of the Committee. The Secretary of the Corporate Governance, Appointments and Remuneration Committee is appointed by the Board of Directors.

As of the date of the Prospectus, the members of the Corporate Governance, Appointments and Remuneration Committee following Admission are as follows:

Name	**Category**	**Title**
Mr. Eloy Domínguez-Adame Cobos	Independent	Chairman
Mr. Juan María Nin Génova	Independent	Member
Mr. Francisco Félix Rodríguez Magdaleno	Other external	Member

The Non-Director Secretary of the Corporate Governance, Appointments and Remuneration Committee will be the Secretary of the Board of Directors.

The Corporate Governance, Appointments and Remuneration Committee is be responsible for, among other things, the following (together with any others that may be attributed to the Corporate Governance, Appointments and Remuneration Committee by law, the bylaws or the Board of Directors Regulations):

(a) to evaluate the competence, knowledge and experience required of the Directors. For those purposes, it will define the functions and necessary aptitudes in candidates to fill each vacancy, and evaluate the time and dedication necessary to perform their duties effectively;

(b) to bring before the Board of Directors the proposal of the Directors' selection policy, the proposal for the appointment, re-election and removal of Independent Directors in order for the Board of Directors to proceed to appoint them (co-optation) or take on such proposals for submission to the decision of the General Shareholders' Meeting of the Company, and to report on the proposals for appointment of the remaining Board members to be appointed by co-optation or for submission to the decision of the General Shareholders' Meeting of the Company and the proposals for re-election or removal by the General Shareholders' Meeting of the Company;

(c) to report on the appointment of the Chairman, Vice-Chairman, Secretary and Vice-Secretary of the Board of Directors;

(d) to report on the proposed appointment of the members of the Audit Committee;

(e) to report to the Board of Directors on the performance by the Chairman of his or her duties;

(f) to examine and organise the succession of the Chairman and, as the case may be, the Chief Executive Officer, and to make proposals to the Board of Directors such that the succession is done in an orderly manner;

(g) to report on the proposed appointment and removal of senior management and the basic terms of their contracts;

(h) to inform the Board of Directors, prior to the adoption of a decision, on the creation and acquisition of shares of special purpose vehicles or with domicile in countries considered tax havens, as well as any other transaction of a similar nature that, due to its complexity, might damage the transparency of the Group;

(i) to report to the Board of Directors on matters of gender diversity;

(j) to set up and supervise an annual evaluation and review programme of qualification, development and, if necessary, independence, as well as to maintain the conditions of respectability, capability, expertise, competence, availability and commitment to their duties that must be satisfied in order to serve as Director and as a member of a Committee, and propose to the Board of Directors such measures as it deems advisable in this regard, while collecting any information or documentation that it deems necessary or appropriate for such purposes;

(k) to consider the suggestions by the Chairman, the Directors, the managers or shareholders of the Company;

(l) to regularly review the Remuneration Policy of senior management and propose its modification and update to the Board of Directors;

(m) to regularly review the Directors' Remuneration Policy and to propose its modification and update to the Board of Directors to be submitted to the General Shareholders' Meeting of the Company as well as the annual remuneration of the Directors;

(n) to propose Executive Directors' annual remuneration and the remaining basic terms their contracts to be approved by the Board of Directors, including the potential compensation that could be settled in the event of early dismissal from its duties and the amounts to be paid by the Company by way of insurance premiums or contributions to saving schemes, in any case pursuant to the internal regulations of the Company and, in particular, in accordance with the Remuneration Policy approved by the General Shareholders' Meeting of the Company;

(o) to inform, prior to the approval by the competent corporate body, the remunerations established for the Independent Directors of other companies of the Group;

(p) to inform and submit to the Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer, in connection with the remuneration structure of senior management and the basic terms of their contracts, including the eventual remuneration of compensations that may be settled in the case of removal;

(q) to monitor observance of the remuneration programmes established by the Company;

(r) to report on the documents to be approved by the Board of Directors for their public disclosure in connection with the information on remuneration, including the Annual Report on Directors' Remuneration of the Directors and the Annual Corporate Governance Report of the Company; and

(s) to supervise the compliance with the internal code of conduct and the rules of corporate governance.

The Corporate Governance, Appointments and Remuneration Committee is to be convened by the Chairman of the Committee, either at his own initiative or at the request of the Chairman of the Board of Directors or of two (2) members of the Corporate Governance, Appointments and Remuneration Committee itself. The Corporate Governance, Appointments and Remuneration Committee meets each time it is convened by its Chairman, who must do so whenever the Board of Directors or the Chairman of the Board of Directors requests the issuance of a report or the adoption of proposals and, in any case, whenever expedient for the proper fulfillment of its functions.

The Corporate Governance, Appointments and Remuneration Committee is validly assembled when the majority of its members attend in person or by proxy. The resolutions of the Corporate Governance, Appointments and Remuneration Committee will be approved by the majority of its members attending in person or by proxy. In the event of a tie, the Chairman of the Corporate Governance, Appointments and Remuneration Committee has a casting vote. All the agreements adopted shall be drawn-up in the minutes, which the entire Board of Directors shall be informed of, and a copy of the minutes shall be forwarded or submitted to all the members of the Board of Directors.

Internal Committees

Besides the Board of Directors, the Company has established certain internal, non-corporate, management bodies that form part of its internal decision-making process in relation to investments, divestments and other business related decisions.

Investment Committee

Among the existing Internal Committees, the main internal management body is the Investment Committee. The Investment Committee discusses and assesses those decisions to be submitted for approval (i) to the Board of Directors of the Company, in relation to investments, divestments and/or new projects which directly involve the Company's equity, for a value exceeding €30 million; (ii) to the Executive Chairman, in relation to investments, divestments and/or new projects which directly involve the Company's equity, for a value not exceeding €30 million; and (iii) to the management bodies of the Investment Vehicles in relation to investments, divestments and/or new projects which directly involve the Investment Vehicles' equity.

The Investment Committee is composed of the Executive Directors seated at the Board of Directors of the Company and the Senior Management Team. The Investment Committee will be assisted by the Chief Financial Officer and the General Counsel of the Company who will have the right to attend but not to vote.

The meetings of the Investment Committee are chaired by the Chairman of the Board of Directors, provided that it is an Executive Director (or, failing that, by another member of the Investment Committee expressly appointed for the relevant meeting). The General Counsel of the Company will act as Secretary of the Investment Committee. The resolutions of the Investment Committee are approved by an absolute majority of its members in attendance. In the event of a tie, the Chairman of the Investment Committee will have a casting vote.

As of the date of this Prospectus, the composition of the Investment Committee is as follows:

Name	Category
Mr. Fernando Gumuzio Iñíguez de Onzoño	Chairman
Ms. María Concepción Osácar Garaicoechea	Member
Mr. Juan Antonio del Rivero Bermejo	Member
Ms. Cristina García-Peri Álvarez	Member
Mr. Javier Picón García de Leániz	Member
Mr. Jean Marc Parnier	Member
Mr. Javier Rodríguez Heredia	Member
Mr. Javier Arús Castillo	Member
Ms. Mónica Garay Írizar	Member
Mr. Carlos Fernández Araoz	Member
Ms. Maria Luisa Vara García	Secretary

Conflicts of Interest Committee

In addition to the Investment Committee, the Company has established a Conflicts of Interests Committee which is in charge, among others, of allocating to the relevant Investment Vehicles each of the investment/divestment opportunities positively assessed by the Investment Committee.

The Conflicts of Interest Committee is composed of the Executive Directors seated at the Board of Directors.

The meetings of the Conflicts of Interest Committee are chaired by the Chairman of the Board of Directors, provided that it is an Executive Director (or, failing that, by another member of the Conflicts of Interest Committee expressly appointed for the relevant meeting). The General Counsel of the Company will act as Secretary of the Conflicts of Interests Committee. The resolutions of the Conflicts of Interests Committee are approved by an absolute majority of its members in attendance. In the event of a tie, the Chairman of the Conflicts of Interests Committee will have a casting vote.

As of the date of this Prospectus, the composition of the Conflicts of Interest Committee is as follows:

Name	Category
Mr. Fernando Gumuzio Iñíguez de Onzoño	Chairman
Ms. María Concepción Osácar Garaicoechea	Member
Mr. Juan Antonio del Rivero Bermejo	Member
Ms. Maria Luisa Vara García	Secretary

Internal Control Body

The Internal Control Body has been created by the Board of Directors in compliance with Spanish anti-money laundering and terrorist financing regulations.

The Internal Control Body is composed of the Group representative before the SEPLAC (the Spanish Commission for the Prevention of Money Laundering and Monetary Offences) and a member of the Group's compliance team. The member of the Group's compliance team will document the decisions.

The formalization of the appointment of Mr. Joaquín Elola-Olaso Arraiza as the Group representative before the SEPLAC (the Spanish Commission for the Prevention of Money Laundering and Monetary Offences) is pending as of the date of this Prospectus.

Management Team

The following table lists certain the Company's Management Team as of the date of this Prospectus.

Name	Age	Title	Area	Member of Management Team since
Ms. Concha Osácar Garaicoechea	71	Founding Partner	Not applicable	November 2003
Mr. Fernando Gumuzio Iñiguez de Onzoño	60	Founding Partner	Not applicable	November 2003
Mr. Juan Antonio del Rivero Bermejo	62	Managing Partner and Chairman of Azora Capital	Not applicable	May 2012
Ms. Cristina García-Peri Álvarez	55	Managing Partner	Corporate Development	September 2011
Mr. Javier Picón García de Leániz	44	Managing Partner	Lodging	July 2004
Mr. Jean Marc Parnier	55	Managing Partner	CRE	February 2007
Mr. Javier Rodríguez Heredia	49	Managing Partner	Residential and CRE	May 2007
Mr. Javier Arús Castillo	51	Managing Partner	Lodging	July 2010
Ms. Mónica Garay Írizar	53	Managing Partner	Smart lodging	October 2010
Mr. Carlos Fernández de Araoz	54	Managing Partner	New initiatives	September 2015
Ms. María Luisa Vara García	43	General Counsel of the Group	Legal	June 2009
Mr. Joaquín Elola-Olaso Arraiza	72	Board Member of Azora Capital	Compliance	June 2004
Ms. Mar González Díez	44	Financial Director of the Group	Finance	May 2011
Mr. Aitor García Bilbao	46	CEO of Azzam Vivienda	Property Management	January 2014

Set forth below are the biographies of each of the members of the Management Team, other than those provided above:

Cristina García-Peri Álvarez

Managing Partner

Cristina García-Peri is the General Manager of Hispania and heads up Corporate Development for the Group.

Prior to joining the Group in 2011, she worked for 16 years in the investment-banking sector at both Merrill Lynch (2 years) and JP Morgan (14 years). She started her career in investment banking at J.P. Morgan, where she held various positions in the area of Mergers and Acquisitions for 4 years and for 10 years as Managing Director responsible for Corporate Equity Derivatives for Europe, the Middle East and Africa. Her last two years in investment banking took place at Merrill Lynch where, in addition to continuing to lead Corporate Equity Derivatives, she also was responsible for Equity Capital Markets for Spain and Portugal.

She is an Evo Banco Board Director and Chair of the Risk Committee, member of the C*írculo de Empresarios de España* and President of the non-for-profit organization Plan Internacional España.

Cristina has a degree summa cum laude in economic and business sciences from ICADE (Spain) and a MBA at Harvard Business School.

Javier Picón García de Leániz

Managing Partner

He was the first team member of Group in 2003. Javier has been very active within the Group, contributing to the development of the largest institutional portfolio of residential rental properties in Spain, with an investment of over €1 billion. This portfolio consists of turnkey developments and buildings acquired from large real estate developers. Javier was, as well, responsible for the property management subsidiary of the Group, in charge of the daily management of the residential portfolio.

Currently he is responsible for the Hotel Asset Management area.

Previously, he was a senior banker at Atlas Investment Bank and worked in the consulting area of PricewaterhouseCoopers.

Javier is a senior industrial engineer from the Universidad Politécnica of Madrid.

Jean Marc Parnier

Managing Partner

Jean Marc is co-head of the office segment of the Group. During his career, Jean Marc has led sales to institutional investors of nearly 200,000 sqm of retail and office space. Since joining the Group, he has led the acquisition of over 100,000 sqm of office space in Europe.

Jean Marc joined the Group in May 2007 to lead the investment and management of Azora Europa. Prior to joining the Group, Jean Marc worked during 15 years for the Bouygues Immobilier Group, (French developer). He started as regional director for Catalonia, later becoming chief executive officer for Bouygues Inmobiliaria, the subsidiary of the group for Spain and Portugal. In 2005, he was appointed chief officer for Europe of Bouygues Immobilier. He started his professional career in 1986 in the international construction company SAE.

He is graduated from École Supérieure de Commerce d'Amiens (France) and has an International Master degree from INSEAD.

Javier Rodríguez Heredia

Managing Partner

Javier joined the Group in 2007. He is the head of the residential area and leads with Jean Marc Parnier the office segment. Javier has been also leading the "special situation" transactions such as the acquisition of biggest distress corporate debt position from SAREB or the restructuring of a renewable energy company.

Prior to joining the Group, Javier had a well-balanced professional experience of 15 years across different industries, working in strategic consulting (McKinsey & Co.), in the renewable energy sector (as Business Development and International MD of Corporación Eólica CEASA) and in the automotive industry (as President of the Spanish Automotive Distribution Sector).

Javier obtained a business administration degree (major in finance) from the Colegio Universitario de Estudios Financieros (CUNEF) and an MBA from the Wharton School of Business at the University of Pennsylvania (dual major in strategy and operations).

Javier Arús Castillo

Managing Partner

Javier Arús leads the investment in the hotel segment for the different Investment Vehicles of the Group. The team conducts the analysis of potential investments, the refurbishments and the asset management.

Javier Arus has been responsible for the restructuring of the Carey fund since its management by the Group. Javier has led the acquisition of Hispania´s hotel portfolio, from March 2014 to December 2017 becoming the largest hotel owner in Spain.

Prior to joining the Group in 2010, he worked for 15 years at Banco Santander, where he held various positions in Investment Banking, Asset Management and Private Banking. In 2004, Javier was appointed Chief Executive Officer of Banco Santander Swiss and, in 2007, Chief Executive Officer of the Santander Private Banking International Division.

Javier obtained a business law degree from Universidad Pontificia de Comillas (ICADE) and an MBA from the Wharton School of Business at the University of Pennsylvania.

Mónica Garay Írizar

Managing Partner

Until December 2017, Monica was the student housing Managing Director responsible for the Group’s student accommodation asset class with more than 9,000 beds in Spain, leading the expansion, management and divestment process. Previously she started the renewal energy platform of Azora.

Prior to joining Azora in 2010, Mónica worked for 21 years in the financial sector. During that period, she was the CEO of UBS Spain for 7 years and worked for 14 years at Banco Santander where she held senior positions.

Mónica studied industrial engineering at Universidad Politécnica de Madrid and has an MBA from IESE (Universidad de Navarra).

Carlos Fernández de Araoz Gómez-Acebo

Managing Partner

Carlos joined the Group in 2015, and he is head of special transactions and new business lines of the Group.

Previously, he was partner at Baring Private Equity, fund specialized in Spanish midcaps. The invested companies had a cumulated turnover of €1,000 million and 20,000 employees. He has also been a founding partner and director of the European practice of the strategic advisory group Monitor, founded by Professor Michael Porter and now part of Deloitte consulting unit.

Carlos is a board member of various companies, including: Unitronics, Castelao and Doalca; and has also been board member of Avanza.

He is a Senior Telecommunications Engineer by the Universidad Politécnica de Madrid, and holds an MBA from the Instituto de Empresa (IE Madrid).

María Luisa Vara García

General Counsel & Coordinator of the Legal Area at the Group

Prior to joining the Group in 2009, she worked for more than 12 years practicing in national and international Law Firms, as senior associate at Uría Menendez Law Firm and, previously, as junior associate at Freshfields Bruckhaus Deringer. She focused her professional activity in Real Estate & Financial Law; as well as in Contractual & Commercial Law.

Prior to joining Azora, she advised domestic and foreign investment companies and funds in all types of operations and investment transactions, management and divestment of real estate assets.

Maria Luisa obtained a Law degree (EU Law Specialty) from Universidad Complutense de Madrid (CEU San Pablo). From 2008 to 2014, she has taught undergraduate and postgraduate studies at the Universidad Pontificia de Comillas (ICADE), combining both teaching and working activities.

Joaquín Elola-Olaso Arraiza

Board Member of Azora Capital

Director of Compliance and Risk Management

Previously, he was financial director of FEMSA and Robert Bosch Spain and Board Member of Robert Bosch Spain.

He was also general controller at Santander Central Hispano, manager controller of Grupo Santander and Board Member of different subsidiaries from Grupo Santander Central Hispano.

Joaquín has a degree in economics and business from Universidad Complutense de Madrid.

Mar González Díez

Financial Director of the Group

With more than 20 years of experience in the real estate sector, prior to joining the Group in 2011, she was manager for Deloitte in the real estate audit and consulting area, where she worked for 8 years. After that she worked at Group Reyal Urbis being appointed in 2007 Deputy General Corporate Director.

Mar González has a degree in Economics and Business Administration from ICADE.

Aitor García Bilbao

CEO of Azzam Vivienda

Since 2016, Aitor manages Azzam Vivienda, real estate property manager providing global services for the different Investment Vehicles of the Group. He was previously Financial and IT Director of RESA.

Prior to joining the Group in 2014, he worked for 15 years at Unilever, 9 of them in the Netherlands and England, in financial management and supply chain, 2 years in the Financial Management of Berge Infraestructuras and 3 years as Financial Vice President of the European University of Madrid.

Aitor has a degree in Economics and Business Administration from ICADE.

Managerial positions and shareholdings of the members of the Management Team

The tables below sets out all entities (except Group companies, those family-owned asset-holding companies not relevant for the Company or other merely instrumental non-operative companies not relevant for the Company) in which the members of the Management Team have been appointed as members of the administrative, management or supervisory bodies at any time during the five year period preceding the date of this Prospectus, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities. Shareholding positions of the Management Team in the Investment Vehicles managed by the Group are set out in "*Related Party Transactions - Shareholdings of Directors and the Senior Management Team of the Company in Investment Vehicles*".

Managerial positions

Director	Company	Position/Title	Sector	In office
Ms. Cristina García-Peri Álvarez	Hispania Activos Inmobiliarios SOCIMI, S.A. (1)	Joint and Several Administrator	Real Estate	No
	Bay Hotels & Leisure SOCIMI, S.A. (4)	Director	Real Estate	No
	Encasa Cibeles, S.L. (1)	Joint and Several Administrator	Real Estate	No
	Evo Banco, S.A.	Director	Finance	Yes
	Grupo Isolux Corsan, S.A.	Director	Infraestructure	No
	Fundación Plan Internacional España	Trustee	Non-profit	Yes
Mr. Javier Picón García de Leániz	Lazora SII, S.A. (1)	Director	Real Estate	No
	Encasa Cibeles, S.L. (1)	Joint and Several Director	Real Estate	No
	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) (3)	Director	Real Estate	No
	Armadores de Puerto Rico, S.A.U. (4)	Sole Administrator	Real Estate	Yes
	Sociedad Inversora en Residencias para Estudiantes Valenciana, S.A. (6)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes S.A. (6)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes de Navarra, S.A. (6)	Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Hispalense, S.A. (6)	Director	Real Estate	No
	Siresa Salmantina, S.A. (6)	Director	Real Estate	No
	Lazora Alojamientos, S.L. (8)	Director	Real Estate	No
	Siresa Hernan Cortes, S.A. (6)	Director	Real Estate	No
	Siresa Campus, S.L. (anteriormente Siresa Campus SII; S.A.) (2)	Secretary of the Board of Directors	Real Estate	No
	Plaza de Colón Inversiones SICAV, S.A.	Director	SICAV (Investment Activity)	Yes
Mr. Jean Marc Parnier	Azora Europa I, S.A. (1)	Director	Real Estate	Yes
	Mangareva Development, S.L.U. (4)	Joint and Several Director	Real Estate	No
	Mangareva Development, S.L.U. (4)	Representative of the Joint and Several Director	Real Estate	Yes
	Azora Europa II, S.A. (2)	Director	Real Estate	No
Mr. Javier Rodríguez Heredia	Mangareva Development, S.L.U. (4)	Joint and Several Director	Real Estate	No
	Siresa Campus, S.L. (previously Siresa Campus SII, S.A.) (2)	Director	Real Estate	No
	Desarrollos Energéticos Riojanos, S.L.	Director	Energy	Yes
	Lazora SII, S.A. (1)	Director	Real Estate	Yes
	Azora Europa I, S.A. (1)	Representative of a Director	Real Estate	Yes
	Azora Europa II, S.A. (2)	Representative of a Director	Real Estate	No
	Líneas Electricas de Galicia, S.L.	Director	Energy	Yes
	Líneas Electricas de Galicia -II-, S.L.	Director	Energy	Yes
Mr. Javier Arús Castillo	Bay Hotels & Leisure SOCIMI, S.A. (4)	Director	Real Estate	Yes
	Eco Resort San Blas, S.L.U. (4)	Sole Administrator	Real Estate	Yes

Director	Company	Position/Title	Sector	In office
	Real Estate San Miguel, S.A.U. (4)	Sole Administrator	Real Estate	Yes
	Hesperides Bay, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Later Deroser, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Hispania Hotel Management, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Hospitia, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Club de Tenis Maspalomas, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Europroyectos Pitiusos, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Topaz Eurogroup, S.L. (4)	Sole Administrator	Real Estate	Yes
	Milenial Business 21, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Sahara Propco, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Inversiones Inmobiliarias Oasis Resort, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Mar Hispana Apartamentos, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Tenerife Asset Company, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Percival Boats, S.A.U. (4)	Sole Administrator	Real Estate	Yes
	Ambar Management Company, S.L.U. (4)	Sole Administrator	Real Estate	Yes
	Carey Property, S.L. (5)	Director	Real Estate	No
	Carey Urban, S.L.U. (5)	Sole Administrator	Real Estate	Yes
	Germany Value Added I, GmbH (5)	Joint Administrator	Real Estate	Yes
	Berlin Value Added I, GmbH (5)	Joint Administrator	Real Estate	Yes
	Berlin Los Angeles Platz Value Added I, GmbH & Co. KG (5)	Representative of the Sole Administrator	Real Estate	Yes
	Cologne Holding Value Added I, GmbH (5)	Joint Administrator	Real Estate	Yes
	Cologne Value Added I, GmbH (5)	Joint Administrator	Real Estate	Yes
	Carey Cologne VA GmbH & Co. KG (5)	Representative of the Sole Administrator	Real Estate	Yes
	Belgium Management Value Added, Sprl (5)	Representative of the Joint Administrator	Real Estate	Yes
	Grand Place Value Added, S.A. (5)	Representative of the Joint Administrator	Real Estate	Yes
	Swiss Added Value I Holding, S.A. (5)	Director	Real Estate	Yes
	Kensington Hotel Value Added I Limited (5)	Representative of a Director	Real Estate	Yes
	London Value Added I Limited (5)	Director	Real Estate	Yes
	HH Operations Limited (5)	Joint Administrator	Real Estate	Yes
	USA Value Added I LLC (5)	Representative of a Director	Real Estate	Yes
	Washington Value Added I LLC (5)	Representative of a Director	Real Estate	Yes
	NYC Value Added I LLC (5)	Representative of a Director	Real Estate	Yes
	Aguake Capital, S.A. (former Grupo Taper, S.A.)	Representative of a Director	Sanitary Equipment	Yes
	Plaza de Colon Inversiones SICAV, S.A.	Director	SICAV (Investment Activity)	Yes
Ms. Mónica Garay Írizar	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) (3)	Managing Director	Real Estate	No
	Residencias de Estudiantes,S.L. (previously, Residencias de Estudiantes, S.A.) (3)	Representative of the Managing Director	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Euskadi, S.A. (6)	Secretary of the Board of Directors	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Euskadi, S.A. (6)	Director	Real Estate	No
	Siresa Salmantina, S.A. (6)	Director	Real Estate	No

Director	Company	Position/Title	Sector	In office
	Siresa Campus Noroeste, S.L. (6)	Director	Real Estate	No
	Siresa Campus Noroeste, S.L. (6)	Secretary of the Board of Directors	Real Estate	No
	Siresa Campus, S.L. (previously Siresa Capus SII, S.A.) (2)	Secretary of the Board of Directors	Real Estate	No
	Siresa Campus, S.L. (previously Siresa Capus SII, S.A.) (2)	Director	Real Estate	No
	Siresa Hernan Cortes, S.A. (6)	Director	Real Estate	No
	Ibernia Iniciativa S.C.R. de régimen simplificado, S.A.	Director	Holding company	Yes
	Desarrollos Energéticos Riojanos, S.L.	Chairman	Energy	No
	Energías Ambientales de Outes, S.A.	Director	Energy	Yes
	Ecovent Parc Eolic, S.A.	Director	Energy	Yes
	Herome Inversiones 2011, S.L.	Chairman	Energy	Yes
	Canepa Green Energy España, S.L.	Director	Energy	No
	Green Energy Noroeste, S.L.	Director	Energy	No
	Energías Alternativas Eólicas Riojanas, S.L.	Director	Energy	No
Mr. Carlos Fernández de Araoz	Avanza Externalización de Servicios, S.A.	Director	Human Resources	No
	Alantra EQMC Asset Management, S.G.I.I.C., S.A.	Director	Investment management	Yes
	Baring Private Equity Partners España, S.A. SGEIC	Director	Investment management	No
	Inversiones Doalca SOCIMI S.A.(9)	Director	Real Estate	Yes
	Inversiones Doalca SOCIMI S.A.	Secretary (non-member) of the Board of Directors	Real Estate	No
	Maricard 2000, S.L.	Joint and several administrator	Finance	Yes
	Adicoeste-Castelao, S.L.	Director	Sanitary	Yes
	Urbanhop, S.L.	Director	Transportation	Yes
	The Glam & Beauty Corporation, S.A.	Joint and several administrator	Accounting	Yes
	Atacama Investmentes & Management Services, S.L.	Liquidator	Accounting	Yes
	Atacama Investmentes & Management Services, S.L.	Director	Accounting	No
	Svenson, S.L.	Director	Cosmetics	No
	Shopnet Brokers, S.A.	Director	Technology	No
	Avamura & Partners, S.L.	Joint and several administrator	Consulting	No
	Avamura & Partners, S.L.	Joint Administrator	Consulting	No
Ms. María Luisa Vara García	Bay Hotels & Leisure SOCIMI S.A. (4)	Secretary (non-member) of the Board of Directors	Real Estate	Yes
	Encasa Cibeles, S.L. (1)	Secretary (non-member) of the Board of Directors	Real Estate	No
	Carey Property S.L. (5)	Secretary (non-member) of the Board of Directors	Real Estate	No
	Carey Value Added, S.L. (1)	Representative of the Secretary non-member of the Board of Directors	Real Estate	Yes
Mr. Joaquín Elola-Olaso Arraiza	Robert Bosch España, S.L.	Director	Technology	No

Director	Company	Position/Title	Sector	In office
	Plaza de Colón Inversiones SICAV, S.A.	Director	SICAV (Investment Activity)	Yes
Mr. Aitor García Bilbao	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) (3)	Director	Real Estate	No
	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) (3)	Secretary of the Board of Directors	Real Estate	No
	Residencias de Estudiantes, S.L. (previously, Residencias de Estudiantes S.A.) (3)	Secretary (non-member) of the Board of Directors	Real Estate	No
	Sociedad Inversora en Residencias para Estudiantes Euskadi, S.A. (6)	Secretary (non-member) of the Board of Directors	Real Estate	No
	Siresa Salmantina, S.A. (6)	Secretary of the Board of Directors	Real Estate	No
	Siresa Campus Noroeste, S.L. (6)	Vice-Secretary (non-member) of the Board of Directors	Real Estate	No
	Siresa Hernan Cortes, S.A. (6)	Secretary of the Board of Directors	Real Estate	No

Notes:

(1) Investment Vehicle managed by the Group.

(2) Investment Vehicle formerly managed by the Group.

(3) Former Group company.

(4) Subsidiary of Hispania, Investment Vehicle managed by the Group.

(5) Subsidiary of Carey, Investment Vehicle managed by the Group.

(6) Subsidiary of Siresa, Investment Vehicle formerly managed by the Group.

(7) Subsidiary of Azora Europa, Investment Vehicle managed by the Group.

(8) Subsidiary of Lazora, Investment Vehicle managed by the Group.

(9) No conflict of interest arises under this position.

Shareholdings of Senior Management Team

Except for Ms. Mónica Garay Irízar, who holds a sharehoding of 6.56% of HEROME Inversiones 2011, S.L. (conducting operations in the energy sector), none of the Senior Management Team members owns or has held shares in other companies at any time during the five-year period preceding the date of this Prospectus (except for (i) Group companies, (ii) those family-owned asset-holding companies not relevant for the Company or other merely instrumental non-operative companies not relevant for the Company, and (iii) non-significant shareholding interests held in listed companies different to any of the listed Investment Vehicles managed by the Group).

Certain members of the Senior Management Team have agreed to subscribe, whether directly or through one of their respective controlled companies, for New Shares in the Offering for an aggregate amount of €9.29 million, corresponding to 965,695 New Shares (assuming the Indicative Offer Price as the Offer Price). In this regard, the relevant members of the Senior Management Team detailed below will propose and submit the subscription proposals.

The respective subscription commitment of the relevant members of the Senior Management Team are detailed below:

	Commitment(1)	
Name	**Euro**	**Number of ordinary shares(2)**
Mr. Juan Antonio del Rivero Bermejo.............	1,290,000	134,095
Ms. Cristina García-Peri Álvarez......................	1,500,000	155,925
Mr. Javier Picón García de Leániz..........................	1,200,000	124,740

Mr. Jean Marc Parnier	1,200,000	124,740
Mr. Javier Rodríguez Heredia	1,200,000	124,740
Mr. Javier Arús Castillo	1,200,000	124,740
Ms. Mónica Garay Írizar	1,200,000	124,740
Mr. Carlos Fernández Araoz	500,000	51,975
Total	**9,290,000**	**965,695**

Notes:

(1) Hermanos Bécquer and Baztán will guarantee the payment of the loans that will be granted by one Spanish financial institution to some of the members of the Senior Management Team subscribing for New Shares.

(2) Assuming the Indicative Offer Price as the Offer Price.

Remuneration

Remuneration of Directors

According to the provisions of Article 37 of the Company's bylaws, all of the Directors will be entitled to receive remuneration in their capacity as members of the Board of Directors, which will consist of a fixed annual amount either monetary or in kind. The annual maximum amount to be distributed among the Directors as remuneration for their service on the Board of Directors shall not exceed the amount determined by the shareholders at the General Shareholders' Meeting. The Board of Directors determines for each financial year the specific amount to be received by each of its eligible members as remuneration, being able to adjust the amounts received by each of them depending on whether they are members of the delegated bodies of the Board of Directors, the positions held on such bodies, and, in general, their dedication to administrative tasks or their service to the Company. The Board of Directors is required to ensure that any such remuneration is reasonable with respect to market practice.

In addition to the foregoing, Directors will be entitled to (i) receive severance payments, provided that this is foreseen in the Remuneration Policy; and (ii) be remunerated through the delivery of shares, or through the delivery of stock option rights or through cash remuneration by reference to the value of the shares or to another variable, provided that the application of any of these remuneration systems is previously agreed by the General Shareholders' Meeting. Said agreement shall determine, where applicable, the maximum number of shares that may be assigned in each year to this remuneration system, the exercise price or the calculation system of the exercise price of the stock options, the value of the shares to be taken, if applicable, as reference and the term of the plan.

2017 Directors' remuneration

No remuneration was paid to the Directors of the Company in 2017 (Hermanos Bécquer, Baztán and Ms. María Luz Romero Caminero). Hermanos Bécquer and Baztán received €0.5 million each as remuneration as Directors of one of the subsidiaries of the Company.

Remuneration Policy and remuneration system

On April 12, 2018, the General Shareholders' Meeting of the Company approved the Remuneration Policy for the Company's Directors.

The remuneration system established thereunder is described below:

(i) Remuneration of the Directors in their capacity as such. The maximum aggregate amount of Directors' compensation in their capacity as such cannot exceed **€**1,000,000 per year for an indefinite term as long as the General Shareholders' Meeting does not approve anything to the contrary. This limit does not include (a) D&O insurance policies described below; and (b) any reimbursement of out-of-pocket travel expenses properly incurred by Directors when attending meetings of the Board of Directors or its Committees.

    The specific determination of the amount corresponding to each Director in its capacity as such corresponds to the Board of Directors, which must take into account the duties and responsibilities of each Director, membership on the Committees of the Board of Directors and, in general, their dedication to administrative tasks or their service to the Company, as well as other objective circumstances that the Board may deem appropriate.

Without prejudice to the foregoing, the Company will reimburse any documented travel expenses incurred by Directors in order to attend the meetings of the Board of Directors and of the Committees of the Board of Directors on which they serve. In addition, the Company has taken out civil liability insurance policies that protects the members of the Board of Directors from liabilities incurred as a result of actions taken in their official capacity as directors.

There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

(ii) Remuneration of the Executive Directors. The Company will be one of the few listed real estate companies with a significant investment and asset management activity. As such, the Company needs to compete effectively to retain and attract top talent from the broader real estate and asset management industry, including leading non-listed entities. This talent must be able to develop relationships with fund investors and other sources of capital, find, select and execute investments, manage and improve investment operations and provide other essential services to ensure the firm's success. To do so the Company must align its remuneration strategy to those both the industries, which include strong pay-for-performance link that balances short and long term performance, with a strong emphasis on the latter, the avoidance of excessive risk taking, a one-company culture of teamwork and shared responsibility and success and alignment of short and long term incentives with those of fund investors and the Company shareholders.

Considering the above principles, the remuneration for the Executive Directors will consist of a fixed annual amount, an annual bonus and, if accrued, long term incentives in the form of carried interest in Investment Vehicles, which may be paid either in cash or in kind in accordance with the rules described below.

Variable remuneration will take into account the Executive Director's professional performance, goals achievement at the individual level and at the Company level and shall combine objectives in the short, medium and long term so that continued performance and contribution to sustainable value creation is assessed.

Carried Interests are the predominant form of remuneration in the asset management sector and are deemed essential to achieving competitive remuneration.

In addition, the Company has taken out civil liability insurance policies that protects the Executive Directors from liabilities incurred as a result of actions taken in their official capacity as such. Furthermore, the Executive Directors may also be entitled to in-kind remuneration that the Management Team of the Company may enjoy and may also participate in the general plans set up by the Company for the acquisition of Company's shares.

2018 Directors' remuneration in their capacity as such

On April 12, 2018, the Board of Directors approved that the remuneration for directors on annual basis for 2018: (i) a fixed annual amount of €70,000 for each member of the Board of Directors; (ii) an additional €30,000 to the Chairman of the Audit Committee and €20,000 to each member of said committee; (iii) an additional €20,000 to the Chairman of the Corporate Governance, Appointments and Remuneration Committee and €15,000 to each member of said Committee; and (iv) an additional €20,000 to the Coordinating Director.

In 2018, each Director will receive such amounts in proportion to the time elapsed from Admission to December 31, 2018.

Executive Directors' services agreements

On April 12, 2018, the Company's Board of Directors approved the services agreements entered into on the same date by the Company and Mr. Fernando Gumuzio (as Executive Chairman), Ms. Concepción Osácar (as Executive Vice-Chairwoman) and Mr. Juan Antonio del Rivero (as Executive Director) to regulate the terms under which they would render their services as Executive Chairman, Executive Vice-Chairwoman and Executive Director, respectively, of the Company. These services agreements are in compliance with the Remuneration Policy of the Company.

The remuneration for the services rendered by the Executive Directors to the Company under said agreements are set out below:

(i) A base salary of €600,000 for the Executive Chairman and the Executive Vice-Chairwoman, and €300,000 for the Executive Director; and

(ii) an annual bonus capped at 400% of respective base salary, with this maximum only to be reached in certain special circumstances such as the achievement of superlative results of an extraordinary nature and further to the approval of the Board of Directors with the positive report of the Corporate Governance, Appointments and Remuneration Committee.

In 2018, each Executive Director will receive the remuneration established in their respective services agreements in proportion to the time elapsed from Admission to December 31, 2018.

The main features of the annual bonus are described below (see "*Remuneration of the Senior Management Team – Annual Bonus*").

The aforementioned remuneration is additional to the remuneration that they may potentially receive as Carried Interest beneficiaries and any other type of additional remuneration that the Company may from time to time approve.

The services agreements regulating the duties and responsibilities of each Executive Director include standard clauses in these types of agreements taking into account customary market practices.

The most significant terms and conditions of these contracts are described below.

(a) <u>Permanence, Dedication and Non-competition</u>

The agreements provide a permanence obligation whereby Executive Directors are required to remain as Executive Director of the Company for three years following Admission.

In relation to the Executive Chairman and the Executive Vice-Chairwoman, the agreements also state that, during the term thereof, they may not provide any services as employees to other companies or entities, private or public, without a prior written authorization from the Board of Directors or the General Shareholders' Meeting, as applicable.

The Executive Chairman and the Executive Vice-Chairwoman could develop activities on their own or as a non-executive board members in other companies different from the Group provided that, considering the size and nature of these activities, they do not enter into competition with the Company, do not impair their dedication to the Company, nor entail a conflict of interest or prevent a properly management of the Company.

In relation to the Executive Director, the agreement states that, during the term thereof, he may not provide any services either on his own account or as employee to other companies or entities, private or public, without a prior written authorization from the Board of Directors or the General Shareholders' Meeting, as appropriate. Notwithstanding the above, the agreement establishes certain exceptions to this requirement as long as these do not entail competition with the Company, do not impair their dedication to the Company nor imply a conflict of interest or prevent a proper management of the Company.

The agreements also provide that, upon termination, the Executive Directors may not develop any activity, directly or indirectly, which could be considered as competition of any of the activities developed by any of the legal entities of the Group. Such non-competition obligation shall expire one year following the termination of the relevant services agreement. As a result of such non-competition obligation, on the date of termination of the relevant services agreement, the Company shall pay the relevant Executive Director an amount equal to 100% of his or her base salary. Should the relevant Executive Director breach this non-competition obligation, he or she shall reimburse such amount to the Company and he or she shall indemnify it in an amount equal to the amount received plus an additional 100% of his or her base salary on the date of termination of the agreement.

(b) Prior notice and termination benefits

The Company may terminate the services agreements without cause with a six-month prior notice . For its part, the Executive Directors may also terminate the services agreement without cause with a six-month prior notice once the 3-year permanence obligation period has lapsed.

In the event of termination of the services agreements by the Company unilaterally without cause, the Company shall pay the Executive Directors an amount equivalent to two annuities of their respective base salary on the date of termination. Such indemnification shall not be payable in the event of a serious breach by the Executive Directors of their services agreements.

Furthermore, the services agreements provide that, in case of termination of the services agreement by the Executive Directors unilaterally by cause, no notice will be required and he or she will be entitled to receive an amount equivalent to two (2) annuities of the base salary, in the event of (i) substantial changes in the duties or remuneration conditions; (ii) substantial reduction, delay or failure from the Company in paying the base salary agreed; (iii) any other substantial breach of contract by the Company except in the event of *force majeure*; and (iv) a change in control of the Company, defined in accordance with as one or more investors acting in concert (as defined in Royal Decree 1066/2007, of 27 July 2007, on takeover offers, and any supplemental rules enacted thereunder or in amendment or substitution thereof from time to time) (i) acquiring more than 30 per cent. of the Company's share capital or (ii) being entitled to designate, or the facto, designate the majority of the members of the Board of Directors.

In addition, in case of (i) termination of the services agreement by the Company unilaterally without cause; (ii) termination of the services agreement by the Executive Directors unilaterally under the abovementioned causes; or (iii) in the event of death, legal disability (*incapacidad permanente, total o superior, gran invalidez*), the Executive Directors and/or their successors could receive totally or partially the annual bonus and the Carried Interests assigned to each of them and payable on the calendar year of termination date and the following calendar year.

(c) Shareholding guidelines and lock-up obligations

The Executive Chairman and the Executive Vice-Chairwoman shall permanently hold, while serving in the Company as Executive Directors and during one (1) year after termination of his or her service agreement, at least, 25% of the Company's shares respectively owned by them, directly or indirectly, on Admission (excluding the shares needed to fund the Employee Share Plan).

In addition, the Executive Chairman and the Executive Vice-Chairwoman shall not sell or transfer any of the Shares owned by them, directly or indirectly, as of Admission (excluding the shares needed to fund the Employee Share Plan), except within the following thresholds and conditions:

(i) up to 25% of the shares described above, after one year from Admission;

(ii) up to an additional 25% of the shares described above, after two years from Admission; and

(iii) up to an additional 25% of the shares described above, after three years from Admission.

On the other hand, the Executive Director shall permanently hold, while serving in the Company in such capacity, such number of Company's shares which result from investing an amount equivalent to two (2) years of his base salary, net of taxes. A maximum period of 5 years from the Admission has been granted to the Executive Director in order to allow him to reach this shareholding level.

2018 Executive Director's remuneration

For the year ended December 31, 2018, the maximum amount to be paid to the Executive Directors for the performance of their functions will amount to €7.5 million (this figure excludes any carried interest and the employee share plan, to which the Executive Director is a beneficiary). This maximum would only be reached in certain special circumstances, such as the achievement of superlative results of an extraordinary nature and with the prior approval by the Board of Directors further to a positive report of the Corporate Governance, Appointments and Remuneration Committee.

Remuneration of the Senior Management Team

The Board of Directors of the Company determines the remuneration of the Senior Management Team at the proposal of the Corporate Governance, Appointments and Remuneration Committee, based on the recommendation of the Executive Chairman (except for his own remuneration).

For the year ended December 31, 2017, the total remuneration received by the Company's Senior Management Team amounted to €14.74 million (this figure includes the remuneration paid to the Executive Director Mr. Juan Antonio del Rivero as Chairman of Azora Capital) and includes base salaries, annual bonuses for 2017 and carried interests paid in 2017.

As of the date of this Prospectus, the Company estimates that the total remuneration (consisting of base salary and annual bonus, excluding carried interests and Employee Share Plan) payable to the Senior Management Team during one complete financial year would amount to €6.4 million, at target performance, or to €14.25 million, at the maximum performance (these amounts include the remuneration for the Executive Chairman, the Executive Vice-Chairwoman and the Executive Director in their capacity as Directors performing executive functions) assuming that all the members of the Senior Management Team are in office during the full year. This maximum would only be reached in certain special circumstances, such as the achievement of superlative results of an extraordinary nature and with the prior approval by the Board of Directors further to a positive report of the Corporate Governance, Appointments and Remuneration Committee.

Annual Bonus

In order to encourage the fulfillment of the Company's financial, operational and business goals as well as the respective individual objectives of the Senior Management Team (including the Executive Directors), the Company's remuneration system includes payment of an annual bonus.

Target amounts of the annual bonus for the Senior Management Team (including the Executive Directors) will accrue in the event of full compliance of the pre-set quantitative and qualitative objectives are achieved (with quantitative objectives outweighing the qualitative). The target amount for the Executive Directors is 100% of the respective base salary.

The maximum amount to be paid as annual bonus is capped at 400% of the respective base salary, with this maximum only to be reached in certain special circumstances, such as the achievement of superlative results of an extraordinary nature and with the prior approval by the Board of Directors further to a positive report of the Corporate Governance, Appointments and Remuneration Committee.

Achievement of objectives is monitored throughout the year and evaluated at year end. For this purposes, the Corporate Governance, Appointments and Remuneration Committee will rely on the information provided by the finance internal function of the Company and by the Audit Committee. The Corporate Governance, Appointments and Remuneration Committee will adopt a holistic and rigorous approach when assessing the performance and the achievement of the objectives of the Senior Management Team.

One third of the annual bonus will be paid in shares of the Company, subject to the prior approval of the General Shareholders' Meeting, with the remaining two thirds being paid in cash. Any amount in cash will be paid net of taxes after applying the corresponding withholdings borne by each beneficiary. Shares will be delivered after payment of the relevant taxes and beneficiaries receiving shares will be subject to the following holding periods (*lock-up*):

(i) Executive Directors must hold 50% of the shares received for, at least, one year after receiving the shares and the remaining 50% for at least two years;

(ii) remaining members of the Senior Management Team must hold 25% of the shares received for, at least, one year after receiving the shares and must hold 25% for at least two years.

The Senior Management Team (including the Executive Directors) will be subject to clawback provisions for a period of up to two years after payment of the annual bonus. The clawback may be potentially applied over part or all of the net payment after taxes. Among the reasons that could trigger a clawback are the following: (i) Company losses in the two years following the payment, when such losses are attributable to negligent management decisions that took place during the performance period; (ii) downward material restatements of the Company's financial statements, when so considered by external auditors, except when such restatements are due to changes in accounting standards; or (iii) serious breach of the Company's internal regulations and policies by the relevant beneficiary.

The majority of the employees of the Group also receive amounts as annual bonus. The Company, through the Corporate Governance, Appointments and Remuneration Committee, may resolve the payment of an extraordinary bonus in 2018 to certain selected employees (among which is not the Senior Management Team) for a maximum amount of €6 million.

Carried Interest

The Company aims to provide its clients in the Investment Vehicles with superior and sustainable investment performance on a mid-to-long-term basis.

Typically, incentive fees accrue upon the exit from the Investment Vehicles (i.e. once the investment is realized) and where there has been a return for the Investment Vehicle's shareholders in excess a specified hurdle rate (i.e. when clients of such Investment Vehicles have already achieved a certain predefined minimum return, typically in line with market standards) (the "**Carried Interest**"). For more information, see "*Material Contracts*".

The link between Carried Interest and the Company's strategy is straightforward: if value creation in the Investment Vehicles is strong, investment performance for its clients should also be strong, thus leading to higher incentive fees paid to the Group and, therefore, to a higher income of the Company.

In this regard, and with a view to align the remuneration of the employees of the Group with the performance of the Investment Vehicles managed by it, Carried Interest arrangements have been established.

Carried Interest is the largest potential contributor to wealth creation for the Senior Management Team.

Current Carried Interest arrangements

As of the day of this Prospectus, there are Carried Interest arrangements in place in connection with Hispania, Encasa Cibeles and Carey Value Added.

The beneficiaries of the current Carried Interest arrangements include the Executive Directors, the Senior Management Team and certain selected employees (it is expected that there will be no more than 50 Carried Interest beneficiaries).

50% of the Carried Interest will be kept by the Company and 50% will be distributed amongst the relevant Carried Interest beneficiaries.

For Hispania and Encasa Cibeles, the Executive Directors would receive the following carry percentages:

Category	**Carry percentage**
Executive Chairman	5.55% (11.1% of the executive-employee portion)
Executive Vice-Chairwoman	5.55% (11.1% of the executive-employee portion)
Executive Director	5.55% (11.1% of the executive-employee portion)

The remaining 33.35% of the Hispania and Encasa Cibeles Carried Interest (66.70% of the executive-employee portion) will be distributed amongst the remaining beneficiaries.

For Carey Value Added, the Executive Directors would receive the following carry percentages:

Category	**Carry percentage**
Executive Chairman	8% (16% of the executive-employee portion)
Executive Vice-Chairwoman	8% (16% of the executive-employee portion)
Executive Director	0%

The remaining 34% of the Carey Value Added Carried Interest (68% of the executive-employee portion) will be distributed amongst the remaining beneficiaries.

Carried Interest beneficiaries would receive the remuneration under the Carried Interest arrangements in cash and/or in kind in the same proportion as that received, in turn, by the Company.

Future Carried Interest

The main features of the Carried Interest arrangements in respect of future Investment Vehicles are set out below:

- Carried interests will be paid to the beneficiaries after the Company receives the relevant incentive fee.

- The beneficiaries will be the Directors performing from time to time executive functions, the Senior Management Team and certain selected employees. It is expected that there will be a maximum of 50 beneficiaries with the possibility for inclusion of new beneficiaries.

- Carried Interest will be distributed as follows:

    - Beneficiaries will receive a minimum of 35% of the Carried Interest and up to an additional 15% depending on the absolute total shareholder return ("**TSR**") achieved in the previous three (3) years (an additional 7.5% if the annualized TSR is at least 8% per annum and up to an additional 7.5% on a pro-rata basis for annualized TSRs between 8% and 11%), subject further to an assessment by the Board of Directors of the circumstances under which the overall results are achieved.

    - The remainder of the Carry Interest (between 50% and 65%) will be kept by the Company.

  The portion of the Carried Interest attributed to the beneficiaries will be shared according to their respective contributions and impact. The Executive Directors will receive a maximum of 40% of the portion allocated to the beneficiaries Carried Interest Beneficiaries. The maximum percentage of allocation for each Executive Director will be 15%.

- The portion of the Carried Interest attributed to the beneficiaries would only vest after a minimum 3-year performance period regardless of the term during which the Group has been managing the Investment Vehicle. If the Company receives the relevant incentive fee before said period, the allocation of the Carried Interest to the beneficiaries will be deferred until the end of the 3-year period, at which time, TSR achievement will be calculated to determine the portion of the Carried Interest attributed to the beneficiaries, with payment being made at that time.

- Carried Interest is intended to be paid to the beneficiaries as follows: 50% in cash and 50% in Company's shares -and net of any related taxes-. Payment in Company's shares will be subject to the prior approval of the General Shareholder's Meeting.

The shares delivered to the Carried Interest beneficiaries will be subject to the same lock-up requirements set out in respect of the shares delivered under the annual bonus.

In addition, the same clawback provisions as those included for the annual bonus will apply to the Carried Interest payments.

Employee Share Plan

On April 12, 2018, the current shareholders of the Company put in place a share incentive plan (the "**Employee Share Plan**") with the objective of rewarding the Senior Management Team (excluding the Executive Chairman and the Executive Vice-Chairwoman) and certain selected employees for their contribution to the Offering process and in order to retain them duly motivated and aligned with the shareholders' interest. As of the date of this Prospectus, the beneficiaries of the Employee Share Plan will be a maximum of 30, with the possibility of having new entrants.

Given that the Employee Share Plan will be fully paid by the current shareholders of the Company, the Company will record, on an accrual basis, this payment in its consolidated statement of profit or loss as staff costs and the funding of this payment by the current shareholders of the Company as a contribution to the reserves of the Group.

The amount payable under the Employee Share Plan will be linked to the TSR obtained by the Company during the three years following the Offering. The total aggregate amount will be 15 million for all beneficiaries (the "**Maximum Amount**"). Out of the Maximum Amount, €1.5 million will correspond to the Executive Director.

Each beneficiary will be entitled to receive a number of ordinary shares of the Company (the "**Employee Share Plan Shares**") in accordance with the vesting rules described below (with no Employee Share Plan Shares being delivered in 2018).

The shares will be delivered net of taxes after applying the corresponding withholdings borne by the Executive Director or the employees.

General Vesting Rules

The Employee Share Plan Shares will accrue on the following vesting dates:

- First Vesting Date: One third of the Maximum Amount (the "**1st Maximum Amount**") will accrue on the date falling one year after Admission or, if such date is not a trading day, the next trading day (the "**First Vesting Date**"), provided that the TSR corresponding to the first year following the Admission is at least 10% (the "**1st Milestone**").

  In the event the 1st Milestone is not reached but the TSR is between 5% and 10%, the 1st Maximum Amount will not accrue in full, but Employee Share Plan Shares will be awarded on a proportional basis. This is, if the TSR is between 5% and 10%, the amount to be awarded will be between 50% and 100% of the 1st Maximum Amount. In any case, if the TSR is below 5%, no incentive will accrue.

- Second Vesting Date: Another third part of the Maximum Amount (the "**2nd Maximum Amount**") will accrue on the date falling two years after Admission or, if such date is not a trading day, the next trading day (the "**Second Vesting Date**"), provided that the TSR corresponding to the two-year period following the Admission is at least 21% (the "**2nd Milestone**").

  In event the 2nd Milestone is not reached but the TSR is 15.5%, 50% of the 2nd Maximum Amount will accrue. If the TSR is between 15.5% and 21%, the amount to accrue will be calculated by linear interpolation. In any case, if the TSR is below 15.5%, no incentive will accrue.

- Third Vesting Date: The remaining third part of the Maximum Amount (the "**3rd Maximum Amount**") will accrue on the date falling three (3) years after Admission or, if such date is not a trading day, the next trading day (the "**Third Vesting Date**"), provided that the TSR corresponding to the three-year period following the Admission is at least 33.1% (the "**3rd Milestone**").

  In the event the 3rd Milestone is not reached but the TSR is 27.05%, 50% of the 3rd Maximum Amount will accrue. If the TSR is between 27.05% and 33.1%, the amount to accrue will be calculated by linear interpolation. In any case, if the TSR is below 27.05%, no incentive will accrue.

  Additionally, if 1st Maximum Amount or the 2nd Maximum Amount had not accrued in full but the TSR obtained in the 3rd Milestone reaches 27.05%, the remaining part of the 1st Maximum Amount and/or the 2nd Maximum Amount will accrue.

For the purposes of the paragraphs above, the relevant trading price to calculate the total amount of shares to be transferred to the beneficiaries pursuant the above rules will be the closing price of the shares of the Company at market closing on each Vesting Date.

The Employee Share Plan Shares accrued on each Vesting Date will be transferred to the beneficiaries within sixty days from each Vesting Date or, in the event of any circumstances that could hinder the transfer on such date, as soon as reasonably practicable after the date in which both parties consider they are able to do so in accordance with the applicable law.

Other relevant considerations

Shares delivered under the Employee Share Plan will be subject to the following lock-up commitments:

(i) shares awarded on the First Vesting Date: three-year lock-up since the First Vesting Date;

(ii) shares awarded on the Second Vesting Date: two-year lock-up since the Second Vesting Date; and

(iii) shares awarded on the Third Vesting Date: one-year lock-up since the Third Vesting Date.

Furthermore, the Employee Share Plan includes specific provisions regulating cases in which the beneficiary's services agreement terminates before the relevant Vesting Date. A beneficiary will be considered a "**Good Leaver**" if her or his employment or services agreement is terminated due to one of the following events (i) termination by the Company without cause (*desistimiento*); (ii) termination by the Company giving rise to an unfair dismissal (*despido improcedente*); (iii) termination by the Company giving rise to a null and void dismissal (*despido nulo*); (iv) termination by the beneficiary for substantial changes to the terms and conditions of the contract and/or substantial breach of contract by the Company; (v) dismissal due to economic, technical, organization and production grounds (*despido por causas económicas, técnicas, organizativas o de producción*) of the beneficiary; and (vii) termination by mutual agreement between the beneficiary and the Company (the "**Good Leaver Event**").

A Good Leaver Employee Share Plan beneficiary will keep the right, if applicable, to receive all the shares accrued before the Good Leaver Event pursuant to the General Vesting Rules (subject to the corresponding lock-up commitments).

An Employee Share Plan beneficiary will be considered as bad leaver ("**Bad Leaver**") if her or his agreement is terminated for any other event different from those qualifying as a Good Leaver Event (the "**Bad Leaver Event**"). In the event of a Bad Leaver Event, the Bad Leaver Employee Share Plan beneficiary (i) will be obliged to reimburse to the current shareholders of the Company any Employee Share Plan Shares subject to lock-up commitments; and (ii) will not have the right to acquire Employee Share Plan Shares after the Bad Leaver Event.

Corporate Governance Recommendations

The Spanish Companies Act sets out certain legal provisions related to corporate governance mandatorily applicable to Spanish listed companies on the Spanish Stock Exchanges. The Company believes that it complies with such requirements.

Additionally, the Corporate Governance Code sets out certain recommendations on corporate governance to be considered ("*comply or explain*") by the companies listed on the Spanish Stock Exchanges. The Company believes that it substantially complies with the recommendations of the Corporate Governance Code. The Company is committed to follow strict corporate governance policies and it intends to adapt its practices as appropriate to all the principles of good governance contained in the Corporate Governance Code, as soon as possible after Admission, in a consistent manner. However, as of the date of this Prospectus, the Company's corporate practices vary from these recommendations in the following ways:

- **Recommendation 14**: As of the date of the Prospectus, the Company's Board of Directors has not approved a policy for selecting its members.

- **Recommendation 15**: As of the date of this Prospectus, the Proprietary and Independent Directors do not constitute an ample majority of the Board of Directors.

- **Recommendation 26**: The Company's internal regulations do not state that the Company's Board of Directors shall meet at least eight times per year. However, it does state that the Board of Directors shall meet as frequently as necessary to properly perform its duties and, at least, quarterly.

- **Recommendation 48**: The Company has a single Appointments and Remuneration Committee. However, as of the date of this Prospectus, the Company cannot confirm whether or not it will qualify as a "large capitalization company" for the purposes of the Corporate Governance Code and, therefore, it cannot determine the applicability of Recommendation 48.

- **Recommendation 62**: Shares delivered under the annual bonus plan are subject to a lock-up period of at least one year for 50% of the net shares received and of at least two years for the remaining 50%. Company shares delivered under Future Carried Interest plans, will be subject to the same lock-up requirements set out for the shares delivered under the Annual Bonus. Company shares delivered under the Employee Share Plan are subject to lock-up restrictions varying from one to three years. Having said the above, it shall be noted that the Executive Chairman and the Executive Vice-Chairwoman are already subject to lock-up restrictions in connection with the shares of the Company currently owned by them indirectly and that the Executive Director has committed to maintain a number of the Company's ordinary shares which result from investing an amount equivalent to two years of his base salary, net of taxes (with a grace period of five years to reach this level). See "*Management and Board of Directors – Remuneration*".

- **Recommendation 63**: Annual bonus received by the Executive Directors will be subject to clawback provisions for a period of up to two years that could be triggered as a result of (i) Company losses in the two years following the payment, when such losses are attributable to negligent management decisions that took place during the performance period; (ii) downward material restatements of the Company's financial statements, when so considered by external auditors, except when such restatements are due to changes in accounting standards; and (iii) serious breach of the Company's internal regulations and policies by the relevant beneficiary. The same clawback provisions set will apply to the Carried Interest payments derived from Investment Vehicles created post Admission. See "*Management and Board of Directors – Remuneration*".

In relation to other recommendations, to be complied in practice, the Company will adopt a decision before the first General Shareholders' Meeting, considering the Company's circumstances, its technical capacities and the Group shareholdings structure.

Finally, the Board of Directors will prepare an annual corporate governance report and such report will be submitted to the Company's shareholders for informative purposes. The report will be announced through the publication by the Company of a relevant fact disclosure (*hecho relevante*).

The Company is committed to following strict corporate governance policies.

Other commitments

Upon Admission, the Company's website will be updated according to the requirements of the relevant capital markets regulations to allow its shareholders access to information, as well as to disclose all relevant and material information.

Conflicts of Interest

On April 5, 2018, the Company's Board of Directors approved the Conflicts of Interest Policy, the purpose of which is, among others, to establish the criteria and procedures to prevent potential conflicts of interest that may arise between the Group and its Directors, executives, employees or other related parties. The Conflict of Interest policy was amended on April 20, 2018.

In accordance with the Conflicts of Interest Policy, and as laid out in Articles 228 and 229 of the Spanish Companies Act, Directors are obliged to refrain from participating in the deliberation and voting on agreements or resolutions in which he or any of his affiliates have direct or indirect conflicts of interest, as well as to take appropriate measures to avoid situations in which his or her interests, whether to his or her own benefit or on behalf of third parties, may conflict with the Company's interests and his or her duties as Director. For this purpose, Directors must refrain from:

(a) entering into transactions with the Company, except for ordinary transactions performed under the standard conditions for clients and of limited relevance, understood as those transactions whose details are not necessary to give a faithful picture of the Company's equity, financial situation and results;

(b) using the name of the Company or the position as Director to unduly influence the performance of private transactions;

(c) using corporate assets, including confidential information of the Company; with a private purpose;

(d) taking advantage of the business opportunities of the Company;

(e) obtaining benefits or remuneration from a third party outside the Company and its affiliates that is associated with the performance of his duties, except in the case of mere courtesy attentions;

(f) performing activities for his or her own account, or for others, involving effective competition, whether actual or potential, with the Company, or which would otherwise lie within a permanent conflict with the Company's interests.

In any case, Directors must communicate to the other Directors and the Board of Directors at large any situation of conflict with the Company's interest, whether direct or indirect, that they or any affiliate may enter. Additionally, in accordance with Article 24 of the Board of Directors Regulations, Directors should abstain from voting on a resolution in connection with which they may have a personal interest, whether direct or indirect.

The Company may grant an exemption on the prohibitions set out above, authorizing, on an individual basis, entering into transactions with the Company, the use of certain corporate assets, taking advantage of a certain business opportunity or obtaining benefits or remuneration from a third party. As a general rule, the exemption will be granted by the Board of Directors provided that the independence of the board members is guaranteed and that the specific transaction does not damage or harm the net worth of the Company or, if applicable, that the transaction is at arm's length and the transparency of the decision-making process. However, the exemption will need to be granted by the General Shareholders' Meeting when it involves the authorisation to obtain benefits or remuneration from a third party or when it involves a transaction that has a value that exceeds 10% of the assets of the company.

Similarly, the non-compete obligation foreseen in Article 229 of the Spanish Companies Act may only be subject to exemption through an express and separate resolution of the General Shareholders' Meeting of the Company provided that no damage to the Company is expected to occur or in the event that the benefits from such exemption offset the damages that may take place.

For so long as the term during which the Encasa Cibeles Investment Management Agreement and/or the Selección de Inmuebles Property Management Agreement are in force, and to the extent the Company (or the relevant Group company acting as managers under those agreements) maintains enforceable rights to access to information relating to Encasa Cibeles and/or Selección de Inmuebles, no member of the Board of Directors of the Company having been nominated by a GS REPIA Competitor may seek to obtain through his/her role of Director of the Company or be provided with any information relating to Encasa Cibeles and/or Selección de Inmuebles.

To the best of the Company's knowledge, as of the date of this Prospectus, there are no actual or potential conflicts of interest among the Directors of the Company and Senior Management Team and none are engaged in self-dealing or personally engaged in any business that could be deemed as part of the Company's operations.

Refer to "*Business – Conflicts of Interest Policy*" for the general guidelines of the conflicts of interest policy that the Company has approved in respect of its business as an asset manager.

Family relationships

There are no family relationships and no "close relatives" (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of September 15, 2004, on information to be disclosed by listed companies regarding related party transactions) among the Directors, the Directors and other members of the Company's Management Team or the members of the Company's Management Team.

No convictions and other negative statements

To the best of the Company's knowledge, none of the members of the Board of Directors or members of its Management Team have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offenses; (ii) acted as directors of entities affected by bankruptcy, receivership or liquidation (except for Mr. Carlos Fernández de Araoz, who is acting as liquidator for Atacama Investments & Management, S.L.); (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

PRINCIPAL SHAREHOLDERS

As of the date of this Prospectus, the Company's issued share capital amounts to €22,500,000, divided into a single class of 22,500,000 ordinary shares, with a nominal value of €1.00 each. In the context of the Offering, up to 47,250,048 New Shares with a nominal value of €1 each are expected to be issued, resulting in a post-offering share capital of €69,750,048 (assuming no exercise of the Over-allotment Option).

The following table sets forth certain information with respect to the beneficial ownership of the ordinary shares prior to and after the Offering.

	Prior to the Offering		After the Offering			
Beneficial Owner	**Number of ordinary shares owned**	**%**	**Number of ordinary shares beneficially owned (assuming no exercise of the Over-allotment Option)[5]**	**%**	**Number of ordinary shares beneficially owned (assuming exercise of the Over-allotment Option in full)[5]**	**%**
Baztán Consultores, S.L.[1]	11,250,000	50.00%	11,548,333	16.56%	11,548,333	15.51%
Hermanos Bécquer 10, S.L[2]	11,250,000	50.00%	12,793,044	18.34%	12,793,044	17.18%
Canepa[3]..	-	-	6,102,542	8.75%	6,102,542	8.19%
Tamerlane, S.à r.l.[4]	-	-	5,197,505[6]	7.45%	5,197,505[6]	6.98%
Board members	-	-	109,147	0.16%	109,147	0.15%
Members of the Senior Management Team	-	-	965,695	1.38%	965,695	1.30%
Public (free float)	-	-	33,033,782	47.36%	37,758,787	50.70%
TOTAL..	**22,500,000**	**100.00%**	**69,750,048**	**100.00%**	**74,475,053**	**100.00%**

Notes:

(1) Baztán has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €2,869,969. Baztán is controlled by Ms. María Concepción Osácar Garaicoechea.

(2) Hermanos Bécquer has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €14,844,086. Hermanos Bécquer is controlled by Mr. Fernando Gumuzio Iñíguez de Onzoño.

(3) Canepa has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of approximately €58.71 million. There is no individual beneficial owner holding more than 25% of Canepa.

(4) Tamerlane, S.à r.l., a vehicle owned by entities advised or managed by Canepa's affiliates, has informed the Company that it intends to subscribe for New Shares in the Offering for an amount of €50 million. There is no individual beneficial owner holding more than 20% of Tamerlane, S.à r.l.

(5) Assuming the Indicative Offer Price as the Offer Price.

(6) Assuming allocation of the full amount of New Shares corresponding to the €50 million indicative interest shown by Tamerlane in the Offering.

Lock-up Arrangements

See "*Management and Board of Directors - Remuneration*" and see "*Plan of Distribution – Lock-up periods*" for a discussion of certain lock-up arrangements.

RELATED PARTY TRANSACTIONS

The Company enters into transactions with certain related parties or its affiliates from time to time and in the ordinary course of the Company's business.

The Company does not enter into transactions with its subsidiaries, affiliates, Directors and other related parties on terms more favorable to them than the Company would offer third parties. The Company believes that it has complied and are in compliance in all material respects with the requirements of the relevant provisions of its bylaws and the Spanish laws governing related party transactions with respect to all of its transactions with related parties.

For additional information on the Company's transactions with related parties see note 16 to the 2017 Consolidated Financial Statements.

Related party transactions with the Investment Vehicles and/or the Group companies

During the year ended December 31, 2017, the Group disposed of its 7.65% stake in Encampus. The proceeds of this disposal amounted to €9.9 million, of which €0.4 million was pending collection as at December 31, 2017 under a deposit in guarantee. The Group obtained a capital gain of €7.7 million which was recognized in "Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method" in the year ended December 31, 2017.

Asset and/or Property Management Agreements

In the ordinary course of business, the Group enters into asset and/or property management contracts that are described in "*Material Contracts*" from which it receives management fees.

Loan agreements with Carey

In 2014, a group of financial institutions assigned its remaining contractual position under one pre-existing syndicate loan granted in 2008 to the Company for a purchase price of €2.6 million which represented a discount of 28.69% on nominal amount. Following an amendment of the loan agreement agreed on April 22, 2017, the loan will mature on April 22, 2020. As of December 31, 2017, the Company had recorded the loan for its fair value of €3.5 million as short-term given it is expected that the loan will be repaid in less than one year. During the year ended December 31, 2017, the Company recorded €888 thousand as finance income as a result of the actualization of the present value of the loan. Interests accrued during year ended December 31, 2017 amounted to €265 thousand (€182 thousand in 2016).

On May 19, 2017, a credit agreement was executed, among others between the Company, as lender, and Carey as borrower, for a maximum amount of €20.5 million, pegged to a market interest rate (EURIBOR 12m +4%) and with a two year maturity. The agreement includes the sale by Carey of one of the hotels owned by it as termination event. In January 2018, Carey sold such hotel, leading to the loan being recorded as short-term in the 2017 Consolidated Financial Statements (the Company expects amounts drawn under this credit agreement to be repaid before June 30, 2018). As of December 31, 2017, funds drawn under the agreement amounted to €1.1 million. Interest accrued during the year ended December 31, 2017 amounted to €17 thousand.

On July 28, 2016, the Company acquired a convertible loan of Carey for an amount of €1.6 million. On May 4, 2017, the €1.68 million outstanding amount under the loan was capitalized in exchange for 45,609 newly issued shares of Carey. Interest accrued during the year ended December 31, 2017 amounted to €29 thousand (€72 thousand in 2016).

As of December 31, 2017, interest accrued and not paid under the three loans referred to above amounted to €781 thousand (€516 thousand in 2016).

Acquisition of Beach Guadalmina Playa Parque del Sol, S.L.

Following a mandate of Hispania of July 2015, Baztán acquired, through various transactions, a shareholding interest of 86.85% of Beach Guadalmina Playa Parque del Sol, S.L. For these purposes, Hispania, anticipated an amount of €2.5 million to Baztán. On April 2016, the Company subrogated in the position of Baztán under the mandate and the loan and acquired all of Baztán shares in Beach Guadalmina Playa Parque del Sol, S.L. Subsequently, the Company has increased its shareholding interest in Beach Guadalmina Parque del Sol, S.L. up to 88.80%. Beach Guadalmina Playa Parque del Sol is a Group company. In 2017, Beach Guadalmina Playa Parque del Sol, S.L. sold its investment property to Hispania. All of these transactions have been carried out on arm's length terms.

Shareholdings of Directors and the Management Team of the Company in Investment Vehicles

The table below shows the direct or indirect shareholding interests of any of the Directors and members of the Management Team of the Company in any of the Investment Vehicles managed by the Group.

Name	Investment Vehicle	Total no. of shares directly held	% of total voting rights held
Ms. María Concepción Osácar Garaicoechea[(1)]	Hispania	-	-
Mr. Fernando Gumuzio Iñíguez de Onzoño[(1)]	Hispania	-	-
Mr. Juan Antonio del Rivero Bermejo[(2)(3)]	Hispania	98,435	0.09%
Ms. Cristina García-Peri Álvarez	Hispania	131,250	0.12%
Mr. Javier Picón García de Leániz[(2)(3)]	Hispania	32,810	0.03%
Mr. Jean Marc Parnier	Hispania	32,810	0.03%
Mr. Javier Rodríguez Heredia[(2)(3)(4)]	Hispania	50,095	0.05%
Mr. Javier Arús Castillo[(2)(3)]	Hispania	32,810	0.03%
Ms. Mónica Garay Írizar[(2)]	Hispania	52,500	0.05%
Mr. Carlos Fernández de Araoz	Hispania	14,410	0.01%
Mr. Javier Arús Castillo	Lazora	100	0.0002%
Mr. Javier Picón García de Leániz	Lazora	100	0.0002%
Mr. Javier Rodríguez Heredia	Lazora	100	0.0002%
Mr. Jean Marc Bernard Parnier	Lazora	100	0.0002%
Mr. Joaquín Elola-Olaso Arraiza	Lazora	100	0.0002%
Ms. Mar González Díez	Lazora	100	0.0002%
Ms. María Luisa Vara García	Lazora	100	0.0002%
Mr. Juan Antonio del Rivero Bermejo	Lazora	100	0.0002%
Ms. Mónica Garay Irízar	Lazora	100	0.0002%
Mr. Juan Antonio del Rivero Bermejo[(5)]	Colón Viviendas	450,000	5%
Mr. Javier Rodríguez Heredia[(6)]	Azora Europa	-	-
Ms. María Concepción Osácar Garaicoechea[(7)]	Other	-	-
Mr. Fernando Gumuzio Iñíguez de Onzoño[(7)]	Other	-	-

Notes:

(1) Both María Concepción Osácar Garaicoechea and Fernando Gumuzio Iñíguez de Onzoño are Directors and, at the same time, shareholders of the Company through their holding companies Baztán and Hermanos Bécquer, respectively. The Company holds a minority direct shareholding in Hispania amounting to 166,287 ordinary shares and an indirect shareholding amounting to 1,004,060 ordinary shares through Azora Capital (938,435 ordinary shares) and through Azora Gestión (65,625 ordinary shares), amounting to 1.07% % of the existing voting rights of Hispania.

(2) Beneficiary of a loan granted by Azora Capital amounting to €250,000 for the purposes of facilitating the acquisition of ordinary shares of Hispania in the context of its IPO. Loans have been granted on arm's length terms, at a variable interest rate (referenced to Euribor) and will mature on April 15, 2019.

(3) Beneficiary of a loan granted by Azora Capital amounting to €70,000 (€210,000 in the case of Mr. Juan Antonio del Rivero Bermejo) for the purposes of facilitating the acquisition of ordinary shares of Hispania in the context of the rights issue of May 2016. Loans have been granted on arm's length terms, at a variable interest rate (referenced to Euribor) and will mature on May 11, 2019.

(4) Mr. Javier Rodríguez Heredia is sole shareholder of Arjontex XXI, S.L. Such company holds a minority direct shareholding in Hispania amounting to 26,549 ordinary shares and 0.02 % of the existing voting rights of Hispania.

(5) Ms. Cristina Gutiérrez-Soto de Mendoza, spouse of Mr. Juan Antonio del Rivero Bermejo, holds 450,000 ordinary shares, corresponding to 5% of the share capital of Colón Viviendas. This stake, together with the stake held directly by Mr. Juan Antonio del Rivero Bermejo account for an aggregate stake of 10% in Colón Viviendas.

(6) As mentioned in footnote (4), Mr. Javier Rodríguez Heredia is sole shareholder of Arjontex XXI, S.L. Such company 231,148 class A shares of Azora Europa, which attach 0.2% of the total voting rights attached to the shares, and 1,000 of class B shares, to which no voting rights are attached.

(7) Both María Concepción Osácar Garaicoechea and Fernando Gumuzio Iñíguez de Onzoño are Directors and, at the same time, shareholders of the Company through their holding companies Baztán and Hermanos Bécquer, respectively. As shown in *Business - Corporate Structure of the Group*, the Company holds minority shareholdings in the majority of the Investment Vehicles currently managed by the Group.

Related party transactions with the current shareholders of the Company

In the context of the preparation of the initial public offering of the Company, the following share purchase agreements were executed:

Carey Transfer

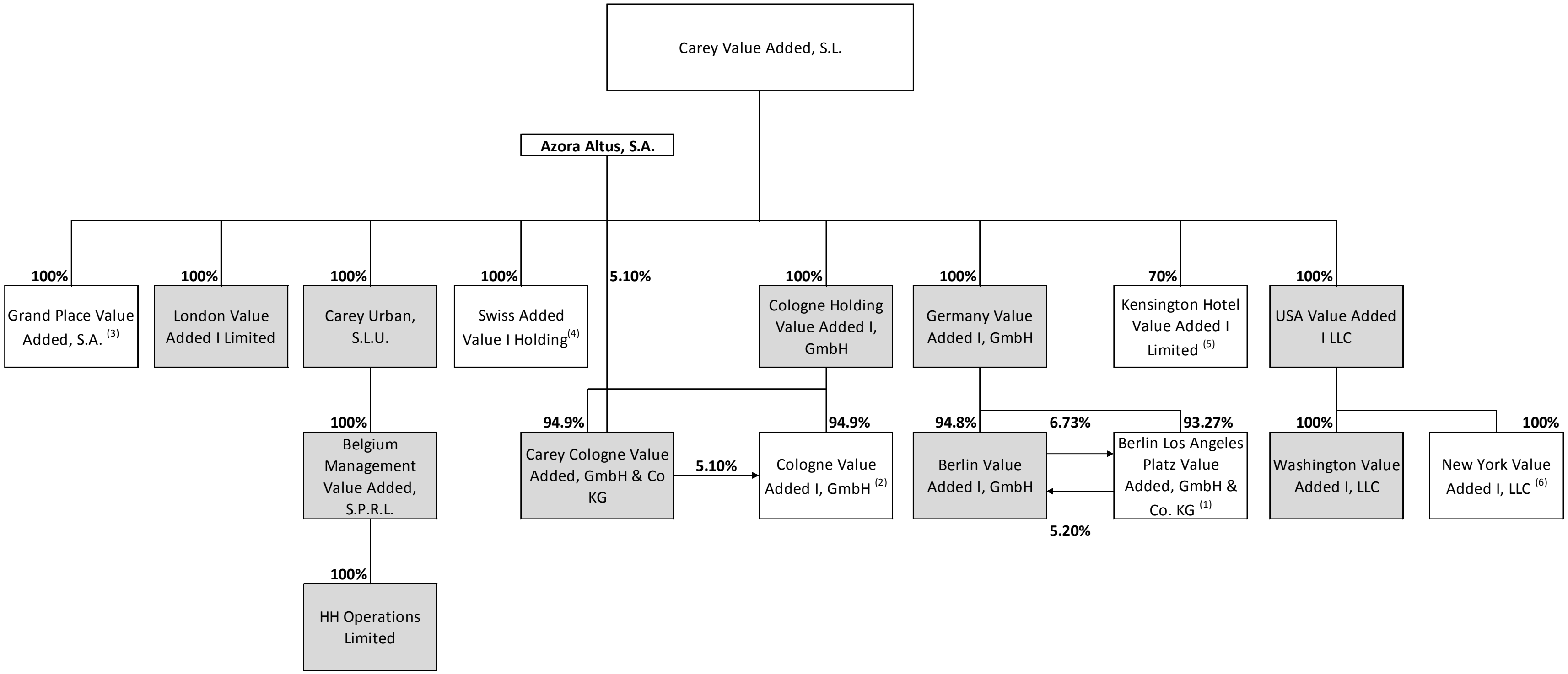
On April 3, 2018, the Company, as purchaser, and Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. (a wholly-owned subsidiary of Hermanos Bécquer (holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño), Baztán (holding company controlled by Ms. María Concepción Osácar Garaicoechea) and Verport Hotel Opportunity B.V. a vehicle owned by entities advised or managed by Canepa's affiliates, as sellers, executed a conditional deed for (i) the transfer of 265,175, 48,306 and 308,448 shares, respectively, of Carey (amounting to an aggregate of 621,929 shares, representing approximately 21.79% of the share capital of Carey) and (ii) the contractual right enforceable against the shareholders of Carey and Carey to subscribe for 61,397 new shares of Carey (such right deriving from the final agreed stake that each shareholder in Carey would have post the capitalisation of the convertible loan). The total consideration for the Carey Transfer amounts to approximately €35.51 million, which will be paid by the Company to the sellers in proportion to the shares sold and the subscription rights transferred by each of them, within five calendar days following Admission and, in any event, after Settlement Date. The Carey Transfer is conditional upon Admission taking place on or before December 31, 2018. In the event Admission does not take place on or before December 31, 2018, the deed of transfer relating to the Carey Transfer will be unwound. As a result of the Carey Transfer, the Company will hold approximately 30.69% of the share capital of Carey. The purchase price for the transfer is the pro rata amount of the value of Carey as of December 31, 2017 calculated as GAV[21] minus debts minus fair value of minority interests minus taxes minus the estimated amount corresponding to the performance fee as of December 31, 2017 under the Carey Asset Management Agreement.

Carey invests in high-quality urban hotel assets located in the United States, the United Kingdom, Germany, Belgium and Switzerland and currently has a well-diversified hotel portfolio comprising a total of 1,055 hotel keys distributed across 6 hotels located in major European cities (London, Berlin, Cologne, Geneva and Brussels) and in New York (the United States), with an appraisal value of €283 million as of December 31, 2017 and it generated 2.93% of total revenues of the Group's Investment Management Activity segment. As of December 31, 2017, the hotel portfolio of Carey had an average occupancy rate of 75% and an average revenue per available room of €121. As of December 31, 2017, the net asset value of Carey (calculated as GAV minus debts minus fair value of minority interests minus taxes minus the estimated amount corresponding to the performance fee as of December 31, 2017 under the Carey Asset Management Agreement) amounted to €153 million.

Carey is the holding company of a group composed of the following companies:

:

[21] Based on the valuation conducted by CBRE as of December 31, 2017.



Notes:

All companies highlighted in grey are either SPVs or holding companies

(1) Owner of Hotel Steigenberger Berlin

(2) Owner of Steigenberger Hotel Köln

(3) Owner of Hotel Grand Place

(4) Owner of Hotel NH Rex

(5) Owner of Hotel NH Kensington

(6) Owner of Hotel Dylan

Azora Capital Transfer

On April 3, 2018, the Company, as purchaser, and Canepa, as seller, executed a deed for the transfer of 301,000 shares of Azora Capital representing 25% of the share capital of Azora Capital. The total consideration of the Azora Capital Transfer is calculated by reference to the Offer Price and the valuation of the Company, excluding the Company's shareholding interest in Azora Capital. At the Indicative Offer Price, the total consideration for the Azora Capital Transfer will be approximately €58.71 million and will be paid by the Company to the seller on the Settlement Date or such other date as may be agreed by the parties. The Azora Capital Transfer is conditional upon Admission taking place on or before December 31, 2018. In the event Admission does not take place on or before December 31, 2018, the deed of transfer relating to the Azora Capital Transfer will be unwound. As a result of the Azora Capital Transfer, the Company will hold 100% of the share capital of Azora Capital.

The total consideration for the Azora Capital Transfer has been calculated in accordance with the following formula: 1/3 x (Ps x N-A), where:

Ps is the Offer Price of the New Shares;

N is the total ordinary shares of the Company currently in circulation prior to the execution of the share capital increase corresponding to the Offering (that is 22,500,000 ordinary shares); and

A is the valuation of the Company, excluding the Company's shareholding interest in Azora Capital, which has been set at approximately €40.33 million.

In the event Admission does not take place on or before December 31, 2018, the deed of transfer relating to the Azora Capital Transfer will be unwound. As a result of the Azora Capital Transfer, the Company will hold 100% of the share capital of Azora Capital.

For more information on Azora Capital see "*Business- Corporate Structure*".

Canepa European Activist Transfers

On April 3, 2018, Azora Capital, as seller, and Canepa Global Managers, SCS, Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. (a wholly-owned subsidiary of Hermanos Bécquer, holding company controlled by Mr. Fernando Gumuzio Íñiguez de Onzoño) and Ms. María Concepción Osácar Garaicoechea, as purchasers, executed separate private sale and purchase agreements for the transfer of 525, 787.5 and 787.5 shares, respectively, of Canepa European Activist, representing 3.75%, 5.625% and 5.625%, respectively, of the share capital of Canepa European Activist. The total consideration for the Canepa European Activist Transfers amounts to €22,500, €33,750 and €33,750 respectively, which was paid to Azora Capital by Ibernia Iniciativa, SCR. de Régimen Simplificado S.A.U. and Ms. María Concepción Osácar Garaicoechea, in each case on April 16, 2018, and by Canepa Global Managers, SCS on April 23, 2018. The total consideration has been calculated as a proportion of the book value of Canepa European Activist as of the date of the Canepa European Activist Transfers. As a result of the Canepa European Activist Transfers, as of the day of the Prospectus, Azora Capital no longer holds a shareholding interest in the share capital of Canepa European Activist.

The Canepa European Activist Transfers were driven by the fact that Canepa European Activist's activity substantially differs from the Company's activity.

Canepa European Activist is a Luxembourg holding company affiliated to Canepa. Canepa European Activist holds 30% of Alantra EQMC Asset Management, SGIIC, S.A., a Spanish SGIIC supervised by the CNMV which currently manages EQMC, FIL a fund that invests in small caps listed companies in Europe, with an activist approach. The remaining 70% of Alantra EQMC Asset Management, SGIIC, S.A. is held by Alantra Partners, S.A.

DESCRIPTION OF SHARE CAPITAL

The following summary provides information concerning the Company's share capital and briefly describes certain significant provisions of the Company's bylaws and Spanish corporate law, the Spanish Companies Act, Spanish Act 3/2009 on Structural Amendments of Private Companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*), the LMV and Royal Decree 878/2015 on clearing, settlement and registry of negotiable securities in book-entry form, and transparency requirements for issuers of securities admitted to trading on an official secondary market (*Real Decreto 878/2015, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*).

This summary does not purport to be complete and is qualified in its entirety by reference to the Company's bylaws, the Spanish Companies Act and other applicable laws and regulations. Copies of the Company's bylaws are available at the Company's principal headquarters and on its website (http://www.azora.es/ —*Investors and Shareholders—Articles of Association*) and the CNMV's offices.

General

The Company was incorporated as a corporation for an indefinite term under public deed executed on November 4, 2003, under the corporate name Azora Gestión Inmobiliaria, S.L.

The Company's General Shareholders Meeting resolved to change the Company's corporate name to Azora Gestión, S.L. on April 25, 2012 and to Azora Altus, S.L. on November 25, 2013 These resolutions were executed on public deed on April 26, 2012 and on November 27, 2013, respectively, and registered with the Commercial Registry of Madrid on May 10, 2012 and on December 5, 2013, respectively.

On January 31, 2018, the Company's General Shareholders Meeting resolved to transform the Company into a public limited company (*sociedad anónima*). This resolution was raised into public status on March 7, 2018 and registered with the Commercial Registry of Madrid on March 16, 2018.

The Company's corporate purpose is:

"1. Primarily, the Company's corporate purpose is the undertaking of the following activities, in Spain or abroad:

(a) The holding of all types of transferable securities of all types of companies, and the administration for own account of securities, equity securities and shares in all types of entities.

(b) The holding of equity interests in listed companies investing in the property market (SOCIMIs) or in other non-resident entities in Spain with the same corporate purpose and that operate under a similar regime as that established for listed companies investing in the property market with respect to the mandatory profit distribution policy enforced by law or the Bylaws;

(c) The holding of equity interests in the share capital of other entities, whether Spanish residents or otherwise, whose primary corporate purpose is the acquisition of urban property for lease and that are subject to the same regime as that established for listed companies investing in the property market (SOCIMI) with respect to the mandatory profit distribution policy required by law or the Bylaws for these companies; and

(d) The holding of shares or equity interests in Collective Real Estate Investment Undertakings regulated by Law 35/2003, November 4, on Collective Investment Undertakings.

(e) The direct provision, to companies in which it holds interests or not, of management, advisory, technical assistance and other similar services, in connection with the management of such companies, with their equity or financial structure, their industrial strategy, or with their production or marketing processes, including with regard to corporate mergers and acquisitions.

(f) The acquisition and development of urban real estate assets for lease or enjoyment.

(g) Granting or giving loans or credits, with or without a mortgage, to all kinds of persons and the financing of commercial operations.

(h) Research, study and planning of investment projects and business organization, as well as the creation, promotion, advocacy and development of industrial, commercial or service companies.

2. Additionally, the Company may also undertake all types of real estate transactions and, subsequently, the acquisition, holding, management, operation, refurbishment, disposal and encumbrance of all types of real estate assets, including land development and construction of buildings activities, as well as the acquisition, holding, ownership, assignment or disposal of debt instruments in the form of preferential debt, ordinary or subordinate, with or without a mortgage, of all types of companies and, in particular, of companies with an identical or similar purpose.

3. The activities comprising the corporate purpose may be conducted by the Company, in full or in part, indirectly, through the holding of shares or equity interests in other companies with an identical or similar corporate purpose.

4. This excludes the direct exercise, and indirect when appropriate, of all those activities reserved by special legislation. If legal provisions require any professional title, prior administrative authorization, registration with a public registry or any other requirement for the exercise of any activity included in the corporate purpose, such activity may not commence until the professional or administrative requirements have been fulfilled."

At the date of this Prospectus, the Company's issued share capital consists of €22,500,000 divided into a single series of 22,500,000 ordinary shares, with a nominal value of €1.00 each and each with an ISIN code ES0105329009 allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. All ordinary shares of the Company are fully subscribed and paid up. Non-residents of Spain may hold Company's ordinary shares and vote, subject to the restrictions described under "*Restrictions on Foreign Investment*."

The Company's ordinary shares are represented by book entries and the entity responsible for maintaining the corresponding accounting records is Iberclear, with registered office at Plaza de la Lealtad, 1, 28014 Madrid, Spain.

The summary table below outlines the evolution of the share capital of the Company since its incorporation:

Date	**Corporate action**	**Nominal value**	**Share premium**	**Number of issued/ redeemed ordinary shares**	**Number of resulting ordinary shares**	**Resulting share capital**
November 4, 2003	Incorporation	€1.00	-	30,060	30,060	30,060
January 31, 2018	Share capital increase against voluntary reserves freely distributable	€1.00	-	29,940	60,000	60,000
March 19, 2018	Share capital increase against voluntary reserves freely distributable	€1.00	-	22,440,000	22,500,000	22,500,000

Dividend and Liquidation Rights

Holders of the Company's ordinary shares have the right to participate in distributions of the Company's profits and proceeds from a liquidation, proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend.

Payment of dividends is proposed by the Board of Directors and must be authorized by the Company's shareholders at a General Shareholders' Meeting. Holders of Company's ordinary shares participate in such dividends from the date agreed by a General Shareholders' Meeting. Additionally, interim dividends (*dividendo a cuenta*) may also be distributed among shareholders directly upon approval by the Board of Directors provided that: (i) there is sufficient liquidity to pay the interim dividend; and (ii) the amount distributed does not exceed the amount resulting from deducting from the earnings booked since the end of the previous year, the sum of previous years' losses, the amounts earmarked for the legal or bylaws' reserves, and the estimated tax due on the aforesaid earnings. The Spanish Companies Act requires each company to allocate at least 10.0% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20.0% of such company's issued share capital. A company's legal reserve is not available for distribution to its shareholders except upon such company's liquidation. As at December 31, 2017, the Company's legal reserve amounted to €6,000, equivalent to 20% of the Company's share capital.

According to the Spanish Companies Act, dividends may only be paid out of profits or distributable reserves (after the compulsory allocation to mandatory reserves, including the legal reserve, and only if the value of the Company's net worth is not, and as a result of distribution would not be, less than the Company's share capital).

In addition, no profits may be distributed unless the amount of distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset on the Company's consolidated statement of financial position. Accordingly, the Company's ability to make a distribution to shareholders will depend on the Company's ability to generate net profits in future periods in order to achieve sufficient distributable reserves. See "*Capitalization and Indebtedness*."

In accordance with Article 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

The Company is not aware of any restriction on the collection of dividends by non-resident shareholders. All holders will receive dividends through Iberclear and its member entities, without prejudice to potential withholdings on account of the Non Resident Income Tax that may apply. See "*Taxation*."

In the event of the Company's liquidation, the Company's shareholders would be entitled to receive proportionately any assets remaining after payment of the Company's debts and all applicable taxes and expenses.

The Company's ability to distribute dividends in the near future will depend on a number of factors, including (but not limited to) the amount of the Company's distributable profits and reserves and its investment plans, earnings, level of profitability, cash flow generation, restrictions on payment of dividends under local applicable law (both on the Company and on any Group entity), compliance with covenants in the Company's debt instruments (see details set out in "*Dividend Policy*"), the level of dividends paid or shares repurchased by other comparable listed companies doing business in Spain and such other factors as the Board of Directors or the shareholders may deem relevant from time to time.

Shareholders' Meetings and Voting Rights

Pursuant to the Company's bylaws, the Company's General Shareholders' Meeting Regulations and the Spanish Companies Act, ordinary annual General Shareholders' Meetings shall be held during the first six months of each financial year on a date fixed by the Board of Directors. Extraordinary General Shareholders' Meetings may be called by the Board of Directors whenever it deems appropriate, or at the request of shareholders representing at least 3% of the Company's issued share capital. Following Admission, notices of all General Shareholders' Meetings will be published in the Commercial Registry's Official Gazette or in one of the main newspapers of Spain, on the Company's corporate website and on the website of CNMV, at least one month prior to the date when the meeting is to be held, except as discussed in the following paragraph.

In addition, once the Company's ordinary shares are trading, if the Company offers its shareholders the ability to vote by electronic means accessible to all of them, extraordinary General Shareholders' Meetings may be called on at least 15 days' notice. The decision to permit such reduction of the call period should be taken by a majority of not less than two thirds of the voting capital represented in an ordinary annual General Shareholders' Meeting, and the authorization shall be granted for a term which shall not exceed the date of the subsequent annual ordinary General Shareholders' Meeting.

Action is taken at ordinary General Shareholders' Meetings on the following matters: (i) the approval of the management of the Company carried out by the Board of Directors during the previous financial year, (ii) the approval of the financial statements from the previous financial year, and (iii) the application of the previous financial year's income or loss. All other matters can be considered at either an extraordinary or an ordinary General Shareholders' Meeting if the matter is within the authority of the meeting and is included on the agenda (with certain exceptional items which do not need to be included on the agenda to be validly passed, like dismissal of Directors and the decision to bring the liability action against Directors of the Company). The liability action against Directors shall be brought by the company pursuant to a General Shareholders' Meeting decision, which may be adopted at the request of any shareholder even where not included on the agenda. A company's bylaws cannot require qualified majority for the adoption of such resolution. The General Shareholders' Meeting may consent or waive such action at any time, unless an objection is raised thereto by shareholders representing 3% of the share capital. The decision to bring an action or reach a settlement shall entail the removal of the relevant Directors. The approval of the financial statements shall not preclude action for liability nor constitute a waiver of the action agreed or brought.

According to the Spanish Companies Act —and in addition to the matters referred to in the previous paragraph and any other matters as provided by law, the Company's bylaws or the General Shareholders' Meeting Regulations—, the following matters among others fall within the authority of the General Shareholders' Meetings: (a) the appointment and removal of the members of the Board of Directors, the Company's liquidators and the Company's auditors, as well as the exercising of the corporate action for liability against any of them; (b) the amendment of the Company's bylaws; (c) the increase or reduction of the share capital —or granting to the Board of Directors authority to increase the share capital—; (d) the exclusion or limitation of shareholders' preferential subscription rights —or granting to the Board of Directors authority to exclude or limit it —; (e) the transformation, merger, demerger or transfer of all the Company's assets and liabilities, moving the Company's registered offices abroad; (f) the dissolution of the Company and the approval of transactions that have the effect of winding up the Company; (g) the approval of the final winding up balance sheet; (h) the acquisition, disposal or transfer of core assets to another company; (i) the transfer of core activities previously carried out by the parent company to subsidiaries, even if the Company retains full control of the activities; and (j) the approval of the Directors' Remuneration Policy in the terms provided by the law. An activity or asset will be deemed to be core if the transaction volume exceeds 25% of the total assets recorded in the most recently approved company's balance sheet.

Also, the General Shareholders' Meetings shall vote separately on substantially independent matters. Even if included in the same item on the agenda, the following shall be voted separately: (i) the appointment, re-election, ratification or separation of Directors; (ii) the advisory vote on the Annual report on Directors' remuneration; and (iii) in resolutions to amend the bylaws, each substantially independent article or group of articles.

Each ordinary share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder or by companies of the same group. Shareholders with 1,000 or more ordinary shares, who are duly registered in the book entry records maintained by Iberclear, and its member entities, five days prior to the day on which a General Shareholders' Meeting is scheduled and in the manner provided in the notice for such meeting, are entitled to attend and vote at such meeting. The notice calling the General Shareholders' Meeting shall indicate the date on which the Company's ordinary shares must be held by a shareholder in order for the latter to participate in a General Shareholders' Meeting and to vote in respect of his/her ordinary shares.

Any ordinary share may be voted by proxy. Proxies must be in writing or in electronic form acceptable under the Company's bylaws, and are valid for a single General Shareholders' Meeting. Proxies may be given to any person, whether or not a shareholder. Proxies must specifically refer to the General Shareholders' Meeting. A proxy may be revoked by giving notice to the Company prior to the meeting or by the shareholder attending the meeting in person.

Proxy holders will be required to disclose any conflict of interest prior to their appointment. In the event a conflict of interest arises after the proxy holder's appointment, such conflict of interest must be immediately disclosed to the relevant shareholder. In both cases, the proxy holder shall not exercise the shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the shareholder. A conflict of interest in this context may in particular arise where the proxy holder is: (i) the Company's controlling shareholder, or another entity controlled by such shareholder; (ii) a member of the Board of Directors, management or supervisory body of the Company, or of a controlling shareholder or another entity controlled by such shareholder; (iii) the Company's employee or auditor, or employee or auditor of a controlling shareholder or another entity controlled by such shareholder; (iv) a natural person related to those mentioned in (i) to (iii) above.

A person acting as a proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented. Where a proxy holder holds proxies from several shareholders, he/she will be able to cast votes for a shareholder differently from votes cast for another shareholder.

Entities appearing as holders of Company's ordinary shares in the book entry records but acting on behalf of different persons shall always be entitled to exercise voting rights in a divergent manner in order to comply with conflicting voting instructions received from their clients. These entities may also delegate voting rights to each of the indirect holders or their nominees, without limits on the number of delegations.

Pursuant to the Company's General Shareholders' Meeting Regulations and the Spanish Companies Act, on the first call of an ordinary or extraordinary General Shareholders' Meeting, attendance in person or by proxy of shareholders representing at least 25.0% of the Company's voting capital will constitute a quorum. If the meeting is not quorate on the first call, the meeting can be reconvened in second call (provided the meeting notice included both first and second call), which according to the Spanish Companies Act requires no quorum. However, according to the Company's bylaws, General Shareholders' Meeting's resolutions to increase or decrease the Company's share capital or otherwise modify the Company's bylaws, issue bonds and securities whose competence is not legally attributed to any other corporate body of the Company, suppress or limit the preemptive subscription right over new shares, transform, merge, spin off, globally assign the Company's assets and liabilities, transfer the Company's registered address abroad, requires attendance in person or by proxy of shareholders representing at least 50.0% of the Company's voting capital on first call, and attendance in person or by proxy of shareholders representing at least 25.0% of the Company's voting capital on second call. In the case of attendance in person or by proxy of shareholders representing more than 50.0% of the Company's voting capital, an absolute majority shall suffice to pass the aforementioned resolutions. On second call, and in the event that less than 50.0% of the Company's voting capital attends in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing two thirds of the attending share capital. The interval between the first and the second call for a General Shareholders' Meeting must be at least 24 hours. Resolutions in all other cases require a simple majority of the votes corresponding to the capital stock present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the share capital so aggregated is equal to or greater than the result of dividing the total share capital by the number of directors have the right, provided there are vacancies on the Board of Directors, to appoint a corresponding proportion of the members of the Board of Directors (disregarding fractions). Shareholders who exercise this right may not vote on the appointment of other directors.

A resolution passed at a General Shareholders' Meeting is binding on all shareholders, although a resolution which is (i) contrary to law or the bylaws or the internal regulations of the Company, or (ii) prejudicial to the interest of the company and beneficial to one or more shareholders or third parties, may be contested. Damage to company's interest is also caused when the resolution, without causing damage to corporate assets, is imposed in an abusive manner by the majority. An agreement is understood to have been imposed in an abusive manner when, rather than responding reasonably to a corporate need, the majority adopts the resolution in their own interests and to the unjustifiable detriment of the other shareholders. In the case of listed companies, the required fraction of the Company's share capital needed to be able to contest is 1/1000. The right to contest would apply to those who were shareholders at the time when the resolution was taken (provided they hold at least 0.1% of the share capital), directors and interested third parties. In the event of resolutions contrary to public order, the right to contest would apply to any shareholders (even if they acquired such condition after the resolution was taken), and any director or third party.

In certain circumstances —such as change or significant amendment of the corporate purpose, transformation or transfer of registered address abroad—, the Spanish Companies Act provides dissenting or absent shareholders (including non-voting shareholders) the right to withdraw from the Company. If this right were exercised, the Company would be obliged to purchase the relevant shares at the average market price of the shares in the last quarter in accordance with the procedures established under the Spanish Companies Act.

Pre-emptive rights and Increases of Share Capital

Pursuant to the Spanish Companies Act and the Company's bylaws, shareholders have preemptive rights to subscribe for any new shares issued against monetary contributions and for any new bonds convertible into shares. Such preemptive rights may be excluded when so required by the corporate interest under special circumstances by a resolution passed at a General Shareholders' Meeting or by the board of directors (when the company is listed and the General Shareholders' Meeting delegates to the board of directors the right to increase the capital stock or issue convertible bonds and exclude preemptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act. As of the date hereof, the Company has neither convertible nor exchangeable bonds outstanding and has not issued any warrants over the Company's ordinary shares.

Also, holders of ordinary shares have the right of free allotment recognized in the Spanish Companies Act in the event of capital increase against reserves.

Furthermore, the preemptive rights, in any event, will not be available in an increase in share capital against non-cash contribution, by means of capitalization of credit rights, or to honor the conversion into shares of convertible bonds or in a merger in which shares are issued as consideration. Preemptive rights are transferable, may be traded on the AQS and may be of value to existing shareholders because new ordinary shares may be offered for subscription at prices lower than prevailing market prices.

As of the date of this Prospectus, there are no acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital and there are no members of the Group, the share capital of which is under option or agreed conditionally or unconditionally to be put under option.

Shareholder Actions

Under the Spanish Companies Act, directors are liable to the company, shareholders and creditors for their acts or omissions that are illegal or violate the bylaws and for failure to carry out their legal duties with diligence. When in violation of the law or of the Company's bylaws, directors are presumed to have acted negligently, but that presumption can be rebutted. Directors have such liability even if the transaction in connection with which the acts or omissions occurred is approved or ratified by the shareholders.

The liability of the directors is joint and several, except to the extent any director can demonstrate that he or she did not participate in decision-making relating to the transaction at issue, was unaware of its existence or, being aware of it, did all that was possible to mitigate any damages or expressly disagreed with the decision-making relating to the transaction.

Under Spanish law, shareholders must generally bring actions against the directors as well as any other actions against the Company or challenging corporate resolutions before the courts of the judicial district of the Company's registered address (currently Madrid, Spain).

Registration and Transfers

The Company's ordinary shares are in registered book entry form and are indivisible. Joint holders of shares must designate a single person to exercise their shareholders' rights, but they are jointly and severally (*solidariamente*) liable to the Company for all the obligations arising from their status as shareholders. Iberclear, which manages the Spanish settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*). Each member entity, in turn, maintains a registry of the owners of such shares.

The Company's ordinary shares are freely transferable in accordance with the Spanish Companies Act, the LMV and any implementing regulation.

As a general rule, transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, or dealer firms, Spanish credit entities, investment services entities authorized in other EU member states and investment services entities authorized by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. See "*Market Information*." Transfer of shares quoted on the Spanish Stock Exchanges may be subject to certain fees and expenses.

Restrictions on Foreign Investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23 (*Real Decreto 664/1999, de 23 de abril*), which was approved in conjunction with Law 18/1992, of July 1 (the "**Spanish Foreign Investment Law**"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the EU.

According to regulations adopted under the Spanish Foreign Investment Law, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls). Foreign investors who are not resident in a tax haven are only required to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Competitiveness (*Ministerio de Economía y Competitividad*) following an investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares (in book entry form) have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991, of July 5), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market;
- investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50.0% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defense, radio, television, telecommunications and gambling. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defense sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy and Competitiveness, may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government, acting on the recommendation of the Ministry of Economy and Competitiveness.

Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering ("**Law 19/2003**"), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of the Economy and Competitiveness and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy and Competitiveness and the Bank of Spain information corresponding to client transactions.

Exchange Control Regulations

Pursuant to Royal Decree 1816/1991 of 20 December, relating to economic transactions with non-residents, as amended by Royal Decree 1360/2011 of October 7, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency), if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

Reporting Requirements

Pursuant to Royal Decree 1362/2007, of October 19, any individual or legal entity which, by whatever means, purchases or transfers shares which grant voting rights in the Company, must notify the Company and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a threshold of 3.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 35.0%, 40.0%, 45.0%, 50.0%, 60.0%, 70.0%, 75.0%, 80.0% and 90.0% of the Company's total voting rights.

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four trading days from the date on which the individual or legal entity acknowledged or should have acknowledged the circumstances that generate the obligation to notify (Royal Decree 1362/2007 deems that the obliged individual or legal entity should have acknowledge the aforementioned circumstance within two trading days from the date on which the transaction was entered into, regardless of the date on which the transaction takes effect).

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it. In such a case, the transaction is deemed to be acknowledged within two trading days from the date of publication of the relevant fact disclosure (*hecho relevante*) regarding such transaction.

Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments. See "*Restrictions on Foreign Investment*" above.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity which acquires, transfers or holds, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights or are there otherwise referenced to issued voting shares whether or not such investments confer the right to a physical settlement, will also have an obligation to notify the Company and the CNMV of the holding of a significant stake in accordance with applicable regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined in Royal Decree 1080/1991, of July 5), the threshold that triggers the obligation to disclose the acquisition or transfer of the Company's ordinary shares is reduced to 1.0% (and successive multiples thereof).

All members of the Board of Directors must report to both the Company and the CNMV any percentage or number of voting rights in the Company held by them at the time of becoming or ceasing to be a member of the Board of Directors within five trading days. Furthermore, all members of the Board of Directors must report any change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of the Company's ordinary shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock based compensation that they may receive pursuant to any of the Company's compensation plans. Members of the Company's senior management must also report any stock based compensation that they may receive pursuant to any of the Company's compensation plans or any subsequent amendment to such plans.

In addition, pursuant to Article 19 of Regulation 596/2014, of April 16, persons discharging managerial responsibilities and any persons having a close link (*vínculo estrecho*) with any of them must similarly report to the Company and the CNMV any acquisition or disposal of the Company's ordinary shares, derivative or financial instruments linked to the Company's ordinary shares regardless of the size, within three business days after the date of the transaction is made. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

Royal Decree 1362/2007 refers to the definition given by Royal Decree 1333/2005, developing the LMV, regarding market abuse, which defines senior management (*directivos*) as those "high level employees in positions of responsibility with regular access to insider information (*información privilegiada*) related, directly or indirectly, to the issuer and that, furthermore, are empowered to adopt management decisions affecting the future development and business perspectives of the issuer."

In certain circumstances established by Royal Decree 1362/2007, the notification requirements on the acquisition or transfer of shares also apply to any person or legal entity that, directly or indirectly, and independently of the ownership of the shares or financial instruments, may acquire, transmit or exercise the voting rights granted by those shares or financial instruments, provided that the aggregated proportion of voting rights reaches, increases above or decreases below, the percentages set forth by Spanish law.

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1.0% of the voting rights of the Company, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3.0% or more of the voting rights in the Company. The CNMV will immediately make public this information.

Shareholders' Agreements

The LMV and Articles 531, 533 and 535 of the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a General Shareholders' Meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares of listed companies.

If the Company's shareholders enter into such agreements with respect to the Company's ordinary shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, file such agreements with the appropriate commercial registry and publish them through a relevant fact disclosure (*hecho relevante*). Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the LMV.

Such shareholders' agreement will have no effect with respect to the regulation of the right to vote in General Shareholders' Meetings and restrictions or conditions on the free transferability of shares and bonds convertible into shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the agreement when publishing the shareholders' agreement could cause harm to the affected company.

There are no shareholders' agreements in force in relation to the Company and no shareholders' agreements between the current shareholders of the Company are expected to be entered into as of the date of this Prospectus. In addition, and except for the shareholders' agreements in relation to Azora Europa, Encasa Cibeles, Carey and Azzam Gestión (see "*Business – Business Segments – Investment Management Activity – Current Investment Vehicles under Management – Carey Value Added, S.L.; Azora Europa I, S.A.; Encasa Cibeles, S.L.*" and "*Business – Business Segments – Investment Management Activity – The Property Management Activity*"), there are no shareholders' agreements in respect of the Company's subsidiaries or the Investment Vehicles currently managed by the Group in which any company belonging to the Group is a party thereto.

Net Short Positions

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV. If the net short position reaches 0.5%, —and also at each 0.1% above that— the CNMV will disclose the net short position to the public.

The notification or disclosure mentioned above shall be made not later than at 15.30 (CET) on the following trading day.

Notification is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the ESMA, take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and

- restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10.0% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

Share Repurchases

Pursuant to the Spanish Companies Act, the Company may only repurchase shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the General Shareholders' Meeting in a resolution establishing the maximum number of ordinary shares to be acquired, the titles for the acquisition, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution;

- the repurchase, including the shares already acquired and currently held by the Company, or any person or company acting in its own name but on the Company's behalf, must not bring the Company's net worth below the aggregate amount of the Company's share capital and legal or non-distributable bylaws' reserves. For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly allocated to such net worth, and adding the amount of share capital subscribed but not called and the share capital nominal value and issue premium recorded in the Company's financial statements as liabilities;

- the aggregate value of the ordinary shares directly or indirectly repurchased, together with the aggregate nominal value of the ordinary shares already held by the Company, must not exceed 10.0% of the Company's share capital; and

- ordinary shares repurchased for valuable consideration must be fully paid up. A repurchase shall be considered null and void if (i) the shares are partially paid up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

Treasury shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights). Such economic rights, except the right to receive bonus shares, will accrue proportionately to all of the Company's shareholders. Treasury shares are counted for purposes of establishing the quorum for General Shareholders' Meetings as well as majority voting requirements to pass resolutions at General Shareholders' Meetings.

Regulation 596/2014, of April 16, repealing, among others, Directive 2003/6/EC of the European Parliament and the European Council, of January 28, on insider dealing and market manipulation, establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU Member State. Commission's Delegated Regulation (EU) 2016/1052, of March 8, 2016, implements Regulation 596/2014 with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions of such Delegated Regulation, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

(a) Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:

- The purpose of the program. According to Article 5.2 of Regulation 596/2014, the buy-back program must have as its sole purpose (i) to reduce the capital of the issuer; (ii) to meet obligations arising from debt financial instruments convertible into equity instruments; or (iii) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;

- The maximum pecuniary amount allocated to the program;

- The maximum number of shares to be acquired; and

- The period for which authorization for the program has been granted.

(b) The issuer must ensure that the transactions relating to the buy-back program meet the conditions included on Article 3 of the Delegated Regulation. Specifically, that the purchase price is not higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.

(c) Issuers shall not, for the duration of the buy-back program, engage in (i) selling of own shares; (ii) trading during the closed periods referred to in Article 19. 11 of Regulation 596/2014; and (iii) trading where the issuer has decided to delay the public disclosure of inside information.

On April 26, 2017, the CNMV approved Circular 1/2017 on liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares. This regulation entered into force on July 10, 2017. It repealed and replaced the CNMV's Circular 3/2007 and introduced new specific rules, limits and mechanisms for liquidity agreements to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of market abuse regulations.

If an acquisition or series of acquisitions of the Company's ordinary shares reaches or exceeds or causes the Company's and its affiliates' holdings to reach or exceed 1.0% of the voting shares, the Company must notify its final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes the Company's and its affiliates' holdings to exceed 1.0% of the voting shares. Sales and other transfers of the Company's treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of the Company's majority owned subsidiaries.

Moreover, pursuant to the Spanish Companies Act, the audited financial statements of a company must include a reference to any treasury shares.

In addition, on July 18, 2013, the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with treasury shares" (outside of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price, limits and volumes and include certain restricted periods and a rule of separated management of the trading activity.

As of the date of this Prospectus, the Company and the Company's subsidiaries hold no shares of the Company. The Board of Directors has been authorized by the Company's General Shareholders' Meeting for the derivative acquisition of treasury shares according to and within the restrictions and requirements established in the Spanish Companies Act.

MATERIAL CONTRACTS

Business-related contracts

The contracts set out below have been entered into by the Company or the relevant entity within the Group for the provision of (i) asset management services, (ii) property management services, or (iii) investment management services (which includes asset and property management services), as applicable. Set out below are the main terms of all material contracts entered into by members of the Group with third parties outside the Group, other than the Colón Viviendas Investment Management Agreement and the Colón Viviendas Outsourcing Management Agreement which are contracts entered into among Group companies.

As shown below, some of the material contracts described below contain change of control provisions that may be triggered as a result of the Offering and which may lead to the termination of those relevant agreements. For these purposes, the Group has obtained waivers from all relevant counterparties under which these counterparties confirm that they will not exercise their early termination rights should there be a "change of control" (as defined in the relevant agreements) as a result of the Offering, subject (in the case of certain of these waivers) to certain conditions as further described below (see "*Material Contracts – Encasa Cibeles Investment Management Agreement*" and "*Material Contracts – Selección de Inmuebles Property Management Agreement*").

In general terms, the contracts described below are structured in three different phases: (i) investment period phase; (ii) management period phase; and (iii) divestment period phase. The average term for these contracts ranges between 6 and 10 years, except in those cases where the main activity under the contract is the management of the assets, in which the average term ranges from 2 to 3 years with annual extensions.

Hispania Investment Manager Agreement

Hispania Investment Manager Agreement	
Parties	Azora Gestión, S.G.I.I.C., S.A.U., as investment manager, Hispania Activos Inmobiliarios SOCIMI S.A., as managed Company, and Azora Capital, S.L.
Date	February 21, 2014 (as amended December 29, 2014; June 29, 2015; June 8, 2016)
Term	Commencing on the signing date until March 14, 2020.
Investment Period	Ended December 31, 2017.
Divestment Period	Commencing from the end of the investment period until March 14, 2020.
Exclusivity	N/A (since the divesting period commenced).
Scope of services[22]	The services provided by the investment manager pursuant to the Hispania Investment Manager Agreement among others: (i) acquire and dispose of real estate assets on behalf of Hispania, including entering into any financing necessary for these acquisitions; (ii) manage Hispania's assets on behalf of Hispania; (iii) provide, or procure and supervise the provision of, various accounting, administrative, registration, reporting, record-keeping, investor relations and other services to Hispania;

[22] Property residential assets related services are outsourced to Azzam Vivienda through two outsourcing agreements (which establish the contractual relationship between the parties) dated March 18, 2015 and February 10, 2017. Fees deriving from these outsourcing agreements are paid by Hispania to Azzam Vivienda.

Hispania Investment Manager Agreement	
	and (iv) act on behalf of Hispania in the performance of the above services.
Investment scope	Hotel, office and rented residential assets.
Base fees	*Base fee* The base fee will be payable to the investment manager quarterly in arrears. The base fee in respect of each quarter will be calculated by reference to 1.25% per annum (0.3125% quarterly) of the latest reported EPRA NAV. In relation to the base fee, in June 2016 the investment manager unilaterally waived part of the base fee it would be entitled to in the following situations: (i) where the latest reported EPRA NAV of Hispania exceeds €1.2 billion, the base fee payable to Azora Gestión for any such excess shall be calculated by reference to 1.00% per annum (0.25% quarterly); and (ii) where, as at the last business day of the relevant quarter, less than 50% of the net offering proceeds has been committed, the base fee payable to Azora Gestión for the net offering proceeds shall be calculated by reference to 0.625% per annum (0.15625% quarterly). If, in connection with any co-investment, the investment manager receives any base fee, management fee or similar fee for asset or portfolio management services or any performance fee which is separate from the base fee, the investment manager has agreed to grant Hispania a credit right equal to Hispania's pro rata share (based on Hispania's ownership interest) in the relevant co-investment and, accordingly, Hispania shall be entitled to offset an amount equal to such credit right against the base fees payable under the Hispania Investment Manager Agreement. In this regard, and for the avoidance of doubt, it is stated that Hispania will not in any case have to assume the payment of duplicate fees resulting from the co-investments management carried out by the investment manager.
Performance fees	*Performance fee* The structure of the performance fee agreed upon is dependent on actual cash distributions paid out to Hispania's shareholders. The investment manager will be entitled to perceive the incentive fee after all gross proceeds raised by Hispania, compounded by a 10% annual internal rate of return have been returned to Hispania's shareholders. Once the hurdle is surpassed, the investment manager will receive 50% of any additional return until the accumulated incentive fee reaches 20% of the total return, where any additional return shall be distributed 20% for the investment manager and 80% for Hispania's shareholders.
Other fees	*Termination fee* In the event the Hispania Investment Manager Agreement is terminated prior to the end of its term by the investment manager, with cause or automatically due to a breach by Hispania of a material term, the investment manager will have the right to receive (i) a make-whole of the base fee until the end of the term of the Hispania Investment Manager Agreement and (ii) the performance fee that the investment manager would be entitled to, if all the assets of Hispania were sold and all the cash proceeds arising from the disposal were effectively distributed between the shareholders of Hispania (net of the part that would correspond to the investment manager). The make-whole of the base fee that would arise in an event of early termination will be calculated by the investment manager, whereas the termination performance fee that would arise in such an event will be calculated by an independent expert. In the event that the Hispania Investment Manager Agreement is terminated by Hispania as a

Hispania Investment Manager Agreement	
	result of Mr. Fernando Gumuzio and Ms. Concepción Osácar (or any person that replaces them as approved by the board of directors) not being significantly involved in the delivery of the services due to incapacity or death or as a result of a change of control of the investment manager, the investment manager will have the right to receive the termination performance fee, if any.
Termination	Hispania, by means of a resolution by its shareholders, may terminate the Hispania Investment Manager Agreement: (i) if Mr. Fernando Gumuzio and Ms. Concepción Osácar (or any person that replaces them as approved by the board of directors) cease to be significantly involved in the delivery of the services under the Hispania Investment Manager Agreement, unless Hispania's board of directors approves the replacement of any them during the six-month period following such ceasing to be significantly involved; and (ii) within the month after the effective date on which Mr. Fernando Gumuzio and Ms. Concepción Osácar and their families cease to own individually or together, and whether directly or indirectly, at least 50.01% of the shares in the investment manager[23]. The investment manager is entitled to terminate the Hispania Investment Manager Agreement where: (i) the directors nominated by the investment manager are removed from the board of directors unless in the case that the investment manager has requested such removal; (ii) there is a subsequent offering of new ordinary shares of Hispania (by way of a capital increase or otherwise) or where Hispania or its group acquire assets, in each case, without the approval of directors nominated by the investment manager; and (iii) a single shareholder or shareholders acting in concert are required to launch a mandatory takeover offer pursuant to Spanish applicable law in respect of Hispania. The Hispania Investment Manager Agreement will automatically terminate on: (i) the date when Hispania completes the disposal of all of its assets; (ii) the occurrence of any change in law to which the parties are subject and which renders unlawful the provision of the services or the business of Hispania as contemplated under the terms of the Hispania Investment Manager Agreement, unless the impact of any such change of law is remedied by Hispania and the investment manager agreeing on any measure necessary within 30 days from any such change of law becoming effective; (iii) the date on which the investment manager fails or ceases to have all required regulatory authorisations, licenses and/or approvals, except where the investment manager has delegated its duties to an affiliate which has such authorisations licenses and/or approvals; (iv) such other date as may be agreed in writing between the parties (in the case of Hispania, following a vote by its shareholders). Either Hispania or the investment manager may terminate the Hispania Investment Manager Agreement at any time if the other party: (i) fails or becomes unable to pay its debts as they fall due;

[23] On April 4, 2018, the General Shareholders' Meeting of Hispania, under the seventh item on the agenda, agreed to waive its right to early terminate the Hispania Investment Manager Agreement as a result of the change of control following the Offering.

Hispania Investment Manager Agreement	
	(ii) is in material breach of any of its material obligations under the Hispania Investment Manager Agreement, which breach is either (A) incapable of remedy or (B) has not been remedied to the reasonable satisfaction of the non-defaulting party within one month of such party giving written notice to the defaulting party specifying the breach; (iii) has an administrator or similar officer or an administrative receiver appointed over, or any person takes possession of, the whole or any significant part of its undertaking or assets; or (iv) passes a resolution for winding up (otherwise than for the purpose of a bona fide scheme for solvent amalgamation or reorganization).

BAY Asset Management Agreement[24]

BAY Asset Management Agreement	
Parties	Azora Gestión, S.G.I.I.C., S.A.U., as asset manager, and BAY Hotels & Leisure, S.A., as managed entity.
Date	October 15, 2015
Term	From the execution date to October 15, 2020. The BAY Asset Management Agreement will be automatically extended for additional one year periods, unless any of the parties notifies the other six months prior the termination of the BAY Asset Management Agreement or of an additional period its intention not to extend the agreement. Nevertheless, the BAY Asset Management Agreement will be terminated once the Hispania Investment Manager Agreement is terminated.
Investment Period	N/A
Divestment Period	N/A
Exclusivity	N/A
Scope of services	The following services are provided by the asset manager under the BAY Asset Management Agreement: (i) investment sourcing and acquisition; (ii) financing sources identification; (iii) asset management, investment and leasing policies definition; (iv) monitoring the maintenance of the assets by a third party; (v) corporate and administrative services; (vi) bank accounts opening and maintenance; and (vii) divestments and disposition services.

24 Fees under the BAY Asset Management Agreement are recognized by the Group under the rubric of the Hispania Investment Manager Agreement.

BAY Asset Management Agreement	
Investment scope	Lodging and leisure assets.
Base fees	*Base fee* The base fee will be payable to the investment manager quarterly. The base fee in respect of each quarter will be calculated by reference to 1.25% per annum (0.3125% quarterly) of the latest NAV of BAY's assets.
Performance fees	*Performance fee* The structure of performance fee agreed upon is dependent on actual capital distributions paid out to BAY's shareholders. The asset manager will be entitled to receive a performance fee upon a capital distribution if the aggregate amount of: - the relevant capital distribution; plus - all capital distributions carried out until the date of the particular capital distribution (increased by an annual compounded rate of 10% from the day they were raised until the date of a relevant capital distribution), exceeds BAY's equity, increased by an annual compounded rate of 10% since such equity was raised and until the date of the relevant capital distribution. If the condition set forth in the previous paragraph is met, the investment manager will be entitled to receive the lower amount between: - the difference between the capital distribution and the amount by which BAY's equity is exceeded, as increased; or - the difference between (i) 25% of the amount by which all the capital distributions exceed the equity of the relevant capital distribution date and (ii) 25% of the amount by which all the capital distributions exceed the equity after the relevant capital distribution.
Other fees	*Termination fee* If the BAY Asset Management Agreement were early terminated for any reason not imputable to the investment manager, the latter will be entitled to receive: - the base fee, which would have received in the BAY Asset Management Agreement had not terminated earlier; and - a performance fee, calculated taking as cut-off date the business day before the termination of the BAY Asset Management Agreement and assuming that total assets of BAY were disposed at the latest value of the portfolio, less (i) the expected transaction costs and (ii) all liabilities related to the assets. Any termination fee should be calculated by an independent expert.
Termination	The BAY Asset Management Agreement contains no further termination clause, apart from the term and termination fee clauses described above.

Investment Management Agreement with Lazora

Lazora Investment Management Agreement	
Parties	Azora Gestión, S.G.I.I.C., S.A.U., as investment manager, Lazora, S.I.I., S.A., as managed entity, and Mr. Fernando Gumuzio and Ms. Concepción Osácar, as investment manager principals.
Date	March 27, 2012
Term	From March 27, 2012 until the date of liquidation of Lazora.
Investment Period	Ended March 27, 2013 (except for certain developments, which ended between the first and the third quarter of 2014).
Divestment Period	Commencing on January 2016 until the liquidation of Lazora.[25] Additionally, all Lazora's assets are subject to a 10 year exploitation period after which the divestment period for each asset begins. If no divestment planning is deployed for each asset after the end of the exploitation period within 24 months, Lazora's Board of Directors may establish the divestment plan for the asset. After 24 months since the end of the exploitation of the last owned asset by Lazora, its shareholders should decide whether to dissolve and liquidate Lazora, or to liquidate all its assets following a particular divestment plan, which should be carried out as early as convenient.
Exclusivity	During the term of the Lazora Investment Management Agreement, Lazora undertakes not to engage with any third parties for the provision of the services that are identical or similar to those provided pursuant to the Lazora Investment Management Agreement. This prohibition excludes the services provided under Lazora Property Management Agreement. Until the end of the sub investment period, the investment manager, Mr. Fernando Gumuzio and Ms. Concepción Osácar (as indirect majority shareholders in the investment manager) may not promote, advise, invest or manage, directly or indirectly, other Investment Vehicles in regulated housing for rent or development of regulated housing to be sold in Spain, without prior authorization from Lazora's board of directors.
Scope of services[26]	The services provided by the investment manager under the Lazora Investment Management Agreement include: (i) investment committee management; (ii) investment and divestment management; (iii) property exploitation controls; (iv) corporate finance and investor relations services and; (v) administrative services.
Investment scope	Residential assets for rent under the regulated housing regime.

[25] As of the date of this Prospectus, Lazora's divestment period is temporarily inactive due to the roll-over of its current shareholders (see "*Business - a) Development of the pipeline within the Strategic Property-Type Verticals*").

[26] Provision of billing and collection and payment services are outsourced by Azora Gestión to Azzam Vivienda through an outsourcing agreement dated March 17. Fees relating to the services provided under this outsourcing agreement are paid by Lazora to Azzam Vivienda.

Lazora Investment Management Agreement	
Base fees	*Base fee* The base fee will be payable in advance to the investment manager twice a year. The base fee will be calculated by reference to 0.7% per annum of the historic cost of the Lazora's real estate investments (minus applicable reductions) plus inventory recorded on Lazora's balance sheet for the previous semester. The gross value of twenty nine of the real estate investments will be updated according to the "*Precio Básico de la Vivienda (PBV)*", while the value of the remaining investments will be updated in accordance with CPI (*consumer price index*).
Performance fees	*Performance fee* 10% of each distribution made to the shareholders, once all the capital invested by the shareholders of Lazora has been recovered by them, including an IRR in accordance with the bylaws of Lazora (10% for class A shareholders and 8% for class B shareholders).
Other fees	*Termination fee* In the event Lazora terminates the Lazora Investment Management Agreement without an early termination right, or in case the investment manager decides to terminate the agreement due to a material breach by Lazora of the agreement, the investment manager will be entitled to receive a termination fee. The termination fee amounts to (i) the base fee accrued during the previous twelve months multiplied by eleven minus the number of years which has elapsed since the execution of the Lazora Investment Management Agreement; plus (ii) the performance fee corresponding to ongoing developments, assuming IRR is 13%.
Termination	Lazora may terminate the Lazora Investment Management Agreement, and the investment manager will not be entitled to a termination fee, if there is: (i) a material total or partial breach of the Lazora Investment Management Agreement by the investment manager, and the breach has not been remediated within thirty days since it was requested to comply with the agreement; and (ii) any material breach by Lazora's investment committee, as the majority of its members are appointed by the investment manager, of its obligations, as set forth in Lazora's bylaws, which makes Lazora unable to fulfill its corporate purpose and such breach is not remediated within thirty days from when Lazora demanded its remediation.
Other relevant clauses	The investment manager has granted Lazora a call option to purchase the Lazora shares held by the investment manager for €1 in the event Lazora decides to terminate the Lazora Investment Management Agreement due to a non-remediated material breach of the agreement by the investment manager, or due to a non-remedied material breach by Lazora's investment committee as the majority are appointed by the investment manager. The call option can be exercised within forty-five days from when (i) the arbitral ruling in which the occurrence of a material breach of the Lazora Investment manager Agreement is acknowledged, or (ii) the investment manager voluntarily acknowledges breach of the agreement.

Lazora Property Management Agreement

<table>
<tr><th colspan="2">Lazora Property Management Agreement</th></tr>
<tr><td>Parties</td><td>Lazora, S.I.I., S.A., as property owner, and Azzam Vivienda, S.L.U., as property manager (Larcovi assigned to Azzam Vivienda, S.L.U. its position).</td></tr>
<tr><td>Date</td><td>March 27, 2012</td></tr>
<tr><td>Term</td><td>From March 27, 2012 to the liquidation of Lazora.</td></tr>
<tr><td>Exclusivity</td><td>During the term of the Lazora Property Management Agreement, Lazora undertakes not to engage with any third parties for the provision of the services, unless the property manager breaches its obligation of providing a particular service, or such service is not within the scope of the exclusivity obligation under the Lazora Property Management Agreement. In these cases, Lazora can liaise with a third party for the provision of the services.

The property manager and its affiliates are not to make investments, except through Lazora, in assets that are considered appropriate for investment by Lazora in accordance with its corporate purpose, unless Lazora disregards such investments, during the sub-investment period.

Additionally, during the sub-investment period, property manager will not provide services to any third parties that relate to the negotiation and implementation of investment plans in assets that are considered appropriate investment opportunities for Lazora, according to its corporate purpose.</td></tr>
<tr><td>Scope of services</td><td>The following services are provided by the property manager under the Lazora Property Management Agreement:

(i) development services;

(ii) commercialisation of units for lease and property management;

(iii) refurbishment; and

(iv) retail commercialisation.</td></tr>
<tr><td>Property scope</td><td>Rented residential assets for leasing and under the regulated housing regime.</td></tr>
<tr><td>Property fees</td><td>Real estate development fees

Lazora will pay the property manager a fee, depending on the acquisition structure by which Lazora purchased a particular assets:

(i) Acquisition of land destined for social purposes and development of regulated housing units: 8% of the budget for the investment;

(ii) Turn-key project for the construction of regulated housing: (i) up to 100 building units, 4.5% of the acquisition price; (ii) between 101 and 200 building units, 4% of the acquisition price; and (iii) more than 200 building units, 3.5% of the acquisition price;

(iii) Joint investment through a co-investment vehicle for the development of regulated housing: the property manager will be entitled to receive the amounts set forth in the previous two points, recalculated pursuant the stake of Lazora at the co-investment vehicle, plus a fee agreed to with the third party participating in the co-investment vehicle; and

(iv) Finished buildings: 3% of the acquisition price.</td></tr>
</table>

Lazora Property Management Agreement	
	The real estate developments fees will be payable following a series of stages related to the completion of the construction projects. *Commercialization and rent fees* Lazora will pay the property manager for each real estate development project under the special housing regime: (i) 8% of the net amount collected by Lazora from monthly rent installments during the 24 month period following the execution of the first lease agreement per unit of the development; and (ii) 7% of the net amount collected by Lazora from monthly rent installments corresponding to the period which runs from the end of the 24 month period indicated under point (i) above until the end of the lease period of the regulated housing units. *Refurbishment services fee* Lazora will pay to the property manager 3.5% of the refurbishment budget for each refurbishment project. *Retail commercialization fees* Lazora will pay to the property manager 1.5% of the sale price of each unit.
Property performance fees	*Performance fee* 10% of distributions to shareholders, once the shareholders have recovered all capital invested plus the agreed upon IRR (10% for class A shareholders and 8% for class B shareholders).
Other fees	*Termination fee* In the event Lazora terminates the Lazora Property Management Agreement without an early termination right, or in the event the property manager decides to terminate the agreement due to a material breach by Lazora of the agreement, the property manager will be entitled to receive a termination fee. The termination fee will amount to (i) the base fee accrued during the previous twelve months multiplied by eleven minus the number of years which has elapsed since the execution of the Lazora Property Management Agreement; plus (ii) the performance fee corresponding to ongoing developments, assuming its IRR is 13%.
Termination	Lazora may terminate the Lazora Property Management Agreement, and the property manager will not be entitled to a termination fee, if there is: (i) a material total or partial breach of the Lazora Property Management Agreement by the property manager, and it does not remediate the breach within thirty days since compliance with the agreement has been requested; and (ii) any material breach by Lazora's investment committee, due to decisions made with a vote in favour by the representative of the property manager, of its obligations, as set forth in Lazora's bylaws, which makes Lazora unable to fulfill its corporate purpose and such breach is not remediated within thirty days from when Lazora demanded its remediation.

Azora Europa Asset Management Agreement

Azora Europa Asset Management Agreement	
Parties	Azora International Management Sp. Z.O.O., as asset manager, Azora Europa I, S.A., as managed entity, and Sazora Investments AB (referred to in the agreement as Azora Investments), as shareholder of the managed entity.
Date	February 15, 2007 (as amended November 5, 2009; March 29, 2009)
Term	From the execution date to the termination of the shareholders' agreement.
Investment Period	Commenced on February 15, 2007 and ended February 15, 2012.
Divestment Period	Commenced on February 16, 2012 and ended February 16, 2017. On January 25, 2017, Azora Europa's Board of Directors agreed to extend the divestment period for a one year additional period, which ended February 16, 2018. On March 21, 2018, the General Shareholders' Meeting of Azora Europa has agreed to extend the divestment period for one additional year and, as a result, the Azora Europa Asset Management Agreement has also been extended for such additional year.
Exclusivity	During the term of the Azora Europa Asset Management Agreement, Azora Europa undertakes not to engage with any third parties for the provision of similar or identical services to those provided in the relevant geographical scope pursuant to the Azora Europa Asset Management Agreement. During the term of the Azora Europa Asset Management Agreement, the asset manager, and its direct or indirect majority shareholders, may not promote, advise, invest or manage, directly or indirectly, other investment companies which intend to participate in projects with similar corporate object and geographical scope to the investment project set forth in the Azora Europa Asset Management Agreement, unless expressly authorized by the General Shareholders' Meeting of Azora Europa. Additionally, in the event the shareholders' meeting authorises the asset manager to provide such services, Azora Europa investors will have a preferential investment right in such projects, unless the investment companies receiving the advice are owned by Azora Europa investors or Azora Investments.
Scope of services	The following services are provided by the asset manager pursuant to the Azora Europa Asset Management Agreement: (i) budget and business plan proposal; (ii) cooperation with Azora Europa investment executive committees; (iii) monitoring and follow-up of the execution of the decisions made by the investment executive committees; (iv) identification and assessment of projects; (v) project review and budget monitoring; (vi) management, maintenance and commercialization supervision; (vii) identification and assessment of divestment opportunities; (viii) corporate finance, administration, accounting and tax supervision and control; and (ix) shareholders' meeting and board of directors session preparation, relations with

Azora Europa Asset Management Agreement	
	shareholders and corporate communication.
Investment scope	Development of land and construction of housing units and projects in the commercial, industrial and office segments in European countries, preferably through co-investment structures along with companies with real estate interests.
Base fees	*Base fee* The base fee will be payable in advance to the asset manager twice a year. The base fee will be calculated by reference to a yearly 0.7% of the appraisal value of the assets in the portfolio (the proportional fee derived from assets which were not disposed of during an extension of the divestment period will be reduced by 50%).
Performance fees	N/A
Other fees	*Termination fee* In the event Azora Europa terminates the Azora Europa Asset Management Agreement without an early termination right, or in case the asset manager decides to terminate the agreement due to a material breach by Azora Europa of the agreement, the asset manager will be entitled to receive a termination fee. The termination fee will be calculated as the aggregate amount of the following: - the base fees the asset manager would have received until the end of the divestment period, if the Azora Europa Asset Management Agreement had not been terminated, - the escrow amounts from already divested projects, pending to be distributed to class B shareholders; and - the outstanding returns corresponding to class B shares derived from ongoing projects and developments as of the date of termination of the agreement, assuming a 20% IRR (in this case, Azora Investments would be under the obligation to transfer to Azora Europa shareholders its class B shares at nominal value). Additionally, Azora Investments will be entitled to exercise a put option at market value over its Azora Europa class A shares and transfer them to Azora Europa shareholders. Such put option right can be exercised within fifteen days since (i) the arbitral ruling in which the occurrence of an early termination event, which gives the right to a termination fee, is acknowledge, or (ii) Azora Europa voluntarily acknowledge the occurrence of an early termination event, which gives the right to a termination fee.
Termination	Azora Europa may terminate the Azora Europa Asset Management Agreement, and the asset manager will not be entitled to any termination fee, if there is a material total or partial breach of the Azora Europa Asset Management Agreement by the asset manager, and it does not remediate the breach within thirty days since it is requested by Azora Europa to comply with the agreement.
Other relevant clauses	Azora Investments has granted Azora Europa a call option at market value over its Azora Europa class B shares. Such call options can be exercised if the Azora Europa Asset Management Agreement is terminated by Azora Europa due to a breach of the agreement by the asset manager (as explained in the previous paragraph) or by the asset manager without a termination right.

Colón Viviendas Investment Management Agreement

Colón Viviendas Investment Management Agreement	
Parties	Azora Gestión, S.G.I.I.C., S.A.U., as investment manager, and Colón Viviendas SOCIMI, S.A., as managed company.
Date	March 1, 2017
Term	The Colón Agreement will be terminated on May 24, 2023. The Colón Viviendas Investment Management Agreement may be extended automatically for one year periods, unless any of the parties notifies the other in writing at least one month prior to the termination of the Colón Viviendas Investment Management Agreement period its intention not to extend the agreement.
Investment Period	N/A
Divestment Period	N/A
Exclusivity	N/A
Scope of services	The following services are provided by the investment manager under the Colón Viviendas Investment Management Agreement: (i) corporate management and administration; and (ii) asset management and administration.
Investment scope	Urban real estate for rental purposes.
Base fees	*Base fee* The investment manager is entitled to the payment by Colón Viviendas of an annual fee equal to 0.70% of the gross investment cost of the assets as stated by the financial statements of Colón Viviendas (increased by accumulated CPI since 1 January 2014). The base fee will be payable in advance to the asset manager twice a year.
Performance fees	N/A
Other fees	*Termination fee* The investment manager is entitled to receive a termination fee. The termination fee is an amount corresponding to the base fee calculated pursuant to the value of the total assets as per the financial statements of the previous month, and the time pending until the end of the term of the Colón Viviendas Investment Management Agreement. The investment manager will not be entitled to receive such termination fee if the Colón Viviendas Investment Management Agreement is terminated, or the investment manager is substituted or dismissed, due to: (i) an act of bad faith by the investment manager acknowledged by a firm court ruling, (ii) the voluntary request by the investment manager to terminate the agreement or (iii) Colón Viviendas is wound-up pursuant the applicable legislation or its shareholders decide to liquidate it in a meeting of shareholders.

Colón Viviendas Investment Management Agreement	
Termination	The Colón Viviendas Investment Management Agreement will be terminated: (i) at any time by mutual consent of the parties; (ii) when, due to a legal termination reason or a decision of the shareholders' meeting, Colón Viviendas is dissolved and liquidated; or (iii) if any of the parties breached the agreement, the non-defaulting party will have the right to terminate it, as long as it has requested the defaulting party to remediate such breach, and the defaulting party has not remediated it within one month since the delivery of the request.

Colón Viviendas Outsourcing Management Agreement	
Parties	Azzam Vivienda, S.L.U., as subcontractor, and Azora Gestión, S.G.I.I.C., S.A.U., as contactor.
Date	March 1, 2017
Term	The Colón Viviendas Outsourcing Agreement will be terminated on March 1, 2018. However, the Colón Viviendas Outsourcing Agreement is extended automatically for one year periods, unless any of the parties notifies the other in writing at least six months prior to the termination of the extended period its intention not to extend the Colón Subcontracting Agreement. The Colón Viviendas Outsourcing Agreement is currently in force.
Investment Period	N/A
Divestment Period	N/A
Exclusivity	N/A
Scope of services	The following services are provided by the subcontractor pursuant the Colón Viviendas Outsourcing Agreement: (i) commercialisation of leasing opportunities; (ii) property and supply services; (iii) services for tenants; (iv) services in the context of rotation of tenants; (v) representation services; (vi) documents and gate-keeping; (vii) legal services; (viii) maintenance;

Colón Viviendas Outsourcing Management Agreement	
	(ix) billing and payment collection; (x) client and marketing services; (xi) website management; (xii) additional services: - divestment services in assets subject to a call option; - divestment services; - non-recurrent services (additional fee charged depending on the service)
Property scope	Urban real estate for rental purposes.
Property fees[27]	The service provider is entitled to the following fees for the provision of non-additional services: - 4.5% of the gross monthly revenue of rent installments derived from lease agreements; and - One month rent installment from each new executed lease agreement. The service provider is entitled to the following fees for the provision of additional services: - €1,500 per housing unit for the provision of divestment services in assets encumbered with a call option; - 2% of the selling price, or the corresponding market fees if such selling price is, lower, limited to 1% of the selling price, for the provision of divestment services; - non-recurrent services: o For refurbishment and construction works, 1.5% of any tender offer (*licitación*) amount made in the context of construction/refurbishment works; o For project management services, 3%, limited to €100,000, of the project budget. Over €100,000, the parties will negotiate in good faith service provider's fees; and o For any additional non-recurrent services (e.g., technical due diligence, environmental impact analysis, etc.) case-by-case fees will be negotiated.
Performance fees	N/A
Other fees	N/A
Termination	The Colón Viviendas Outsourcing Management Agreement will be terminated: (i) if the Colón Viviendas Investment Management Agreement is terminated; (ii) if any of the parties breached the agreement, the non-defaulting party will have the right to terminate it, unless the breach is remediated within fifteen days since the remediation

27 The fees accrued from the Colón Viviendas Outsourcing Management Agreement are payed to Azzam Vivienda by Azora Gestión.

Colón Viviendas Outsourcing Management Agreement	
	request from the non-defaulting party; or (iii) if the service subcontractor is dissolved, liquidated or becomes insolvent.

Encasa Cibeles Investment Management Agreement

Encasa Cibeles Investment Management Agreement	
Parties	Encasa Cibeles, S.L., as managed entity and Azora Capital, S.L.U., as investment manager.
Date	October 22, 2013 (as amended on July 24, 2014).
Term	Form October 25, 2013 to October 25, 2023.
Investment Period	N/A
Divestment Period	N/A
Exclusivity	During the term of the Encasa Cibeles Investment Management Agreement, the investment manager (and/or Mr. Fernando Gumuzio or Ms. Concepción Osácar or any of their affiliates or any affiliate of the investment manager) undertakes not to, directly or indirectly, acquire a direct or indirect ownership interest and/or voting interest in, or commence providing management, leasing or other services with respect to a residential real estate asset, which is located within five kilometers from any of Encasa Cibeles' assets. Likewise, the investment manager shall procure that Mr. Fernando Gumuzio and Ms. Concepción Osácar shall supervise the provision by the investment manager of the services, and shall provide leadership and oversight to the team which provides the property management services.
Scope of services[28]	The following services are provided by the investment manager pursuant the Encasa Cibeles Investment Management Agreement: (i) asset management: general set up of the residential rental business by refurbishing the assets, proposing to Encasa Cibeles the business plan and monitoring its implementation; (ii) property management: provision of services to lease the assets, collection of rent payments, maintenance and overall management of all necessary activities to carry out a residential leasing business; (iii) accounts management: management of accounts for payments to Encasa Cibeles and any transfer of cash required by Encasa Cibeles; and (iv) disposition of assets: marketing and sale of assets.
Scope of investment	To acquire, hold, develop, redevelop, lease, improve, operate and sell residential property.
Management Fees	*Asset management fee* The asset management fee will be equal to the greater of (i) 0.50% per annum of the aggregate

[28] Property management services are outsourced by Azora Capital to Azzam Vivienda under the outsourcing agreements dated October 25, 2013, March 17, 2015 and March 18, 2015. Fees relating to the services provided under these outsourcing agreements are paid by Azora Capital to Azzam Vivienda.

Encasa Cibeles Investment Management Agreement	
	of the gross cost of assets, and (ii) €350,000 per annum. *Property management fee* The parties shall have agreed in writing to an amount for the year's property management fee prior to the first day of the corresponding calendar year, save that in the absence of such agreement for any calendar year, the property management fee for such calendar year shall be equal to the agreed property management fee for the calendar year immediately preceding such calendar year. The amount of property management fees agreed for 2017 is €849,793. *Leasing fee* The leasing fee will be payable to the investment manager with respect to any flats rented in a given calendar month to a new tenant and occupied by such tenant on a rent-paying basis. The leasing fee is equal to one month of gross rent for each flat rented to a new tenant for a minimum period of one year. *Disposition fee – Assets sales* The investment manager is entitled to a disposition fee for assets sold to third parties (tenant or non-tenant, not part of Goldman Sachs or the Group), amounting to: (i) 0.75% of the disposition proceeds if the disposition proceeds are below €10 million; (ii) 0.45% of the disposition proceeds if an intermediary is entitled to a fee in connection to the sale and the disposition proceeds equal or exceed €10 million; or (iii) 0.75% of the disposition proceeds if no intermediary is entitled to a fee and the gross proceeds equal or exceed €10 million. *Commercial fee* A fee for the provision of sales services (a commercial fee) shall be paid by Encasa Cibeles to the investment manager. The parties shall have agreed in writing to an amount for the year's commercial fee prior to the first day of the corresponding calendar year, save that in the absence of such agreement for any calendar year, the commercial fee for such calendar year shall be equal to the agreed commercial fee for the calendar year immediately preceding such calendar year. The amount of commercial fees agreed for 2017 is €211,430.02.
Performance Fees	N/A
Early termination	Encasa Cibeles may terminate the Encasa Cibeles Investment Management Agreement on a written notice to the investment manager: (i) where the investment manager, any controlling shareholder of the investment manager, or Mr. Fernando Gumuzio and Ms. Concepción Osácar, (i) is subject of a criminal judgment or ruling; (ii) is or becomes bankrupt; (iii) commits gross negligence, fraud, or willful misconduct regarding Encasa Cibeles, any of its affiliates or an asset, or (iv) is in a material breach of the agreement, unless remedied; (ii) where there is an event of default under the joint venture agreement (an agreement entered into between Encasa Cibeles and its shareholders, namely, two Azora entities and Goldman Sachs) triggered, or deemed to be triggered, by the Azora entity; (iii) where there is an event of default under any other future or existing agreement between the investment manager (and/or its affiliates, including Mr. Fernando Gumuzio and Ms. Concepción Osácar) and Encasa Cibeles (and/or any direct or indirect affiliate of Encasa Cibeles);

Encasa Cibeles Investment Management Agreement	
	(iv) where at any relevant date the asset management fee is lower than €350,000; or lower than (0.50%) per annum of the aggregate purchase price plus expenses duly capitalized of certain assets, duly adjusted; or (v) where (i) the investment manager is not controlled jointly or individually by Mr. Fernando Gumuzio and/or Ms. Concepción Osácar, either directly or indirectly; and Mr. Fernando Gumuzio and Ms. Concepción Osácar, or related persons to them, cease holding, directly or indirectly, more than 50% of the investment manager[29]; (ii)[30] (x) the acquisition by any GS REPIA Competitor of more than 30% direct and/or indirect ownership interest in Azora Capital (and/or in any person that controls Azora Capital); or (y) any GS REPIA Competitor designating one member of the Board of Directors of Azora Capital (and/or of any person that controls Azora Capital) that has access to any information relating to Encasa Cibeles; or (iii) the investment manager is not the surviving entity from a merger or a consolidation (unless the control over the investment manager is unchanged). The Encasa Cibeles Investment Management Agreement will automatically terminate: (A) with respect to any asset or portion of any asset: (i) immediately prior the sale or disposition of an Encasa Cibeles' asset or any portion of it; (ii) immediately prior to the institution of an expropriation procedure by a governmental authority with respect of an Encasa Cibeles' asset or a portion of it; (iii) upon the demolition or destruction of more than 25% of an Encasa Cibeles' asset or portion of it (unless such demolition has been ordered by Encasa Cibeles to the investment manager); (B) or (i) immediately prior to the sale or disposition by Encasa Cibeles' parent company of the shares or substantially all of the shares or other interests in Encasa Cibeles; (ii) immediately prior to the sale or other disposition by Encasa Cibeles of all or at least 95% of its assets; or (iii) if, at any time, Encasa Cibeles' assets consist primarily on cash, cash equivalents,

29 Under a waiver dated April 16, 2018, Encasa Cibeles has agreed to waive its right to terminate the Encasa Cibeles Investment Management Agreement early due to the expected loss of joint control by Mr. Fernando Gumuzio and Ms. Concepción Osácar of the Company, and therefore Azora Capital, as a result of the Offering. Such waiver is subject to the following conditions which apply during the term of the Encasa Cibeles Investment Management Agreement: (i) each of Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding no less than 45% of the shares that they currently hold in the Company at all times during a period of three (3) years after the Admission; (ii) each of Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding office as director or senior manager in the Company after completion of the Offering and for the entire term of this agreement; and (iii) the Company controlling Azora Capital after completion of the Offering (the "**Encasa Cibeles Conditions**").

30 Prior to April 16, 2018, under this limb (v)(ii) regarding early termination, Encasa Cibeles' right to terminate was triggered in the event of a competitor to Goldman Sachs purchasing a direct or indirect stake in the investment manager, or a controlling entity of the latter. However, under a letter dated April 16, 2018, Encasa Cibeles has agreed, in the context of the Offering, to (i) waive such trigger, but only in respect of a competitor of Goldman Sachs acquiring, as a result of the Offering, a direct and/or indirect ownership interest in the Company less than or equal to 30% of the Company's share capital; provided in turn that such competitor does not nominate a member of the Board of Directors of the Company or Azora Capital that has access to any information relating to Encasa Cibeles (provided further that the granting of such waiver is subject to compliance with the Encasa Cibeles Conditions during the term of the Encasa Cibeles Investment Management Agreement); and (ii) replace the terms of such trigger with, as described in the table above, (x) "the acquisition by any GS REPIA Competitor of a more than 30% direct or indirect ownership interest in Azora Capital (and/or in any person that controls Azora Capital) or (y) "any GS REPIA Competitor designating one member of the Board of Directors of Azora Capital (and/or of any person that controls Azora Capital) that has access to any information relating to Encasa Cibeles".

Encasa Cibeles Investment Management Agreement	
	securities or other non-real estate assets. Additionally, either Encasa Cibeles or the investment manager may elect to terminate the Encasa Cibeles Investment Management Agreement if (i) a Group entity does not hold a stake at Encasa Cibeles; or (ii) Encasa Cibeles is not controlled by an affiliate of Goldman Sachs.

Selección de Inmuebles Property Management Agreement

Selección de Inmuebles Property Management Agreement	
Parties	Selección de Inmuebles, S.L.U., as property owner, and Azzam Vivienda, S.L.U, as property manager.
Date	April 21, 2015
Term	The Selección de Inmuebles Property Management Agreement sets for an initial term of eighteen months, which began on January 14, 2015 and can be automatically renewed for successive periods of one year unless Selección de Inmuebles notifies the property manager its intention to terminate the agreement with a three months prior notice. Selección de Inmuebles Property Management Agreement is currently in force.
Exclusivity	N/A
Scope of services	The following services are provided by the property manager pursuant to the Selección de Inmuebles Property Management Agreement, among others: (i) set up services: general set up of the residential rental business by refurbishing the assets, setting up a business plan and monitoring its implementation; (ii) property management: provision of services to lease the assets, collection of rent payments, maintenance and overall management of all necessary activities to carry out a residential leasing business; and (iii) accounts management: management of accounts for the collection of payments and provision of general accounting and corporate services.
Scope of investment	Collection of rents from residential assets.
Management fees	*Property management fee* The property management fee is equal to the aggregate of (i) an annual fixed fee of €225,000; plus (ii) a variable monthly fee of €30 per unit owned by Selección de Inmuebles. *Accounting fee* The annual accounting fee is €150,000. *Leasing fee* The leasing fee will be payable to the property manager with respect to any flats rented in a given calendar month to a new tenant and occupied by such tenant on a rent-paying basis. The leasing fee is equal to one month of gross rent for each flat rented to a new tenant for a

Selección de Inmuebles Property Management Agreement	
	minimum period of one year.
Performance fees	N/A
Other fees	*Renewal term termination fee* In the event the Selección de Inmuebles Property Management Agreement is terminated by Selección de Inmuebles three months prior to the termination of an extension of the initial term, the property manager is entitled to receive the fees corresponding to such three-month period plus the sum of the property management fee and accounting fee equivalent to a three-month period, provided that the amount is not higher than the amount that would correspond to property manager from the date of termination of the Selección de Inmuebles Property Management Agreement until the termination of the extended period, in which case the renewal termination fee should be limited to such amount. *Termination fee* In case the Selección de Inmuebles Property Management Agreement is terminated due to a Selección de Inmuebles' event of default, or the disposal of at least 95% of the residential assets by Selección de Inmuebles, the property manager is entitled to the aggregate amount equal to the property management fee plus the accounting fee it has received during the three months preceding such termination date.
Early Termination	Selección de Inmuebles may terminate the Selección de Inmuebles Property Management Agreement on a written notice to the property manager, among others, on the following grounds: (i) where any of the following: the property manager, any controlling shareholder of the property manager, or Mr. Fernando Gumuzio and Ms. Concepción Osácar (i) is subject to a criminal judgment or ruling; (ii) is or becomes insolvent or liquidated; (iii) commits gross negligence, fraud, or willful misconduct regarding Selección de Inmuebles, any of its affiliates or an asset, or (iv) is in a material breach of the agreement, unless remedied; (ii) where the property manager does not hold a license or permit or other governmental authorization required for it to lawfully perform the services under the Selección de Inmuebles Property Management Agreement, and has not applied for it, or from this lack of license or permit could arise any kind of liability or damages towards Selección de Inmuebles or prejudice the ability of the property manager to perform its obligation under the Selección de Inmuebles Property Management Agreement; (iii) where there is an event of default under any other future or existing agreement between the property manager (and/or its affiliates, including Mr. Fernando Gumuzio and Ms. Concepción Osácar) and Selección de Inmuebles (and/or any direct or indirect affiliate of Selección de Inmuebles); or (iv) where (i) the property manager is not controlled jointly or individually by Mr. Fernando Gumuzio and/or Ms. Concepción Osácar, either directly or indirectly, and Mr. Fernando Gumuzio and Ms. Concepción Osácar, or related persons to them, cease to hold, directly or indirectly, more than 50% of the property manager[31];

[31] Under a waiver dated April 16, 2018, Selección de Inmuebles has agreed to waive its right to terminate the Selección de Inmuebles Property Management Agreement early due to the expected loss of joint control by Mr. Fernando Gumuzio and Ms. Concepción Osácar of the Company, and therefore Azora Capital, as a result of the Offering. Such waiver is subject to the following conditions which apply during the term of the Selección de Inmuebles Property Management Agreement: (i) each of Mr. Fernando Gumuzio and Ms. María Concepción Osácar holding no less than 45% of the shares that they currently hold in the Company at all times during a period of three (3) years after the Admission; (ii) each of Mr. Fernando Gumuzio and Ms. María Concepción

Selección de Inmuebles Property Management Agreement	
	(ii)[32] (x) the acquisition by any GS REPIA Competitor of more than 30% direct and/or indirect ownership interest in Azora Capital (and/or in any person that controls Azora Capital); or (y) any GS REPIA Competitor designating one member of the Board of Directors of Azora Capital (and/or of any person that controls Azora Capital) that has access to any information relating to Encasa Cibeles; or (iii) the property manager is not the surviving entity from a merger or a consolidation (unless the control over the property manager is unchanged). The Selección de Inmuebles Property Management Agreement will automatically terminate: (C) with respect to any asset or portion of any asset: (i) immediately prior the sale or disposition of an asset of Selección de Inmuebles or a portion of it; (ii) immediately prior to the commencement of an expropriation procedure by a governmental authority with respect to an asset owned by Selección de Inmuebles or a portion of it; (D) with respect to any asset or portion of any asset: (i) upon the demolition or destruction of more than 25% of an asset of Selección de Inmuebles or a portion of it (unless such demolition has been ordered by Selección de Inmuebles to the property manager); (ii) immediately prior to the sale or other disposition by Selección de Inmuebles of all or at least 95% of its assets; or (iii) if, at any time, Selección de Inmuebles' assets consist primarily of cash, cash equivalents, securities or other non-real estate assets. The foregoing is without prejudice to any obligation that shall survive the termination of the Agreement, including any obligation to hand-over the portfolio to a new manager (as applicable),

Témpore Investment Management Agreement

Témpore Investment Management Agreement	
Parties	Témpore Properties SOCIMI, S.A., as property owner, and Azora Gestión, S.G.I.I.C., S.A.U., as investment manager.
Date	November 24, 2017

Osácar holding office as director or senior manager in the Company after completion of the Offering and for the entire term of this agreement; and (iii) the Company controlling Azora Capital and Azzam Vivienda after completion of the Offering (the "**Selección de Inmuebles Conditions**").

[32] Prior to April 16, 2018, under this limb (iv)(ii) regarding early termination, Selección de Inmuebles' right to terminate was triggered in the event of a competitor to Goldman Sachs purchasing a direct or indirect stake in the investment manager, or a controlling entity of the latter. However, under a letter dated April 16, 2018, Selección de Inmuebles has agreed, in the context of the Offering, to (i) waive such trigger, but only in respect of a competitor of Goldman Sachs acquiring, as a result of the Offering, a direct and/or indirect ownership interest in the Company less than or equal to 30% of the Company's share capital; provided in turn that such competitor does not nominate a member of the Board of Directors of the Company or Azora Capital that has access to any information relating to Selección de Inmuebles (provided further that the granting of such waiver is subject to compliance with the Selección de Inmuebles Conditions during the term of the Selección de Inmuebles Property Management Agreement) and (ii) replace the terms of such trigger with, as described in the table above, (x) "the acquisition by any GS REPIA Competitor of a more than 30% direct or indirect ownership interest in Azora Capital (and/or in any person that controls Azora Capital) or (y) "any GS REPIA Competitor designating one member of the Board of Directors of Azora Capital (and/or of any person that controls Azora Capital) that has access to any information relating to Selección de Inmuebles ".

Témpore Investment Management Agreement	
Term	The term of the Témpore Investment Management Agreement is set for an initial period of two years from December 2017. The term will be automatically extended for successive one year periods up to a maximum of five years since the entry into force of the agreement, unless any of the parties notifies the other party its intention to terminate the Témpore Investment Management Agreement with a written notice six months prior to the end of the initial period or any of the extension.
Exclusivity	N/A
Scope of services[33]	The following services are provided by the property manager pursuant the Témpore Investment Management Agreement: *Asset management services* (i) General Asset Management and business plan; (ii) Financial and administrative management; and (iii) Reporting. *Property management services* (i) Leasing services; (ii) Purchase option divestment services; (iii) Open market divestment services; (iv) Invoicing and collection services; (v) Payment services; (vi) Other accounting and administrative services; (vii) Property services and suppliers; (viii) Tenant services; (ix) Legal services; (x) Management of documentation and of the keys; (xi) Third party representation services; (xii) Legal services; (xiii) Technical services; (xiv) Promotion and webpage maintenance; and (xv) Ordinary asset maintenance service.

[33] Property management services are outsourced by Azora Gestión to Azzam Vivienda under an outsourcing agreement dated December 19, 2017. Fees relating to the services provided under this outsourcing agreement are paid by Azora Gestión to Azzam Vivienda.

Témpore Investment Management Agreement	
Scope of investment	Residential assets.
Management fees	*Property management fee* The property management fee is equal to the gross rents amount multiplied by the following: (i) 4.5% if the occupancy rate is higher than 90%; (ii) 4% if the occupancy rate is lower than 90% but higher than 70%; and (iii) 3.5% if the occupancy rate is lower than 70%. *Leasing fee* The leasing fee is equal to one month of gross rent for each flat rented to a new tenant. Tacit or automatic renewals will not give rise to any leasing fee. *Divestment fee* The divestment fee is equal to 1.5% of the sale price of an asset. *Administration fee* The administration fee is a monthly fixed amount per asset related to administration and accounting services. *Works control fee* For the recurrent control and administration services for conditioning works with a budget equal to or less than €7,000 to cover tenant turnover, a fixed amount per asset will be collected. These fees will accrue upon each conclusion of the conditioning works on an asset. *Asset management fee – fixed amount* The asset management fee fixed amount will be payable monthly. The monthly asset management fee fixed amount is equal to 0.025% of the GAV of all the assets. The GAV for the calculation of the fixed amount of the management fee will be the appraisal value from the latest appraisal valuation of the assets.
Performance fees	*Asset management fee – variable amount* The performance fee will be calculated separately for assets owned by Témpore as of the execution of the Témpore Investment Management Agreement and for the assets purchased during the term of the agreement, for which a different performance fee will be calculated (the formula will be the same for both). For the purposes of the calculation of the variable amount of the asset management fee, the profitability of the assets calculated for 2019 will be used. Such profitability is calculated as NOI for 2019 divided by the aggregate acquisition price of the assets and the capex as of December 31 2019. The yearly variable amount of the asset management fee for December 2017 and the years 2018

Témpore Investment Management Agreement	
	and 2019 is calculated as follows: (i) if the profitability is lower than 1.5%, there will be no variable fee accrued; (ii) if the profitability is higher than 1.5% and lower than 3%, the variable amount will be 0.1% of the GAV; (iii) if the profitability is higher than 3% and lower than 4.5%, the variable amount will be 0.2% of the GAV; (iv) if the profitability is higher than 4.5%, the variable amount will be 0.3% of the GAV. The variable amount of the asset management fee for the years 2017, 2018 and 2019 will be payable no later than April 30, 2020. For any extension of the term of the Témpore Property Management Agreement, the profitability will be calculated as NOI for the year for which the corresponding performance fee is calculated divided by the aggregate acquisition price of the assets and the capex of the year for which the corresponding performance fee is calculated. The variable amount of the asset management fee for any extension will be calculated as follows: (i) if the profitability is lower than 2%, there will be no variable fee accrued; (ii) if the profitability is higher than 2% and lower than 3.5%, the variable amount will be 0.1% of the GAV; (iii) if the profitability is higher than 3.5% and lower than 5%, the variable amount will be 0.2% of the GAV; (iv) if the profitability is higher than 5%, the variable amount will be 0.3% of the GAV. The variable amount of the asset management fee will be payable no later than April 30, following each extension.
Other fees	*Migration fees* Relating to all migrations necessary in order to incorporate at Témpore any assets acquired throughout the duration of the agreement, a monthly fixed remuneration will be payable with a maximum of three months, provided that the portfolio of the assets to be migrated comprises more than 500 residential properties. *Termination migration fee* In the event the Témpore Investment Management Agreement is early terminated by any of the parties, or on the termination date of the agreement, the investment manager undertakes to perform an orderly migration of all the assets in accordance with the instructions given by Témpore. For these services the investment manager will be remunerated with a fixed amount.

Carey Asset Management Agreement

Carey Asset Management Agreement	
Parties	Carey Value Added, S.L., as managed entity, and Azora Capital, S.L. as asset manager

Carey Asset Management Agreement	
Date	May 11, 2011 (as amended on 26 September 2012)
Term	Until the end of the divestment period or at the end of its extension period.
Initial Period	Commencing on the execution date of the Carey Asset Management Agreement, and ended at the beginning of the 54-month management period (that is on July 31, 2011).
Divestment Period	From the end of the management period, which ended on January 28, 2016, to January 27, 2019 (36 months after the end of the management period). The Carey Asset Management Agreement can be extended for an additional period of 12 months if any of the parties notifies the other its intention to extend the Carey Asset Management Agreement two months prior the end of the divestment period, as long as the pending divestment assets represent more than 10% of the number of rooms in place as of the execution date of the Carey Asset Management Agreement.
Exclusivity	Development, acquisitions, repositioning and operating of hotel real estate.
Scope of services	The services provided by the asset manager pursuant the Carey Asset Management Agreement include, among others: (i) restructuring corporate services; (ii) contract review services; (iii) refinancing negotiation services; (iv) monitoring of the property management services; (v) legal representation services; (vi) corporate, financial and administrative services; and (vii) divestment services.
Scope of investment	Hotels in Europe and the U.S.
Base fees	*Base fee* The base fee will be payable to the asset manager twice a year by Carey and Carey Property. If the average weighted number of existing rooms in the semester prior the accrual date of the base fee divided by 1,495 (the original number of rooms under management owned by Carey Property) or 412 (the original number of rooms under management owned by Carey) is: (i) higher than 40%, the base fee will be calculated as the last accrued base fee from the management period (increased by CPI) multiplied by the average weighted number of existing rooms divided by 1,495 (in the case of Carey Property) or 412 (in case of Carey); (ii) lower than 40% but equal or higher than 20%, the base fee will amount to €380,000 for the half year (in case of Carey Property) and €95,000 for the half year (in case of Carey); (iii) lower than 20%, the base fee will amount to €260,000 for the half year (in case of Carey Property) and €65,000 for the half year (in case of Carey).

Carey Asset Management Agreement	
	All the accrued fees will be increased by CPI accordingly.
Performance fees	*Performance fee* The performance fee will be calculated by the aggregate amount of the distribution made to Carey's and Carey's Property's shareholders. For Carey, the performance fee will amount to the aggregate amount of the distribution made to its shareholders multiplied: (i) if lower than €70 million, by 0%; (ii) if higher than €70 million and lower than €75 million, by 12%; (iii) if higher than €75 million and lower than €85 million, by 14%; (iv) if higher than €85 million and lower than €95 million, by 16%; (v) if higher than €95 million and lower than €105 million, by 18%; and (vi) if higher than €150 million, by 20%. For Carey Property, the performance fee will amount to the aggregate amount of the distribution made to its shareholders multiplied: (i) if lower than €105 million, by 0%; (ii) if higher than €105 million and lower than €110 million, by 12%; (iii) if higher than €110 million and lower than €120 million, by 14%; (iv) if higher than €120 million and lower than €130 million, by 16%; (v) if higher than €130 million and lower than €140 million, by 18%; and (vi) if higher than €140 million, by 20%.
Other fees	*Termination fee* In the event Carey terminates the Carey Asset Management Agreement without an early termination right, or in case the asset manager decides to terminate the agreement due to a material breach by Carey of the agreement, the asset manager will be entitled to receive a termination fee. The termination fee will amount to (i) the base fee accrued annualized multiplied by eight minus the number of years which has elapsed since the execution of the Carey Asset Management Agreement; plus (ii) the corresponding performance fee.
Termination	Carey may terminate the Carey Asset Management Agreement due to the following: (i) if there is any partial or total material breach of the Carey Asset Management Agreement due to bad faith or negligence from the asset manager, unless remedied by it within thirty days since the occurrence of such breach; (ii) if Mr. Fernando Gumuzio and Ms. Concepción Osácar cease to hold control, either jointly or individually, over the asset manager, Carey will be entitled to terminate the Carey Asset

Carey Asset Management Agreement	
	Management Agreement, although no termination penalty would be accrued[34]; and (iii) if the aggregate number of rooms under management is lower than 380, Carey will be entitled to terminate the Carey Asset Management Agreement paying the corresponding performance fee and accrued fees.
Other relevant information	Carey Property is a company created within the reorganization of Carey which received assets from Carey. Such entity was also managed by the Group (Carey Property merged with Carey in 2016).

Vivenio Property Management Agreement

Vivenio Property Management Agreement	
Parties	Vivenio Residencial SOCIMI, S.A., as property owner, Renta Corporación Real Estate, S.A., as asset manager, and Azzam Vivienda, S.L.U., as property manager.
Date	April, 5, 2018
Term	Two years since the first day of the month in which the property managers collects the monthly rents from the tenants and the relevant documentation has been provided to the property manager. Such date will be no later than July 1, 2018, as long as the initial assets have been transferred to Vivenio and it has the necessary information for the provision of services. The term will be automatically extended for eight one-year periods, unless any of the parties notifies in writing the other party its intention to terminate the Vivenio Property Management Agreement at least six months prior to the end of the initial term or any of the extension. Six months prior to the end of the initial term, the parties will negotiate a new agreement. If no such agreement is reached four months prior to the end of the initial term, the parties will negotiate the transfer of the services.
Initial Period	N/A
Divestment Period	N/A
Exclusivity	N/A
Scope of services	The following services provided by the property manager pursuant the Vivenio Property Management Agreement include, among others: (i) property and suppliers services; (ii) tenant services; (iii) rotation of tenants services; (iv) representation services before unrelated third parties; (v) document and keys management services;

34 On March 22, 2018 Carey has waived its right to early terminate the Carey Asset Management Agreement due to a change of control of the asset manager, as defined therein, as a result of the Offering.

<table>
<tr><th colspan="2">Vivenio Property Management Agreement</th></tr>
<tr><td></td><td>(vi) legal services;

(vii) asset maintenance services;

(viii) leasing services;

(ix) divestment and call option services;

(x) billing and payment collection services; and

(xi) accounting and administrative services.</td></tr>
<tr><td>Scope of investment</td><td>Residential properties and related properties (e.g. parking spaces, garages and storage spaces) in Spain.</td></tr>
<tr><td>Base property fees</td><td>Property management fee

The property management fee will payable monthly. The amount will be equal to the gross monthly rents collected, multiplied by 4%. In June and December a reconciliation of the actually paid rents during the previous six months shall be carried out, in order to recalculate the property management fee. The percentage used for the calculation of the property management fees will be adjusted in June and December and will be applied to the rents collected in the six months subsequent. Such percentage is determined pursuant the occupation rate, which will be calculated as the average of the monthly average occupation rates from the previous six months, and the number of housing units owned by Vivenio, which will be calculated as the average of the monthly average number of units from the previous six months, as follows:

<table>
<tr><th></th><th></th><th colspan="3">Occupancy rate</th></tr>
<tr><th></th><th></th><th>Less than 80%</th><th>Between 80% and 95%</th><th>Higher than 95%</th></tr>
<tr><td rowspan="3">Number of housing units</td><td>Up to 3,000 (included)</td><td>3.75%</td><td>4.00%</td><td>4.25%</td></tr>
<tr><td>From 3,001 to 4,000 (both included)</td><td>3.50%</td><td>3.75%</td><td>4.15%</td></tr>
<tr><td>From 4,001 (included)</td><td>3.25%</td><td>3.65%</td><td>4.00%</td></tr>
</table>

The reconciliation amount will be paid, as appropriate, in January and July of the following semester to which the reconciliation has been applied.

Any new incorporated assets to the portfolio of Vivenio will not be included for the calculation of the property management fee if the occupation rate is lower than 85%. If the occupation rate is lower than 85% after the first year since its inclusion on the portfolio, they will be included in the calculation of the property management fee, unless such low occupancy rates stems from instructions received from Vivenio.

Leasing fee

The leasing fee will amount to one month of rent in case the housing unit is leased within two months since the last tenant left, or half a month of rent in case the housing unit is leased after two months since the last tenant left. No leasing fee will be payable for yearly extensions of lease contracts.

For any new housing units incorporated to the portfolio, the leasing fee will be half a month of</td></tr>
</table>

Vivenio Property Management Agreement	
	rent until the occupation rate reaches 80%. *Divestment fee* The divestment fee will be equal to 1% of the sale price. In case of an existing purchase option, the divestment fee will be the lower of (i) €1,500 per divestment, and (ii) 1% of the sale price. *Administration and accounting fees* The administrative and accounting fees will be equal to: (i) €3 per housing units per month, up to 3,000 housing units under management; (ii) €2.75 per housing units per month, for those units above 3,000 units under management up to 4,000 units under management; and (iii) €2.5 per housing units per month, for those units above 4,000 units under management. *Refurbishment fee* The refurbishment fee will be equal to €50 per refurbishment works for a unit being newly leased, if such works expenses are lower than €2,500. If the refurbishment works expenses are high than €2,500, the refurbishment fee will be equal to 3.5% of the refurbishment works expenses. Likewise, any works to improve common areas of the developments in which the housing units are located will allow the property manager to receive a refurbishment fee of 3.5% of the total expenses of the works. *Non-recurring services fee* Management of the common areas: €5 per housing unit per month; Legal proceedings: €800, plus legal representative before the court expenses (approx. €300); and Independent social mediation: it will be determined in a case by case basis.
Performance property fees	N/A
Other fees	N/A
Termination	Renta Corporación may terminate the Vivenio Property Management Agreement due to the following: (i) legal imperative; (ii) substantial and sustained lack of professional diligence by the property manager; (iii) for any serious and sustained breach of the material terms of the Vivenio Property Management Agreement, if such breach is not remedied;

Vivenio Property Management Agreement	
	(iv) if the property manager rejects and amendment to the Vivenio Property Management Agreement, provided that such amendment is (i) reasonable and the obligations of the property manager under the agreement are not substantially increased, (ii) due to the assets applicable regulations, either at the national or EU level and Vivenio offers the property manager a reasonable compensation given the amendment; (v) if the property manager acts negligently, willful misconduct or on bad faith during the provision of services and its actions caused any material harm or prejudice to Renta Corporación; (vi) in the event of termination or suspension of the property manager's activity for a period longer than twenty days without cause; (vii) in the event of windup or liquidation of the property manager, unless such situation is due to an intragroup reorganization; and (viii) sublease or assignment without Vivenio's consent.

IPO Commitments *vis-á-vis* the Company

Certain members of the Senior Management Team and the Board of Directors have agreed to subscribe for New Shares in the Offering for an aggregate amount of €9.29 million and €1.05 million, respectively, corresponding with 965,695 and 109,147 Shares (assuming the Indicative Offer Price as the Offer Price).

Such members of the Senior Management Team have also agreed *vis-á-vis* the Company to abide by certain restrictions with respect to the New Shares subscribed by each of them in the Offering, specifically that they will not:

(a) directly or indirectly, issue, offer, pledge, sell, announce an intention to or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend pledge or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or

(b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences or ownership of the ordinary shares,

whether any such swap or transaction described in paragraphs (a) or (b) above is to be settled by delivery of ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, in cash or otherwise.

The foregoing restrictions shall not apply to transfers of such New Shares in favor of the direct family members (being a parent, brother, sister, spouse or civil partner or a lineal descendant of any of the foregoing) of the relevant member of the Senior Management Team, provided that any such transferee shall agree to be bound by the lock-up obligations.

The foregoing restrictions shall apply as follows:

(i) in respect of 100% of the New Shares subscribed by them in the Offering, during the period commencing on Admission and ending 360 days after the date of listing of the ordinary shares of the Company;

(ii) in respect of 50% of the New Shares subscribed by them in the Offering, during the period commencing on Admission and ending two years after the date of listing of the ordinary shares of the Company; and

(iii) in respect of 25% of the New Shares subscribed by them in the Offering during the period commencing on Admission and ending three years after the date of listing of the ordinary shares of the Company.

The restrictions set out above may not be waived by the Company unless the Board of Directors otherwise agrees to do so on a case by case basis, and considering the extraordinary and specific personal circumstances applicable to the relevant member of the Senior Management Team.

For details on the lock-up restrictions to which the current shareholders' of the Company have agreed to abide by in respect of certain of the Company's ordinary shares that they will hold as of Admission, see "*Management and Board of Directors – Remuneration*".

For details of the lock-up restrictions vis-á-vis the Managers, see "*Plan of Distribution – Lock-ups*".

TAXATION

A. **Spanish Tax Considerations**

The following section is a general description of certain Spanish tax implications of the acquisition, ownership and disposition of the Company's ordinary shares by Spanish and non-Spanish tax resident shareholders. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and its interpretation and application. This summary does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to "look-through" entities (such as estates) that may be subject to a specific tax regime applicable under the consolidated text of the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004, of March 5 (*texto refundido de la Ley del Impuesto sobre la Renta de no Residentes, aprobado por Real Decreto Legislativo 5/2004, de 5 de marzo*) ("**NRIT Law**") or under the Spanish Personal Income Tax Law 35/2006, of November 28 (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) ("**PIT Law**") or similar legislation applicable, as the case may be. This analysis does not cover all possible tax consequences of the transactions applicable to all categories of shareholders, some of which (*e.g.*, financial institutions, collective investment schemes, cooperatives, etc.) may be subject to special rules. Furthermore, this summary does not take into account the regional tax regimes in force applicable in the Historical Territories of the Basque Country and the Historical Autonomous Region of Navarre ("*Concierto*" and "*Convencio Económinco*, respectively), or the regulations adopted by the Spanish autonomous regions, (*Comunidades Autónomas*) that may apply to investors regarding particular taxes.

The description of Spanish tax laws set forth below is based on law currently in effect in Spain as of the date of this Prospectus, and on the administrative interpretations thereof made public to date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

Potential shareholders should consult their own tax advisors concerning the specific Spanish, state, regional and local tax consequences of the acquisition, ownership and disposition of the Company's ordinary shares in light of their particular circumstances as well as any consequences arising under the laws of any other taxing jurisdiction.

Direct taxation on the ownership and subsequent disposition of the Company's ordinary shares

A.1. SHAREHOLDERS RESIDENT IN SPANISH TERRITORY

This section considers the tax treatment applicable to investors deemed resident in the Spanish territory for tax purposes. In general, and without prejudice to the provisions of the conventions for the avoidance of double taxation ("**DTC**") ratified by Spain, investors considered to be resident in Spain for these purposes include entities resident in Spain pursuant to article 8 of the Spanish Corporate Income Tax ("**CIT**") Law 27/2014, of November 27 (Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades) ("**CIT Law**") and individuals whose permanent available home is in Spain, as defined in article 9.1 of the PIT Law, together with those individuals resident abroad who are members of Spanish diplomatic missions, Spanish Consuls and other official bodies, as set down in article 10.1 thereof. Likewise, investors considered resident in Spain for tax purposes also include individuals with Spanish nationality who, while ceasing their tax residency in Spain, demonstrate their new tax residency to be in a tax haven, during the tax period in which the change of residence takes place and the following four periods, pursuant to article 8.2 of the PIT Law.

(a**) Spanish Resident Individuals**

(a.1.) Personal income tax

(a.1.1) Taxation of dividends

In accordance with article 25 the PIT Law, income received by a Spanish shareholder in the form of dividends, shares in profits, consideration paid for attendance at shareholders' meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received in his or her capacity as shareholder is subject to tax as capital income.

Gross capital income shall be reduced by any administration and custody expenses (but not by those incurred in individualized portfolio management); the net amount shall be included in the relevant Spanish shareholder's savings taxable base. The savings taxable base rates for the tax year 2018 are 19% for taxable income up to €6,000, 21% for taxable income between €6,001 and €50,000, and 23% for taxable income exceeding €50,000.

In addition, Spanish shareholders shall be liable for a PIT withholding on dividends distributed at the then-applicable tax rate (currently 19%) on the gross income obtained. Such withholding tax is creditable from the PIT payable; if the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the PIT Law.

(a.1.2) Taxation of capital gains

Gains or losses generated by a Spanish individual as a result of the transfer of the shares qualify for the purposes of the PIT Law as capital gains or losses and are subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses shall be the difference between the shares' acquisition value (plus any fees or taxes incurred) and the transfer value, determined by: (i) the listed value of the shares as of the transfer date, or (ii) the agreed transfer price, when this exceeds the listed value of the shares, less any fees or taxes incurred.

Where the taxpayer owns other securities of the same kind, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first (FIFO).

Capital gains or losses arising from the transfer of the Company's ordinary shares by a Spanish individual are included in such Spanish holder's capital income corresponding to the period when the transfer takes place; any gain resulting from the compensation between such gains and losses being is taxed in the 2018 tax year at a flat rate of 19% for the first €6,000, 21% between €6,001 and €50,000 and 23% for any amount in excess of €50,000.

Capital gains arising from the transfer of the Company's ordinary shares are not subject to withholding tax on account of PIT. Losses arising from the transfer of shares admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges) will not generally be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining shares of the taxpayer.

(a.1.3) Taxation of pre-emptive rights

Distributions to Spanish shareholders of pre-emptive rights to subscribe for new shares are not treated as income under Spanish law. The exercise of such pre-emptive rights is not considered a taxable event under Spanish law.

The proceeds obtained by a PIT taxpayer from a transfer of pre-emptive rights derived from shares admitted to trading on specific official stock exchanges (including the Spanish Stock Exchanges), such as the Company's ordinary shares, will be regarded as a capital gain and subject to the PIT corresponding to the period when the transfer takes place (in the manner described under "*Taxation of capital gains*" above). The amount received in the transfer of pre-emptive rights will be subject to Spanish withholding tax on account of PIT at the then-applicable tax rate (currently 19%), to be levied by the depositary entity (or, in its absence, by the corresponding financial intermediary or notary public that intervenes in the transfer).

(a.1.4) Taxation of share premium distributions

A distribution of share premium will not in itself constitute taxable income but will instead reduce the acquisition value of the Company's ordinary shares to the extent that they are admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges). If the amount of the share premium received exceeds the acquisition value of the shares held by a Spanish shareholder, such excess would constitute capital financial taxable income subject to a flat rate of 19% for the first €6,000, 21% between €6,001 and €50,000 and 23% for any amount in excess of €50,000. No withholding on account of PIT are levied on distributions of share premium.

(a.2) Spanish Wealth Tax

Individual shareholders who are resident in the Spanish territory shall be subject to Spanish Wealth Tax on their total net wealth at December 31, irrespective of where their assets might be located or rights might be exercised.

Spanish Wealth Tax Law 19/1991, of June 6 (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*) provides that the first €700,000 of net wealth owned by an individual Spanish shareholder will be exempt from taxation, while the rest of the net wealth will be taxed at a rate ranging between 0.2% and 2.5% However, this rate may vary depending on the autonomous region of residency of the taxpayer. As such, prospective shareholders should consult their own tax advisors.

A shareholder who is required to file a Spanish Wealth Tax return should value the Company's ordinary shares at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

In accordance with Article 4 of the Royal Decree-Law 3/2016, of December 2, adopting tax measures aimed at the consolidation of public finances and other urgent social security measures (*Real Decreto-ley 3/2016, de 2 de diciembre, por el que se adoptan medidas en el ámbito tributario dirigidas a la consolidación de las finanzas públicas y otras medidas urgentes en materia social*) ("**RDL 3/2016**"), as from year 2018, a full exemption on Spanish Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2018 and onwards, individuals resident in Spain will be exempt in relation to this Spanish Wealth Tax, unless the application of this full exemption is postponed. The foregoing shall be without prejudice to the specific regulations adopted by each autonomous region.

(a.3) Spanish Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire the Shares by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax ("**IGT**") in accordance with the IGT Law 29/1987, of December 18 (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*) ("**IGT Law**"), without prejudice to the specific legislation applicable in each autonomous region. The applicable tax rates as of the date of this Prospectus range between 7.65% and 34%. However, after applying certain relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor), the final effective tax rate may range from 0% to 81.6%. Some tax benefits could reduce the effective tax rate.

(a.4) Spanish Transfer Tax

The acquisition and transfers of the Company's ordinary shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax (*Impuesto sobre el Valor Añadido*). Additionally, no Stamp Duty is levied on such acquisition and transfers.

(b) Spanish Corporate Resident Shareholders

(b.1) *Corporate income tax*

(b.1.1) Taxation of dividends

CIT taxpayers and NRIT taxpayers who act in Spain for these purposes through permanent establishments shall include the gross amount of dividends or interest in profits received as a result of ownership of the securities acquired in their taxable base, in accordance with article 10 and onwards of the CIT Law. The general CIT rate is 25%. In the event of a distribution of share premium, the amount received by CIT taxpayers shall reduce, until cancellation, the acquisition value of the specific shares. The excess over that acquisition value will be included in the taxable base as income. However, CIT taxpayers will be entitled to apply a participation exemption regime for dividends received from Spanish companies, pursuant to article 21 of the CIT Law, if certain requirements are met: (i) participation, directly or indirectly, of at least 5% in the Company's share capital (or acquisition cost exceeding €20 million) and (ii) provided such participation is held for at least one year prior to the relevant distribution date or it commits to hold the participation for the time needed to complete such one-year holding period (and provided that other requirements that need to be analyzed on a case-by-case basis are fulfilled).

In case that more than 70% of the Company's revenue derives from dividends and capital gains arising from transfers of the Shares, the application of the participation exemption is subject to particularly complex restrictions, substantially requiring that the shareholder holds an indirect participation of at least 5% in the share capital of the Company's subsidiaries. Shareholders are urged to consult their tax advisors regarding compliance with the requirements for application of the aforesaid participation exemption.

In addition, in the 2018 tax year, CIT taxpayers shall be subject to a 19% withholding tax on the total profit distributed, unless any of the withholding exemptions set forh in prevailing regulations apply, in which case, no withholding tax shall be made. The distribution of share premium is not subject to withholding on account of CIT.

This withholding shall be creditable from the CIT payable and, should the latter be insufficient, it shall give rise to the refund provided for in article 127 of the CIT Law.

(b.1.2) Taxation of capital gains

The gain arising on transfer of the Company's ordinary shares or from any other change in net worth relating to such shares are included in the tax base of CIT taxpayers; such gain is taxed generally at a current rate of 25% As to losses resulting from the transfer of the Company's ordinary shares, the CIT deductibility of the losses may be subject to temporary or permanent restrictions (for instance, if the capital gains obtained on such transfer are entitled to benefit from the Spanish participation exemption regime, indicated below), pursuant to Royal Decree-Law 3/2016, of December 2. Shareholders who are CIT tax-payers must consult their tax advisors regarding the CIT impact for them of these rules.

However, CIT taxpayers will be entitled to apply a participation exemption regime for capital gains arising on the transfer of Spanish companies shares if (i) the shareholding, directly or indirectly, amounts of at least 5% of the company (or acquisition cost exceeding €20 million) provided (ii) such participation is held for at least one year prior to the transfer (and provided that other requirements that need to be analyzed on a case-by-case basis are fulfilled).

In case that more than 70% of the Company's revenue comes from dividends and capital gains deriving from the transfer of shares, the application of the participation exemption is subject to particularly complex restrictions, substantially requiring that the shareholder holds an indirect participation of at least 5% in the share capital of the Company's subsidiaries. Shareholders are urged to consult their tax advisors regarding compliance of the requirements for application of the aforesaid participation exemption.

Capital gains deriving from the disposal of the Company's ordinary shares will not be subject to withholding tax on account of CIT.

(b.1.3) Taxation of pre-emptive rights

Distributions to CIT taxpayers of pre-emptive rights to subscribe for new shares are not treated as income under Spanish law. The exercise of such pre-emptive rights is not considered a taxable event under Spanish law. However, if these pre-emptive rights are transferred by a CIT taxpayer, the accounting income that may arise from the transfer will be subject to the general CIT tax rate, currently of 25%. Shareholders who are CIT taxpayers must consult their tax advisors regarding the possibility to apply the Spanish participation exemption on this income.

(b.1.4) Taxation of share premium distributions

A distribution of share premium will not in itself constitute taxable income but will instead reduce the acquisition value of the Company's ordinary shares. If the amount of the share premium received exceeds the acquisition value of the Company's ordinary shares held by a CIT taxpayer, such excess would constitute taxable income, generally subject to the general CIT tax rate of 25%. Shareholders who are CIT taxpayers must consult their tax advisors regarding the possibility to apply the Spanish participation exemption on this income.

(b.2) Spanish Wealth Tax

CIT taxpayers are not subject to Spanish Wealth Tax.

(b.3) Spanish Inheritance and Gift Tax

In the event of acquisition of the Company's ordinary shares free of charge by a CIT taxpayer, the income generated by the latter will be taxed according to the CIT rules, the IGT not being applicable.

(b.4) Spanish Transfer Tax

The acquisitions and transfers of the Company's ordinary shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax (*Impuesto sobre el Valor Añadido*). Additionally, no Stamp Duty is levied on such acquisitions and transfers.

A.2. SHAREHOLDERS NOT RESIDENT IN SPANISH TERRITORY

This section analyses the tax treatment applicable to shareholders who are not resident in Spanish territory and are beneficial owners of the New Shares. Non-resident shareholders are individuals who are not PIT taxpayers and entities not resident in Spanish territory, pursuant to article 6 of the NRIT Law.

The tax regime described herein is general in nature and is solely referred to Spanish taxation, and the specific circumstances of each taxpayer should be considered in the light of the applicable DTC.

(c.1) Non-resident income tax

(i) Non resident shareholders acting through a permanent establishment in Spain

Ownership of the Company's ordinary shares by shareholders who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Company's ordinary shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such shares are the same as those set out for legal entities with tax residence in Spain described in the preceding section.

(ii) Non resident shareholders non acting through a permanent establishment in Spain

(c.1.1) Taxation of dividends

Dividends paid to non-Spanish tax resident shareholders not acting through a permanent establishment in Spain are subject to Spanish NRIT, at the general withholding tax rate of 19% in the 2018 tax year. This tax rate can be eliminated or reduced as per the application of (i) the NRIT exemption implementing the EU Parent-Subsidiary Directive or (ii) the benefits of a DTC.

Under the EU Parent-Subsidiary Directive exemption, no Spanish withholding taxes should be levied on the dividends distributed by a Spanish subsidiary to its EU parent company or to an EU permanent establishment of its EU parent company, to the extent that the following requirements are met:

(i) the EU parent company maintains a direct or indirect holding in the capital of the Spanish subsidiary of at least 5% or its acquisition cost exceeding €20 million. The holding must have been maintained uninterruptedly during the year prior to the date on which the distributed profit is due or, failing that, be maintained for the time required to complete such period (in the latter case, the withholding tax must be levied, although it would be refundable once the year has been completed);

(ii) the EU parent company is incorporated under the laws of a EU member state, under one of the corporate forms listed in Annex I, Part A, of the EU Parent-Subsidiary Directive, and is subject to a Member State Corporate Income Tax (as listed in Annex I, Part B, of the EU Parent-Subsidiary Directive), without the possibility of being exempt; and

(iii) the dividends distributed do not derive from the subsidiary's liquidation.

The aforesaid exemption will not be applicable if the dividend is obtained through a territory that is defined as a tax haven by Spanish regulations.

The aforesaid exemption will be applicable, subject to the compliance of such requirements, to dividends distributed by a Spanish subsidiary to its EEA parent company provided that there is an effective exchange of tax information with such EEA parent company's country.

However, the exemption includes an anti-abuse provision by virtue of which the withholding tax exemption will not be applicable where the majority of the voting rights of the parent company are held directly or indirectly by individuals or entities not resident in a Member State of the EU or the EEA with which there is a an effective exchange of tax information in the terms set forth in Law 36/2006, of November 29 (*Ley 36/2006, de 29 de noviembre, de medidas para la prevención del fraude fiscal*), or the equivalent regional legislation applicable, except where the EU or EEA parent company proves that its incorporation and its operative responds to valid economic reasons and to substantive economic activities.

Shareholders resident in certain countries may be entitled to the benefits of a DTC in effect between Spain and their country of tax residence. Such shareholders may benefit from a reduced tax rate under an applicable DTC with Spain, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the shareholder by means of a certificate of tax residence duly issued by the tax authorities of the country of tax residence of the shareholder making express reference to the shareholders' entitlement to the benefits of such DTC or, as the case may be, the equivalent document specified in the Spanish Order which further supplements the applicable DTC. Tax residence certificates issued by a foreign tax authority (or equivalent documents) are generally valid for Spanish tax purposes for one year as from their date of issuance.

According to the Order of the Ministry of Economy and Competiveness of April 13, 2000, upon distribution of a dividend, the Company or its paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above, transferring the resulting net amount to the depositary. For this purpose, the depositary is the financial institution with which the non-Spanish tax resident shareholder has entered into a contract of deposit or management with respect to the Company's ordinary shares held by such shareholders. If the corresponding depositary in Spain provides to the Company timely evidence of the non-Spanish tax resident shareholder's right to obtain the DTC-reduced rate or the exemption in the manner set out in the Order of the Ministry of Economy and Competiveness of April 13, 2000, it will immediately receive the surplus amount withheld, which will be credited to the non-Spanish tax resident shareholder (the "**Quick Refund Procedure**"). For these purposes, the non-Spanish tax resident shareholder shall provide the applicable depositary with the relevant certificate of residence (or equivalent DTC form) stating that the non-Spanish tax resident shareholder is a resident of such country within the meaning of the DTC before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance. The Quick Refund Procedure will only be applicable to the extent that the depositary of the Company's ordinary shares held by the non-Spanish tax resident shareholder is resident, domiciled or represented in Spain.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided to the relevant Spanish depository within this time period, the non-Spanish tax resident shareholder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by the NRIT Regulation, approved by Royal Decree 1776/2004 of July 30, 2004 (*Reglamento del Impuesto sobre la Renta de no Residentes, aprobado por Real Decreto 1776/2004, de 30 de julio*), and the Order of the Ministry of Finance and Taxation EHA/3316/2010, of December 17, that approves forms 210, 211 and 213 or the equivalent regional provisions applicable. To pursue the refund claim, the non-Spanish shareholder is required to file:

(i) the corresponding Spanish Tax Form (currently, Form 210);

(ii) the certificate of tax residence or equivalent document referred to above;

(iii) a certificate issued by the withholding agent stating that Spanish NRIT was withheld with respect to such non-Spanish tax resident shareholder; and

(iv) documentary evidence of the bank account in which the excess amount withheld should be paid.

For further details, prospective investors should consult their own tax advisors.

(c.1.2) Taxation of capital gains

Capital gains obtained by a non-Spanish tax resident shareholder as a consequence of transferring the Company's ordinary shares will be subject to Spanish NRIT at the tax rate of 19% in the 2018 tax year although no withholding taxes will be imposed on the capital gain. Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains.

However, capital gains derived from the Company's ordinary shares will be exempt from taxation in Spain in either of the following cases:

(i) Capital gains derived from the transfer of the Company's ordinary shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges) by any non-Spanish tax resident shareholder who is tax resident of a country that has entered into a DTC with Spain containing an "exchange of information" clause. This exemption is not applicable to capital gains obtained by a non-Spanish tax resident shareholder through a country or territory that is defined as a tax haven by Spanish regulations.

(ii) Capital gains obtained directly by any non-Spanish tax resident shareholder which is resident of another EU member state or indirectly through a permanent establishment of such non-Spanish tax resident shareholder in a EU member state other than Spain. This exemption is not applicable to capital gains obtained through a country or territory that is defined as a tax haven by Spanish regulations. Additionally, this exemption will not apply:

   (a) if the Company's assets mainly consist of, directly or indirectly, real estate assets located in Spain (which will typically be the case in the Company);

   (b) if the non-resident transferor is an individual that during the preceding twelve months has held a direct or indirect interest of at least 25%) in the Company's capital or net equity; and

   (c) if the non-resident transferor is an entity and the transfer of the Company's ordinary shares does not comply with the requirements to apply CIT participation exemption regime set forth in article 21 of the CIT Law (see "*Taxation of capital gains - Spanish Corporate Resident Shareholders*").

(iii) Capital gains realized by non-Spanish tax resident shareholders who benefit from a DTC entered into between their country of tax residence and Spain that provides for taxation of capital gains only in such non-Spanish tax resident shareholder's country of residence.

The non-Spanish tax resident shareholders must submit a Spanish Tax Form (currently, Form 210) within the time periods set out in the applicable Spanish regulations to pay the corresponding tax or qualify for an exemption. In order for the exemptions mentioned above to apply, a non-Spanish tax resident shareholder must provide a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that, to the best knowledge of such authority, the non-Spanish tax resident shareholder is resident of such country within the meaning of the relevant DTC) or equivalent document meeting the requirements of the Order which further develops the applicable DTC, together with the Spanish Tax Form. The non-Spanish tax resident shareholder's tax representative in Spain and the depositary of the Company's ordinary shares are also entitled to carry out such filing.

The certificate of tax residence mentioned above will be generally valid for a period of one year after its date of issuance.

Shareholders should consult their own tax advisors to obtain detailed information regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

(c.1.3) Taxation of pre-emptive rights

Distributions to non-Spanish tax resident shareholders of pre-emptive rights to subscribe for new shares are not treated as income under Spanish NRIT Law. The exercise of such pre-emptive rights is not considered a taxable event under Spanish NRIT Law.

The proceeds derived from a transfer of pre-emptive rights by a NRIT taxpayer (without permanent establishment in Spain) will be regarded as a capital gain and subject to Spanish NRIT in the manner described under "*Taxation of capital gains*" above.

(c.1.4) Taxation of share premium distributions

A distribution of the share premium will not in itself constitute taxable income but will instead reduce the acquisition value of the Company's ordinary shares to the extent that they are admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges). If the amount of the share premium received exceeds the acquisition value of the Company's ordinary shares held by a non-resident shareholder, such excess would constitute financial taxable income subject to NRIT at a flat rate of 19%, unless otherwise provided by a DTC (although this income would not be subject to withholding tax in Spain).

(c.2) Spanish Wealth Tax

Non-Spanish tax resident individuals are subject to the Spanish Wealth Tax on the assets or rights that are located or can be exercised in Spain. Spanish Wealth Tax Law provides that the first €700,000 of assets or rights owned in Spain by non-Spanish tax resident individuals will be exempt from taxation, while the rest of the Spanish wealth will be taxed at a rate ranging between 0.2% and 2.5% For Spanish Wealth Tax valuation purposes, the Company's ordinary shares should be valued at their average trading price during the last quarter of such year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

Non-Spanish tax resident individuals who benefit from a DTC that provides for net wealth taxation only in the shareholder's country of residence will not be subject to Spanish Wealth Tax.

Non-Spanish tax resident individuals who are resident in an EU or EEA member state may apply the rules approved by the autonomous region where the assets and rights with more value are located, can be exercised or must be fulfilled. As such, prospective investors should consult their own tax advisors.

In accordance with Article 4 of RDL 3/2016, as from year 2018, a full exemption on Spanish Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2018 and onwards, non-Spanish tax resident individuals will be exempt in relation to this Spanish Wealth Tax, unless the application of this full exemption is postponed. The foregoing shall be without prejudice to the specific regulations adopted by each autonomous region.

Non-Spanish resident legal entities are not subject to Wealth Tax.

(c.3) Inheritance and gift tax

Unless otherwise provided under an applicable DTC, transfers of the Company's ordinary shares as a result of the death of the owner or by gift to non-Spanish tax resident individuals are subject to Spanish IGT if such shares are located in Spain at the time of death or gift. The applicable tax rates as of the date of this Prospectus range between 7.65% and 34%. However, after applying certain relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor), the final effective tax rate may range from between 0% and 81.6%.

Generally, non-Spanish tax resident individuals are subject to Spanish IGT according to the rules set forth in the IGT Law. However, if the deceased, heir or the done is resident in an EU or EEA member state, depending on certain circumstances, the applicable rules may be those corresponding to the relevant autonomous region. As such, prospective shareholders should consult their own tax advisors.

Gifts granted to non-Spanish tax resident corporations are not subject to IGT but are subject to NRIT as capital gains at a 19% on the fair market value of such shares as a capital gain, without prejudice to any applicable DTC.

If the non-Spanish tax resident corporation receiving the gift is resident in a country with which Spain has entered into a DTC, the provisions of such DTC will apply. In general, DTCs provide for the taxation of this type of income in the country of residence of the beneficiary.

Non-resident shareholders are advised to consult their tax advisors about the terms in which IGT applies in each case.

(c.4) Spanish Transfer Tax

The acquisition and transfers of the Company's ordinary shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax (*Impuesto sobre el Valor Añadido*). Additionally, no Stamp Duty is levied on such acquisition and transfers.

Certain U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax consequences to the U.S. Holders, as defined below, of owning and disposing of Shares acquired in the Offering. The summary is not a complete description of all tax considerations that may be relevant to a prospective investor . This discussion applies only to a U.S. Holder that owns Shares as capital assets for tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as: certain financial institutions, dealers or traders in securities who use a mark-to-market method of tax accounting, persons holding Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to Shares, persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar, entities or arrangements classified as partnerships for U.S. federal income tax purposes, persons that own or are deemed to own 10% or more of the Company's equity interests or persons holding Shares in connection with a permanent establishment or a trade or business conducted outside of the United States. It also does not address U.S. state and local or non-US tax considerations.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares should consult their tax advisors as to the particular U.S. federal income tax consequences to their partners of holding and disposing of Shares.

A "**U.S. Holder**" is a beneficial owner of Shares that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court; or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

Except as otherwise contemplated, this discussion assumes that the Company is not, and will not become, a passive foreign investment company (a "**PFIC**"), as described below.

Taxation of distributions

Distributions paid on Shares will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of a distribution will include any amounts withheld in respect of Spanish taxes. Dividends will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income as ordinary dividend income on the date that such U.S. Holder actually or constructively receives the distribution in accordance with its regular method of accounting for U.S. federal income tax purposes.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the reduced rate normally applicable to long-term capital gains, if the Company qualifies for the benefits of the income tax treaty between the United States and Spain (the "**Treaty**"), the U.S. Holder satisfies a minimum holding period and certain other requirements. The Company believes that it will qualify for benefits under the Treaty.

Dividends paid in currency other than U.S. dollars will be includable in a U.S. Holder's income as a U.S. dollar amount based on the exchange rate in effect on the date such dividend is received whether or not the currency is converted into U.S. dollars at that time. If a dividend paid in non-US currency is converted to U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize a foreign currency gain or loss. However, if the U.S. Holder converts the currency into U.S. dollars on a later date, the U.S. Holder must include in income any gain or loss resulting from any exchange rate fluctuations during the period from the date such U.S. Holder included the dividend in income to the date such holder converts the currency into U.S. dollars (or otherwise disposes of the currency). Generally, any gain or loss resulting from currency exchange rate fluctuations will be ordinary income or loss and will be treated as income from sources within the United States for foreign tax credit limitation purposes. U.S. Holders should consult their own tax advisors regarding the tax consequences to them if the Company pays dividends in currency other than U.S. dollars.

U.S. Holders may be eligible for a foreign tax credit in respect of any Spanish withholding taxes imposed on any dividends at the applicable rate, subject to generally applicable limitations. U.S. Holders should consult their tax advisors regarding the creditability of foreign taxes in their particular circumstances.

Any dividends will be subject to the Medicare tax on net investment income applicable to certain non-corporate U.S. Holders.

Sale or other disposition of Shares

A U.S. Holder will recognize capital gain or loss on the sale or other disposition of Shares in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the Shares and the U.S. dollar value of the amount realized (without reduction for any Spanish tax imposed). A U.S. Holder's adjusted tax basis in the Shares generally will be its U.S. dollar cost. Gain from the disposition of Shares generally will be long-term capital gain or loss if the holder has held Shares for more than one year. Deductions for capital losses are subject to significant limitations.

A U.S. Holder that receives currency on the disposition of Shares generally will realize an amount equal to the U.S. dollar value of the currency received at the spot rate on the date of sale (or, in the case of Shares traded on an established securities market, within the meaning of the applicable U.S. treasury regulations, that are purchased by cash basis and electing accrual basis U.S. Holders, the settlement date). A U.S. Holder will recognize foreign currency gain or loss to the extent the U.S. dollar value of the amount received at the spot exchange rate on the settlement date differs from the amount realized. A U.S. Holder will have a tax basis in the currency received equal to the U.S. dollar value of the currency received on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the. currency will be U.S. source ordinary income or loss.

A U.S. Holder that pays Spanish tax on a gain from a disposition of Shares may be eligible for a foreign tax credit in respect of any Spanish taxes imposed on any gain at the applicable rate, subject to generally applicable limitations. U.S. Holders should consult their tax advisors regarding the creditability of foreign taxes in their particular circumstances, including whether they can treat gain on the sale of any Shares as foreign source income under the Treaty for purposes of claiming a foreign tax credit.

Any gain recognized will be subject to the Medicare tax on net investment income applicable to certain non-corporate U.S. Holders.

Passive foreign investment company rules

The Company believes that it is not currently a PFIC for US federal income tax purposes and, although the matter is not free from doubt, the Company does not expect to become a PFIC in its next taxable year or in the foreseeable future. This latter conclusion, however, is based on the interpretation of rules that are not entirely clear when applied to the Company's business as conducted in an affiliated group.

A foreign corporation is considered a PFIC for any taxable year in which either (1) at least 75% of its gross income is "passive" income (the "income test") or (2) at least 50% of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income (the "asset test"). For purposes of determining whether a foreign corporation will be considered a PFIC, such foreign corporation will be treated as holding its proportionate share of the assets and receiving directly its proportionate share of the income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. Goodwill attributable to the conduct of an activity that generates active income is treated as an active asset. Whether the Company will be a PFIC in the current year (and possibly future years) will depend, in substantial part, on the amount of and the timing of its use of the net proceeds of the Offering and a valuation of its goodwill and other intangibles, and accordingly on its market capitalization as at each quarter's end as indicated by the price of Shares at such time. The PFIC determination is made annually, and the Company's status could change depending, among other things, upon changes in the composition and relative value of its gross receipts and assets. Accordingly, no assurance can be given that the Company will not be a PFIC in the current or any future taxable year. If the Company were a PFIC for any year during which a U.S. Holder owns Shares, the Company generally would continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years, regardless of whether it continues to meet the income or asset tests discussed above.

Rents derived in the active conduct of a trade or business from unrelated persons generally are not passive income for purposes of determining PFIC status. Specifically, rents will not be passive if they are derived from property which a lessor (i) acquires and through its own officers or staff of employees, adds substantial value to, (ii) through its own officers or staff of employees performs active and substantial management and operational functions for, or (iii) leases as a result of the performance of marketing functions by such lessor if performed by its own officers or staff of employees through a substantial organization. Although the Company does not yet own significant amounts of real property, the Company expects that when, based on its business strategy, the Company does, the Company should qualify for the active and substantial management test described in (ii), above, and it is also possible that some or all of its rental income might also be considered active as a result of either its marketing functions or as a result of adding substantial value to the Group's assets. Nonetheless, it is possible that the United States Internal Revenue Service ("**IRS**") could assert and that a court may hold that the PFIC rules could be interpreted in a manner which could cause the Company's rental income to be treated as passive income to the extent the Company holds real estate assets in subsidiaries that are different from the subsidiaries through which the Company conducts its management, development, and marketing activities. In addition, it is possible that changes to the Company's planned operational structure or business plans could result in the Company becoming a PFIC or becoming more likely to be considered a PFIC. Potential U.S. Holders are encouraged to consult their own advisers about the rules for active rental income, and its effect on the Company's potential PFIC status.

If the Company were a PFIC for any taxable year during which a U.S. Holder held Shares, gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of Shares would be allocated ratably over the U.S. Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount of such tax. Further, to the extent that any distribution received by a U.S. Holder on Shares exceeds 125% of the average of the annual distributions on Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. In addition, if Company were to become a PFIC, its dividends will not the reduced rate of taxation discussed above with respect to dividends from qualified foreign corporations paid to any such certain non-corporate U.S. Holder would not apply in the year in which Company is a PFIC or in the preceding taxable year.

In the event Company become a PFIC, a U.S. Holder might be able to avoid some of the tax consequences described above by electing to mark the Shares to market annually. The election is available only if the Shares are marketable stock. Shares are marketable stock if they trade on a qualified exchange in more than de minimis quantities for at least 15 days during each calendar quarter. Any gain from marking Shares to market or from disposing of them would be ordinary income. Any loss from marking Shares to market would be recognized only to the extent of gains previously included in income. Loss from marking Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of gains previously included in income. No assurances can be made regarding whether the Spanish Stock Exchanges are qualified exchanges. A U.S. Holder should ask its tax advisor whether a mark-to-market election is available or desirable. A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Shares cease to be marketable.

Although owners of shares in a PFIC may generally be able to elect an alternative method of taxation instead of the rules discussed in this section, by making a qualified electing fund (**QEF**) election, U.S. Holders will not be able to make such an election because Company does not intend collect and distribute the required information to facilitate this election.

If Company were to become a PFIC, certain of its direct and indirect subsidiaries and other non-U.S. companies in which Company invests also may be PFICs (such subsidiaries and other companies, "**lower-tier PFIC**s"). Because a shareholder in a PFIC is deemed to own its proportionate share of interests in any lower-tier PFICs, if Company were a PFIC, U.S. Holders generally would be subject to adverse US federal income tax consequences on excess distributions by or deemed dispositions of shares in any lower-tier PFICs. A mark-to-market election with respect to Shares will not apply to a U.S. Holder's indirect interests in any lower-tier PFICs.

Each U.S. Holder is encouraged to consult its own tax advisor as to its possible status as a PFIC and, if the Company were a PFIC, the consequences to them and whether any election is available or desirable in their particular circumstances.

Information reporting and backup withholding

Dividends on and proceeds from the sale or other disposition of the Shares may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. Backup withholding is not an additional tax. A U.S. Holder can claim a credit against its U.S. federal income tax liability for amounts withheld under the backup withholding rules, and can claim a refund of amounts in excess of its tax liability by providing the appropriate information to the IRS. Prospective investors should consult their tax advisors about qualifying for an exemption from backup withholding.

U.S. Holders may be required to report information with respect to their investment in certain "specified foreign financial assets" not held through an account with a financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about information reporting requirements applicable to their investment in the Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR PROSPECTIVE INVESTORS IN SHARES. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF ACQUIRING, OWNING, AND DISPOSING OF SHARES IN SUCH INVESTORS OWN CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

MARKET INFORMATION

*Prior to the Offering, there has been no public market for the Shares. The Company will apply to list the Company's ordinary shares on the Spanish Stock Exchanges and to have the shares quoted on the AQS. The Spanish securities market for equity securities comprises four stock exchanges located in Madrid, Barcelona, Bilbao and Valencia. The Company expects that the Company's ordinary shares will be listed on the Spanish Stock Exchanges and quoted on the AQS on or about May 11 under the symbol "**AZR**"*

Automated Quotation System

The AQS links the Spanish Stock Exchanges, providing any equity securities listed on it with a uniform continuous market in order to eliminate certain differences arising among the various local exchanges. The principal feature of the system is the computerized matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. ("**Sociedad de Bolsas**"), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the AQS must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held each trading day from 8:30 a.m. to 9:00 a.m. (CET), an opening price is established for each equity security traded on the AQS based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer prices. If an auction price cannot be determined, the best bid and offer prices and their respective associated trading volumes are disclosed instead. The auction terminates with a random 30-second period in which the shares are allocated. Until the allocation process has finished, orders cannot be placed, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade in the AQS) and subject to prior notice to the CNMV, Sociedad de Bolsas may fix an opening price disregarding the reference price (which is the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerized trading hours, known as the open session, range from 9:00 a.m. to 5:30 p.m. (CET). The AQS sets out two ranges of prices for each security named "static" and "dynamic" in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security may fluctuate within a certain predetermined percentage above and below the "static" price (which is the price resulting from the closing auction of the previous trading day or the immediately preceding volatility auction in the current open session) (the "static range"). In addition, the trading price may range within a certain predetermined percentage above and below the "dynamic" price (the trading price of the immediately preceding trade of the same security) (the "dynamic range"). If, during the open session, there are matching bid and offer orders for a security within the computerized system which exceed any of the above "static" and/or "dynamic" ranges, trading on the security is automatically suspended and a new auction, known as volatility auction, is held where a new reference price is set, and the "static" and "dynamic" ranges will apply over such new reference price. The "static" and "dynamic" ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be placed, modified and cancelled, but no trades can be completed.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerized matching system without prior authorization of Sociedad de Bolsas (provided such trades are however disclosed to Sociedad de Bolsas) at a price within the range of 5% over the higher of the average price and the closing price for the trading day and 5% below the lower of the average price and closing price for the trading day provided that: (i) there are no outstanding bids or offers in the computerized system matching or improving the terms of the proposed off-system transaction; and (ii) among other requirements, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the relevant security during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and shall be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

Trades may take place at any time (with the prior authorization of Sociedad de Bolsas) and at any price if:

- they involve more than €1,500,000 and more than 40% of the average daily trading volume of the relevant securities during the preceding three months;

- the transaction results from a merger, spin-off or the restructuring of a group of companies;

- the transaction is carried out for the purposes of settling a litigation process or completing a complex set of sale and purchase agreements; or

- for any other reason which justifies the authorization of such transaction at the discretion of Sociedad de Bolsas.

Information with respect to computerized trades, which take place between 9:00 a.m. and 5:30 p.m., is made public immediately. On the other hand, information with respect to off-system trades is reported to Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

Clearing, Settlement and Book-Entry System

The Spanish clearing, settlement and book-entry system has been recently adapted by Act 11/2015, of June 18, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversion*) and Royal Decree 878/2015, of October 2, (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of July 23, 2014, on improving securities settlement in the EU and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. Following the implementation of this reform transactions carried out on the AQS continue to be settled by Iberclear, as central securities depository, and are cleared by BME Clearing, S.A., as central counterparty (CCP). Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the Shares in their name on the transaction date of the Offering (*fecha de operación bursátil*) (the "**Transaction Date**").

Iberclear and BME Clearing, S.A. are owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed holding company which also holds a 100% interest in each of the Spanish official secondary markets.

Shares of listed Spanish companies are represented in book-entry form. The book-entry system is a two-tier level registry: the keeping of the central book-entry register corresponds to Iberclear and the keeping of the detail records correspond to the participating entities in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorized to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorized central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorized to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects: (i) one or several proprietary accounts which will show the balances of the participating entities' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of such shares.

According to the above, Spanish law considers the owner of the shares to be:

- the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name.

- the investor appearing in the records of the participating entity as holding the shares; or

- the investor appearing in the records of Iberclear as holding shares in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy-or-sell instructions. The CCP then generates and sends to Iberclear the relevant settlement instructions.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO, receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

Obtaining legal title to shares of a company listed on the Spanish Stock Exchanges requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request the relevant participating entity must issue a legitimation certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding shares in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the shares held in their name.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, Société Anonyme ("**Clearstream**"), and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited ("investors"), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the shareholder of record in Iberclear's registry is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures for Euroclear and Clearstream. See "*Taxation*" above.

Euroclear and Clearstream will endeavour to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at their discretion, take such action, as they deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other similar certificates or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, acting in their capacity as record holders of the Company's ordinary shares deposited with the depositaries for Euroclear and Clearstream, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavour to inform investors of the terms of any such rights of which they become aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account kept on behalf of the investor with Euroclear or Clearstream.

Tender Offers

Tender offers are governed in Spain by Articles 128 et seq. of the LMV and Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) which implement Directive 2004/25/EC of the European Parliament and of the Council of April 21. Other than such tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Company's ordinary shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price when any person or entity acquires control of a Spanish-listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;

- through shareholder agreements with shareholders or other holders of said securities; or

- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (which constitute indirect control acquired through mergers, share-capital decreases, changes in the target's treasury stock).

A person or entity is deemed to have control over a target company, either individually or jointly with other parties acting in concert, whenever:

- it acquires, directly or indirectly, a percentage of the company's voting rights equal to or greater than 30%; or

- it has acquired a percentage that is less than 30% of the voting rights and appoints, during the 24-month period following the date of acquisition of said percentage, a number of directors that, together with those already appointed by it (if any), represents more than half of the members of the target company's board of directors. The Spanish regulation on tender offers also sets forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the board of directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being a third party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder;

- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;

- the percentage of voting rights shall be calculated based on the entire number of the company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and

- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

Spanish regulations establish certain exceptions where control is obtained but no mandatory tender offer is required, including, among others:

- Subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalization of claims into shares of listed companies if their financial feasibility is subject to serious and imminent danger provided that such transactions are intended to ensure the company's financial recovery in the long term. The approval of the CNMV will not be required if the acquisition takes place in the context of a refinancing agreement under Additional Disposition Fourth of Act 22/2003, of July 9, on insolvency (Ley 22/2003, de 9 de julio, concursal).

- In the event of a merger, provided that those acquiring control did not vote in favor of the merger at the relevant General Shareholders' Meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose.

- When control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer).

The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid by the bidder or any person acting in concert therewith for the same securities during the twelve months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the bylaws or adoption of certain resolutions by the General Shareholders' Meeting of the target company, acceptance of the offer by a minimum number of shares of the target company, approval of the offer by the General Shareholders' Meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and

- they may be launched at a price other than an equitable price.

The price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in significant impair of the company's real value).

The Spanish regulation on tender offers sets forth further relevant provisions, including, among others:

- the board of directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's board of directors is not subject to equivalent passivity rules and subject to prior approval by the company's General Shareholders' Meeting within the 18-month period before the date of the public announcement of the tender offer;

- defensive measures included in a listed company's bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders decide otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and

- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the target's share capital) the bidder holds shares representing at least 90% of the target company's voting share capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

PLAN OF DISTRIBUTION

The Underwriting Agreement

Upon finalization of the book-building period (which is expected to occur on or about May 9, 2018), the Company and the Managers expect to enter into an underwriting agreement (the "**Underwriting Agreement**"), pursuant to which the Managers will agree, severally but not jointly, to subscribe or procure investors for or, failing which, to acquire, the Underwritten New Shares (which, for the avoidance of doubt, shall not include the New Shares subscribed by the Senior Management Team (other than Ms. Osácar and Mr. Gumuzio), the New Shares subscribed by members of the Board of Directors (other than the members of the Senior Management Team), the New Shares subscribed by employees of the Group, the New Shares subscribed by Baztán, the New Shares Subscribed by Hermanos Bécquer, the New Shares subscribed by Canepa and the New Shares subscribed by Tamerlane) and, if applicable, the Over-allotment Shares, on the basis set out below, subject to the satisfaction of certain conditions set out in the Underwriting Agreement and the Underwriting Agreement not being terminated in accordance with its terms.

In accordance with the above, and assuming the Indicative Offer Price as the Offer Price, the maximum number of Underwritten New Shares is expected to be between 32,954,064 (assuming no exercise of the Over-allotment Option) and 37,679,069 (assuming full exercise of the Over-allotment Option) (in each case assuming that Tamerlane is allocated with 5,197,505 New Shares in the Offering).

The percentage of Underwritten New Shares which is expected to be underwritten by each Manager is set forth opposite its name in the following table:

Managers	% Underwritten New Shares
Goldman Sachs International	41.25%
UBS Limited	41.25%
Jefferies International Limited	4.0%
Kempen & Co N.V.	4.0%
ING Bank N.V.	3.0%
JB Capital Markets, S.V., S.A.U.	3.0%
Fidentiis Equities, S.V., S.A.	2.5%
Norbolsa, S.V., S.A.	1.0%
Total	100%

The Underwriting Agreement will contain certain customary representations and warranties given by the Company to the Managers and will provide that the obligations of the Managers are subject to certain customary conditions precedent. The Underwriting Agreement will also provide that the Company will, subject to certain exceptions, indemnify the Managers against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering. In addition, the Underwriting Agreement may be terminated in certain circumstances (see "*Withdrawal and Revocation of the Offering — Revocation of the Offering*" below).

The identity and number of Managers and the exact number of Underwritten New Shares to be underwritten by each of them will be fixed if and when the Underwriting Agreement is entered into. The Company will inform the market of any amendment of the number or identity of Managers, or of the percentage of Underwritten New Shares underwritten by any of them which may occur through publication of a relevant fact disclosure (*hecho relevante*).

The Offering

The Company will issue up to 47,250,048 New Shares in the Offering in exchange for cash contributions and, using the Indicative Offer Price as the Offer Price, would raise gross proceeds of approximately €454.55 million, assuming (i) full subscription of the New Shares and (ii) no exercise of the Over-allotment Option, and before deducting underwriting commissions and other expenses in connection with the Offering. If the Over-allotment Option is exercised in full, the Company will issue the Over-allotment Shares in exchange for cash contributions and, using the Indicative Offer Price as the Offer Price, would raise additional gross proceeds of approximately €45.45 million.

The Company expects that the Offering will take place according to the tentative calendar set out below, which may be extended or shortened:

Event	Estimated date
Approval of this Prospectus by CNMV	April 24, 2018
Commencement of the book-building period in which proposals are made by Qualified Investors	April 25, 2018
Finalization of book-building period	May 9, 2018
Setting of the Offer Price	May 9, 2018
Execution of the Underwriting Agreement	May 9, 2018
Publication of a relevant fact disclosure disclosing the Offer Price	May 9, 2018
Selection of subscription proposals and allocation of the New Shares	May 9, 2018
Confirmation by investors of allocation of the New Shares	May 9, 2018
Subscription and pre-funding by the Joint Global Coordinators of the New Shares	May 10, 2018
Execution of the public deed relating to the capital increase before a Notary Public	May 10, 2018
Registration with the Commercial Registry of the public deed relating to the capital increase	May 10, 2018
Closing Date of the Offering	May 10, 2018
Execution of the special stock exchange transaction (*operación bursátil especial*)	May 10, 2018
Admission to listing of the Company's ordinary shares on the Spanish Stock Exchanges and commencement of the Stabilization Period	May 11, 2018
Settlement of the special stock exchange transaction (*operación bursátil especial*)	May 14, 2018
End of the Stabilization Period	June 10, 2018

In particular, the Transaction Date is expected to be on or about May 10, 2018. On the Transaction Date, investors' payment orders will be processed via the Spanish Stock Exchanges and Iberclear and, assuming the Managers have not exercised the termination rights contained in the Underwriting Agreement, investors will be entitled to receive the New Shares subscribed for the Offering.

In order to expedite the listing of the ordinary shares of the Company, it is expected that the Joint Global Coordinators, in their capacity as prefunding banks, will subscribe and pay for the New Shares on the Transaction Date, each acting in the name and for the account of the Managers, and each Manager acting for the account of the final investors. Payment for the New Shares by the prefunding banks is expected to be made by 8:00 CET on the Transaction Date to the Company's account maintained with Banco Santander, S.A., acting as agent bank (the "**Agent Bank**").

Payment by the final investors for the New Shares subscribed and paid for on the Transaction Date by the Joint Global Coordinators as prefunding banks will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the New Shares to final investors, which is expected to take place on or about May 14, 2018 (the "**Settlement Date**").

The ordinary shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about May 11, 2018, under the symbol "AZR".

The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on April 25, 2018 and end on May 9, 2018 (both inclusive), the Managers will market the New Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this Prospectus. Investors may make their subscription proposals during this period, indicating the number of New Shares and the price at which they would be interested in subscribing for New Shares.

The book-building period may be reduced or extended by agreement of the Company and the Joint Global Coordinators if in their view, the book of demand is sufficiently covered before the end of the book-building period or an extension of the book-building period is advisable to ensure the success of the Offering. In the event there is such a reduction or extension of the book-building period, the Company will inform the market through the publication of a relevant fact disclosure (*hecho relevante*).

The subscription proposals made by investors during the book-building period constitute only an indication of interest of the investors in the New Shares and accordingly will not be binding on any of the investors or the Company. Following the determination of the Offer Price and allocation of the New Shares to investors, allocatees will be notified by any of the Managers of both the Offer Price and the number of New Shares allocated to them and will be asked to confirm their proposals. Once a subscription proposal has been confirmed by an investor it becomes irrevocable. Investors will be expected to confirm their proposals to their custodian entities responsible for their "billing and delivery" and to include in their settlement instructions the 35 digits corresponding to each final investor's settlement account in Iberclear and the 20 digits corresponding to each final investor's securities account in an Iberclear participant. Failure to furnish such instructions to their respective "billing and delivery" entities may result in investors not being allocated New Shares or custodians not accepting settlement.

In addition, up to 2.44% of the New Shares will be offered to members of the Board of Directors (other than the members of the Senior Management Team), the Senior Management Team (other than Ms. Osácar and Mr. Gumuzio) and employees of the Group (up to 50 persons in total). These New Shares will be offered at the Offer Price. Orders placed and confirmed by such persons will be fully attended.

The final decision on the allocation of the New Shares will be made by the Company in consultation with the Joint Global Coordinators on the date of pricing of the Offering, which is expected to occur on or about May 9, 2018.

The Agent Bank

Banco Santander, S.A., with registered address in Paseo de Pereda, 9-12, 39004 Santander (Spain), will act as Agent Bank in the Offering.

The Agent Bank will be responsible for, among other things: issuing a certificate confirming payment for the New Shares for the purposes of notarizing the corresponding capital increase; instructing the entities participating in the Offering on the procedures applicable to its execution; receiving and processing information on the selection and confirmation of subscription proposals and collaborating in the allocation of the New Shares to final investors; and cooperating with the Company in the Admission process.

Pricing of the Offering

Prior to the Offering, there has been no public market for the ordinary shares of the Company.

Indicative Offer Price

The Indicative Offer Price is €9.62 per Share. The Indicative Offer Price has been determined by the Company in agreement with the Joint Global Coordinators and no independent experts were consulted in determining the Indicative Offer Price.

Among the factors considered in determining the Indicative Offer Price were the Company's future prospects and the prospects of its industry in general, the Company's revenues, EBITDA and certain other financial and operating information in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to the Company's activities. The Indicative Offer Price is indicative only, it may change during the course of the Offering and the Offer Price may be set higher or lower than the Indicative Offer Price. There can be no assurance that the prices at which the New Shares will sell in the public market after the Offering will not be lower than the Indicative Offer Price or that an active trading market in the Company's ordinary shares will develop and continue after the Offering.

Offer Price and number of New Shares

The Offer Price will be determined by the Company and the Joint Global Coordinators upon the finalization of the book-building period (expected to be on or about May 9, 2018). The Offer Price will be announced through a relevant fact disclosure (*hecho relevante*) reported to the CNMV. No independent experts will be consulted in determining the Offer Price.

Expenses and taxes charged to the investor

The Company will not charge investors any expenses in addition to the Offer Price.

Subscribers of New Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offer Price. In addition, subscribers will have to bear the commissions payable to the financial intermediaries through which they will hold the shares, including those commissions related to administration and security custody which are freely set by the relevant financial intermediaries and notified to CNMV or the Bank of Spain (*Banco de España*), as the case may be.

Withdrawal and Revocation of the Offering

Withdrawal of the Offering

The Company expressly reserves the right to withdraw the Offering, postpone it, defer it or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offer Price. The Company will notify the CNMV, the Agent Bank and the Joint Global Coordinators of the withdrawal of the Offering on the date that the withdrawal takes place or as soon as practicable.

Revocation of the Offering

The Offering will be revoked:

(i) if the Underwriting Agreement is not signed on or before 05:00 a.m. Madrid time on the date following setting of the Offer Price (which is expected to be set on May 9, 2018) or any postponement thereof duly notified to the CNMV;

(ii) if the Offering is suspended or withdrawn by any judicial or administrative authority;

(iii) if the Shares are not admitted to listing on the Spanish Stock Exchanges before 11:59 p.m. (CET) on May 28, 2018; or

(iv) if the Underwriting Agreement is terminated at the discretion of the Joint Global Coordinators until the time of granting of the public deed relating to the share capital increase on the Transaction Date, upon the occurrence of the following events:

    (a) since the time of execution of the Underwriting Agreement or the earlier respective dates as of which information is given in the Prospectus (exclusive of any supplements thereto), there has been a material adverse change, or any development reasonably likely to result in a prospective material adverse change, in the business, properties, management, financial condition or results of operations of the Company or the Group and whether or not arising in the ordinary course of business, the effect of which change or development is, in the judgment of the Joint Global Coordinators, acting unanimously, so material and adverse as to make it impractical or inadvisable to proceed with the Offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

    (b) a general moratorium on commercial banking activities has been declared by European Union, Spanish, United Kingdom, U.S. federal or New York State authorities or there is a material disruption in commercial banking or securities settlement, payment or clearance services in the European Union, Spain, the United Kingdom, the United States or New York State;

    (c) there has occurred a suspension or material limitation in trading in securities generally on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange; or

    (d) there has occurred (1) any change or any development involving a prospective change in the national or international financial, political or economic conditions, any financial markets or any currency exchange rates or controls, (2) an outbreak or escalation of hostilities or acts of terrorism or a declaration of a national emergency or war, or (3) any other calamity or crisis, if the effect of any such event specified in this paragraph (d), individually or together with any other such event, in the judgment of the Joint Global Coordinators, acting unanimously, is so material and adverse as to make it impractical or inadvisable to proceed with the Offering or the delivery of the Shares on the terms and in the manner contemplated in this Prospectus.

Consequences of withdrawal or revocation

In the event of withdrawal or revocation of the Offering, all offers to subscribe will be deemed cancelled and all subscription orders related to the Offering will be terminated. Additionally, the Company will have no obligation to issue and deliver the New Shares and investors (including for the purposes of this section, the Joint

Global Coordinators in the name and on behalf of the Managers, and each Manager on behalf of the final investors) will have no obligation to subscribe for the New Shares or any right to have the New Shares delivered to them.

In the event that the New Shares have already been issued and paid for by investors before termination of the Offering takes place, the Company will repurchase the New Shares that have been issued and paid, and then reduce its share capital and cancel the New Shares in order to return the subscription monies received by the Company. The Company will repurchase the New Shares for an amount equal to the monies paid by the investors in respect of the subscription of the New Shares in the Offering, together with interest calculated at the statutory rate (*interés legal*) (currently set at 3%) from the date on which the investors paid for the New Offer Shares until the date on which the Company repays the Offer Price.

Simultaneously upon the issuance of the subscription proposals, the investors subscribing the Shares will be deemed to have consented to the aforementioned repurchase of Shares. The Managers will expressly consent to such repurchase under the Underwriting Agreement.

In the event of revocation of the Offering and/or termination of the Underwriting Agreement, the Company will notify the CNMV, the Agent Bank and the Joint Global Coordinators on the date the revocation and/or termination takes place or as soon as practicable.

Authorizations of the Offering

The Company's General Shareholders' Meeting held on April 12, 2018 authorized the increase of the Company's share capital, in respect of which the current shareholders of the Company have waived their preferential subscription rights, by way of monetary contributions in an amount of 82,782,119 New Shares. The Company's General Shareholders' Meeting further granted in favour of the Board of Directors the power to execute the share capital increase and the Offering. On such date, the Board of Directors' of the Company resolved to delegate all the powers granted to it to any of the Executive Directors. Subsequently, on April 23, 2018, the Company's General Shareholders' Meeting amended its resolution of April 12, 2018 to reduce the total number of New Shares to be issued in the Offering to 47,250,048. The New Shares represent 67.74% of the Company's post-Offering share capital (assuming no exercise of the Over-allotment Option).

The Offering is not subject to any administrative approval or authorization besides the regime applicable to the approval by the CNMV of this Prospectus for the purposes of the Offering and the subsequent Admission in accordance with the LMV and related regulation.

Stabilization

In connection with the Offering, Goldman Sachs International or any of its agents, as Stabilization Manager, acting also on behalf of the Managers, may (but will be under no obligation to), to the extent permitted by applicable law, engage in transactions that stabilize, support, maintain or otherwise affect the price of the Company's ordinary shares, as well as over-allot ordinary shares or effect other transactions, all with a view to supporting the market price of the Company's ordinary shares at a level higher than that which might otherwise prevail in an open market. Any stabilization transactions will be undertaken in accordance with applicable laws and regulations, in particular, with Commission Regulation (EU) No. 596/2014 of April 16, 2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (hereinafter in this section, "**Regulation (EU) 596/2014**"), as regards exemptions for buy-back programs and stabilization of financial instruments set forth under the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures (hereinafter in this section, "**Delegated Regulation (EU) 2016/1052**").

The stabilization transactions will be carried out for a maximum period of 30 calendar days from the date of Admission, provided that the trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilization period is expected to commence on May 11, 2018 and end on June 10, 2018 ("**Stabilization Period**").

For this purpose, the Stabilization Manager may carry out an over-allotment of ordinary shares in the Offering, which may be covered by the Stabilization Manager pursuant to an option granted by the Company to subscribe additional ordinary shares of the Company. The Stabilization Manager (i) is not required to enter into such transactions and (ii) such transactions may be effected on any securities market, or otherwise and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilization Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilization transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice to the duty to give notice to the CNMV of the details of the transactions carried out under Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052. In no event will measures be taken to stabilize the market price of the shares above the Offer Price. In accordance with Article 5.5 of Regulation (EU) 596/2014 and Article 6.2 of Delegated Regulation (EU) 2016/1052, the details of all stabilization transactions will be notified by the Stabilization Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with articles 5.4 and 5.5 of Regulation (EU) No. 596/2014 and Article 6.3 of Delegated Regulation (EU) 2016/1052, the following information will be disclosed to the CNMV by the Stabilization Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date at which stabilization transactions were initiated; (iii) the date on which stabilization transactions last occurred; and (iv) the price range within which the stabilization transactions were carried out, for each of the dates during which stabilization transactions were carried out.

Liquidity Providers

There are no entities that have a firm commitment to act as intermediaries in secondary trading providing liquidity through bid and offer rates.

Over-allotment Option

In connection with the Offering, the Company will grant an option to the Stabilizing Manager, acting on behalf of the Managers, to subscribe for up to the maximum number of Over-allotment Shares at the Offer Price**.** The Over-allotment Option will expire upon the date falling 30 calendar days after the date of Admission and may be exercised on one occasion only, in whole or in part, for the purpose of covering over-allotments (if any) and short positions resulting from stabilization transactions (if any), upon notice by the Stabilization Manager, in its own name and on behalf the Managers, to the Company. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the New Shares, including for all dividends and other distributions declared, made or paid on the New Shares, if any, will be subscribed on the same terms and conditions as the New Shares being sold in the Offering and will form a single class for all purposes with the other ordinary shares of the Company.

The exercise of the Over-allotment Option is not subject to any conditions.

Lock-ups

The Company will agree *vis-á-vis* the Managers that, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares, the Company will not, without the prior written consent of the Joint Global Coordinators: (i) directly or indirectly, issue, offer, pledge, sell, announce an intention to or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the ordinary shares, in each case, whether any such swap or transaction described in sub-section (i) or (ii) above is to be settled by delivery of ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, in cash or otherwise. The foregoing restrictions will not apply to (i) the issue and sale of the Shares (and, if applicable, the issue and sale of additional new ordinary shares of the Company if the Company were to increase the number of new ordinary shares offered in the Offering) or (ii) any ordinary shares issued, sold or transferred or options granted to purchase ordinary shares in connection with the share component of the Annual Bonus and Carried Interest, each as described in "*Management and Board of Directors – Remuneration – Remuneration of the Senior Management Team*".

Each of Baztán and Hermanos Bécquer will agree *vis-á-vis* the Managers that, during the period commencing on the date of the Underwriting Agreement and ending 360 days after the date of listing of the Company's ordinary shares, it will not, without the prior written consent of the Joint Global Coordinators: (i) directly or indirectly, issue, offer, pledge, sell, announce an intention to or contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the ordinary shares, in each case, whether any such swap or transaction described in sub-section (i) or (ii) above is to be settled by delivery of ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, in cash or otherwise. The foregoing restrictions will not apply to any inter-company transfer of the Company's ordinary shares by Baztán or Hermanos Bécquer (as applicable) in favor of its controlled companies and their Affiliates (as defined in Rule 501(b) under the Securities Act) (any such entity, a "**Transferee**"), provided that any such Transferee enters into a lock-up letter in the form of this Letter, including without limitation, in respect of the full lock-up period outstanding at the time of any such transfer to the Transferee and that any such inter-company transfer of the Company's ordinary shares shall be performed on terms and conditions that do not conflict with the Offering; (iii) any transfer of the Company's ordinary shares made by way of acceptance of a public takeover offer (*oferta pública de adquisición*) in respect of all of the issued ordinary shares; (iv) any transfer of the Company's ordinary shares pursuant to a compromise or arrangement between the Company and its creditors or any class of its creditors or between the Company and its members or any class of its members which is agreed by the relevant creditors or members provided that such a compromise or arrangement falls within article 71 bis of the Spanish Insolvency Act (*Ley Concursal*) and is sanctioned by a court of competent jurisdiction; and (v) any transfer of Company's ordinary shares pursuant to any offer by the Company to purchase its ordinary shares which is made on identical terms to, and is open for acceptance by, all holders of Company's ordinary shares.

To the extent Canepa subscribes for New Shares in the Offering, Canepa will agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares.

Furthermore, Ms. Osácar and Mr. Gumuzio will agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 360 days after the date of listing of the Company's ordinary shares.

The relevant members of the Senior Management Team (other than Ms. Osácar and Mr. Gumuzio) that have agreed to subscribe, whether directly or through one of their respective controlled companies) for New Shares in the Offering, and the relevant members of the Company's Board of Directors (other than the Senior Management Team) that have indicated to the Company their interest in subscribing for New Shares in the Offering (to the extent such members of the Board of Directors actually subscribe for New Shares in the Offering, whether directly or through one of their respective controlled companies), will also agree *vis-á-vis* the Managers to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of listing of the Company's ordinary shares.

Other Relationships

The Managers and their affiliates are full service financial institution engaged in various activities, which may include securities trading, commercial investment banking, financing advisory, investment management, principal investment, hedging, financing and brokerage activities. From time to time, the Managers and their affiliates may have provided the Group and its Investment Vehicles with investment banking, commercial banking, and other advisory services (including in connection with certain of the Company's, such affiliates' or such Investment Vehicles' outstanding financings and derivatives), for which they have received customary fees. They may provide the Company, its affiliates or its Investment Vehicles with similar or other services, and engage in similar activities, in the future. Moreover, in the ordinary course of their various business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments, including corporate debt facilities, of the Company, its affiliates and its Investment Vehicles. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Offering expenses

The commissions, fees and expenses that will be payable by the Company in connection with the Offering are expected to be approximately €12.85 million (assuming the Over-allotment Option is exercised in full). Set forth below is a breakdown of the estimate of such costs for illustrative purposes only, in each case excluding VAT where applicable:

Expenses	€ million
Underwriting commissions(1)	9.06
Base commission	7.25
Discretionary commission	1.81
Legal expenses and others (notary public, registration with the Commercial Registry, legal publishing, legal and financial advice, audit, agent bank, marketing, investor education and others) (2)	3.65
Iberclear fee, Spanish Stock Exchange fee, CNMV fee(2)	0.15
Total	**12.85**

Notes:

(1) Assuming (i) the Indicative Offer Price as the Offer Price; (ii) that all the Underwritten New Shares (assuming the Over-allotment Option is exercised in full) have been underwritten by each of the Managers; (iii) that the discretionary commission is paid in full; and (iv) that Tamerlane is allocated with 5,197,505 New Shares in the Offering. If Tamerlane is allocated with fewer than 5,197,505 New Shares, the underwriting commissions may increase by an additional amount of up to approximately €1 million, depending on the number of New Shares ultimately subscribed by Tamerlane (and with a corresponding proportionate increase in the total expenses of the Offering).

(2) Assuming the Indicative Offer Price as the Offer Price.

The expenses (including commissions) payable by the Company would total approximately to €12.85 million, which accounts for approximately 2.57% of the total amount of the Offering (assuming the Indicative Offer Price as the Offer Price and that the Over-allotment Option is exercised in full) and approximately to €11.71 million, which accounts for approximately 2.58% of the total amount of the Offering (assuming the Indicative Offer Price as the Offer Price and that no Over-allotment Option is exercised).

SELLING AND TRANSFER RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Shares, or possession or distribution of this Prospectus (or any other Offering or publicity material relating to the Shares), in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus, nor any other offering material or advertisement in connection with the Shares, may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offering. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. There will be no public offering in the United States.

United States

Due to the following restrictions, purchasers of Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Shares.

Restrictions under the Securities Act

Terms used in this section that are defined in Rule 144A or in Regulation S shall have the meaning given to them in Rule 144A or Regulation S (as applicable). The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Managers may offer Shares (i) in the United States only through their US registered broker affiliates to persons reasonably believed each to be QIBs in reliance on Rule 144A under the Securities Act or (ii) outside the United States in compliance with Regulation S.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

Regulation S

Each subscriber of the Shares outside the United States in accordance with Regulation S will be deemed to have represented, acknowledged and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(a) the subscriber is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations;

(b) the subscriber acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or otherwise transferred except pursuant from an exception from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities law;

(c) the subscriber and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, is acquiring the Shares in an “offshore transaction” meeting the requirements of Regulation S and was located outside the United States at the time the buy order for the Shares was originated;

(d) the subscriber is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus; the Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S; and

(e) the Company, the Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Rule 144A

Each purchaser of the Shares within the United States will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(a) it is (a) a QIB, (b) acquiring such Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares and (d) aware, and each beneficial owner of such Shares has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(b) it understands that such Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state, territory or other jurisdiction of the United States;

(c) it is aware that the Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

(d) the Shares have not been offered to it by means of any general solicitation or general advertising;

(e) the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of any Shares;

(f) it will not deposit or cause to be deposited such Shares into any unrestricted depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(g) it understands that such Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

> THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN

ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SECURITY EVIDENCED HEREBY. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

(a) the Company will not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above stated restrictions; and

(b) it agrees that it will give to each person to whom it transfers Shares notice of any restrictions on transfer of such Shares.

Each purchaser acknowledges that the Company and the Managers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by such purchaser by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company and the Managers; if it is acquiring Shares as a fiduciary or agent for one or more investor accounts, each purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser of the Shares will be deemed by its acceptance of the Shares to have represented and agreed that it is purchasing the Shares for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control.

European Economic Area

In relation to each EEA Member State, including Spain, an offer to the public of any Shares may not be made in that EEA Member State, except under the following exemptions under the Prospectus Directive, if they are implemented in that EEA Member State:

(i) to any legal entity which is a Qualified Investor;

(ii) to fewer than 150 natural or legal persons (other than Qualified Investors) per EEA Member State; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Shares or to whom an offer is made will be deemed to have represented, warranted and agreed to and with each of the Managers and the Company that it is a Qualified Investor within the meaning of the law in that EEA Member State implementing Article 2(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Shares to be offered, so as to enable an investor to decide to acquire any Shares, as that definition may be varied in that EEA Member State by any measure implementing the Prospectus Directive in that EEA Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed to and with each of the Managers and the Company that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a EEA Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Managers has been obtained to each such proposed offer or resale.

The Company, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, and subject to certain requirements, be permitted to acquire Shares in the Offering.

United Kingdom

In the United Kingdom, this Prospectus and the Offering are only being distributed to and are directed only at Qualified Investors (i) who have professional experience in matters relating to investments falling within the definition of "investment professionals" under Article 19(5) of the Order or (ii) falling within Article 49(2)(a)-(d) of the Order (all such persons together being referred to as "**Relevant Persons**"). This Prospectus and the Offering are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Shares will be communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Switzerland

The Company is not a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes.

Neither this Prospectus nor the Offering, and neither the Company nor the Shares, have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

In Switzerland, the Shares are only offered and this Prospectus are only distributed in or from Switzerland to a limited number of selected investors on a private placement basis.

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is a Spanish company and most of its assets are located within Spain. In addition, all of the Company's Directors, as well as its principal shareholders, reside or are located outside the United States, mainly in Spain. As a result, investors may not be able to effect service of process upon the Company or these persons or to enforce judgments obtained against the Company or these persons in foreign courts predicated solely upon the civil liability provisions of U.S. securities laws.

VALIDITY OF THE SHARES

The validity of the Shares and certain matters relating to the Offering will be passed upon for the Company by Freshfields Bruckhaus Deringer LLP (with respect to Spanish law, United States Federal law and English law). Certain legal matters relating to the Offering will be passed upon for the Managers by Uría Menéndez Abogados, S.L.P. (with respect to Spanish law) and by Linklaters, S.L.P (with respect to United States Federal law and English law).

INDEPENDENT AUDITORS

The Consolidated Financial Statements of the Company included elsewhere in this Prospectus have been audited by Deloitte, S.L., with its address for these purposes at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid (Spain) registered with the Official Registry of Accounting Auditors (ROAC) under the number S0692 and in the Commercial Registry of Madrid under Sheet no. M-54,414, Folio 188, Volume 13,650, Section 8, independent auditors, as stated in their reports included elsewhere herein.

In connection with the period covered by the Consolidated Financial Statements, Deloitte, S.L. was appointed as auditor on October 25, 2013, for the year ended December 31, 2015; and on December 21, 2016 for the years ended December 31, 2016 and December 31, 2017. Deloitte, S.L. has not resigned, been removed or not reappointed as independent auditors of the Company since it was appointed as auditor or otherwise, prior to the date of this Prospectus. Deloitte, S.L. will be the auditor of the Company and its subsidiaries for 2018 (as appointed on December 21, 2016).

ADDITIONAL INFORMATION

Information on the Company

The Company is a Spanish *sociedad anónima* incorporated on November 4, 2003 and registered with the Madrid Commercial Registry, volume 19,383, page 100, section 8, sheet M-339,936. The Company's registered office is at Calle Serrano 30, 2º Derecha, Madrid, and its phone number is +34 91 310 63 70. The Company's commercial name is Azora.

The principal legislation under which the Company operates is the Spanish Companies Act and the regulations made thereunder.

The Company holds Spanish tax identification number A-83798397. The Legal Entity Identifier (LEI) code of the Company is 959800JWR4SCBXBPPN80.

The financial year end of the Company is December 31.

The Company is currently neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. For so long as this remains the case, the Company will furnish, upon written request, to any shareholder, any owner of any beneficial interest in any of the Company's ordinary shares or any prospective purchaser designated by such a shareholder or such an owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, if at the time of such request any of the Company's ordinary shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

Documents on display

Copies of the following documents will be available for inspection in physical form from the date of this Prospectus during business hours on weekdays at the Company's offices at Calle Serrano 30, 2º Derecha, Madrid:

(a) deed of incorporation of the Company;

(b) the bylaws of the Company (which, following Admission, will also be available on the Company's website www.azora.es > Shareholders and Investors > Corportate Governance);

(c) Board of Directors Regulations, General Shareholders' Meeting Regulations, Internal Code of Conduct in Securities Markets (the Board of Directors Regulations and the General Shareholders' Meeting Regulations, following the registration of the Prospectus with CNMV, and the Internal Code of Conduct, following Admission, will be available on the CNMV's website at www.cnmv.es and on the Company's website www.azora.es > Shareholders and Investors > Corportate Governance);

(d) The Consolidated Financial Statements (which, following the registration of the Prospectus with CNMV, will also be available on the CNMV's website at www.cnmv.es and on the Company's website www.azora.es > Shareholders and Investors > Financial Reporting);

(e) this Prospectus (which will also be available on the CNMV's website at www.cnmv.es and following Admission on the Company's website www.azora.es > Shareholders and Investors > Registration Documents); and

(f) the certificate of the resolutions approved by the General Shareholders' Meeting and Board of Directors in connection with the Offering.

The documents referred to in (b) to (f) above will also be available for inspection in physical form at the CNMV's premises at: Edison 4, 28006 Madrid, Spain, and Paseo de Gracia 19, 4th floor, 08007 Barcelona, Spain.

Working capital

In the opinion of the Company, the working capital available to the Group, which as of December 31, 2017 amounted to €40.71 million, is sufficient for the Group's present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus. As a result of the distribution of the dividends in cash paid out to the shareholders of the Company on February 2, 2018, the adjusted working capital as of December 31, 2017 would amount to €15.71 million.

No significant change

Significant changes in the Group's financial or trading position since December 31, 2017, the end of the last financial period for which financial information has been approved, are described below:

- On January 31, 2018, the General Shareholders' Meeting of the Company approved a share capital increase with a charge to voluntary reserves freely distributable for a total amount of €29,940. As a result of said capital increase, the share capital of the Company was set at €60,000 divided into 60,000 ordinary shares.

- On February 1, 2018, the Board of Directors of the Company approved the distribution of a cash interim dividend on account of the results of year ended December 31, 2017 for an amount of €22 million, which was paid out on February 2, 2018.

- On February 1, 2018, the General Shareholders' Meeting of the Company approved the distribution of a cash dividend with a charge to voluntary reserves for an amount of €3million, which was fully paid out on February 2, 2018.

- On March 19, 2018, the General Shareholders' Meeting of the Company approved a share capital increase with a charge to voluntary reserves freely distributable for a total amount of €22.44 million. As a result of said capital increase, the share capital of the Company is €22,500,000, divided into 22,500,000 ordinary shares (see "*Business – Recent Developments*").

- On April 5, 2018, Azzam Vivienda entered into an agreement with Vivenio for the purposes of providing property management services to Vivenio, a SOCIMI holding a portfolio of approximately 1,000 rented residential units in the Madrid region.

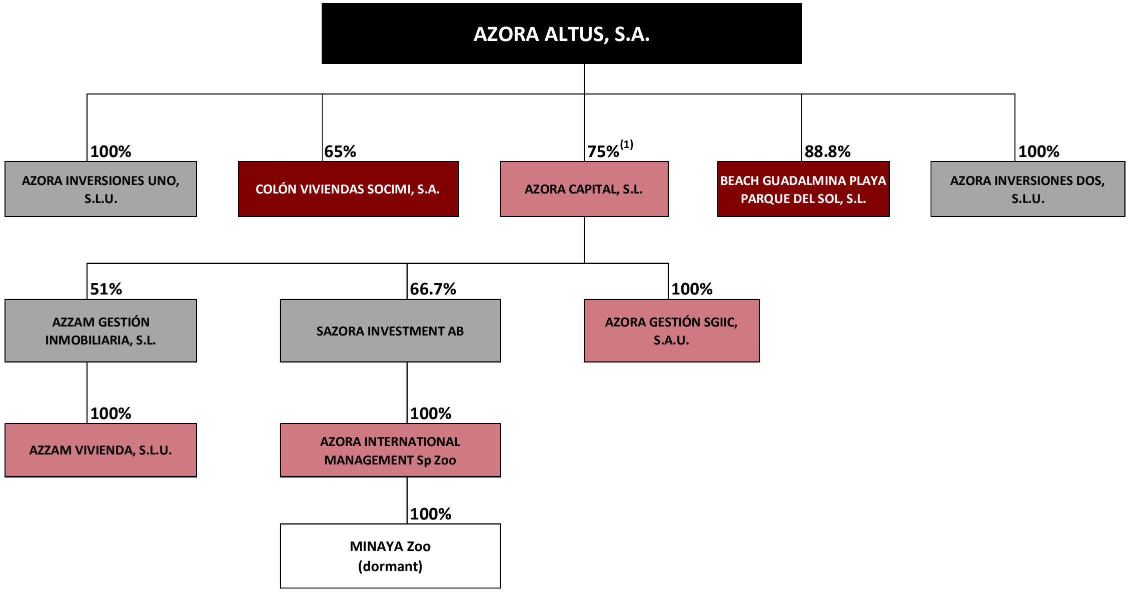
In addition, on April 5, 2018, Alzette, a company owned by entities advised by affiliates of Blackstone Group International Partners LLP, announced through a relevant fact disclosure (*hecho relevante*) that it had entered into an unconditional agreement with QP Capital Holdings Limited and QPB Holdings Ltd. to purchase from them a stake amounting to 16.56% of the outstanding share capital of Hispania. On the same date, Alzette announced through a further relevant fact disclosure (*hecho relevante*) its launch of a voluntary public tender offer for the remaining ordinary shares of Hispania, excluding the ordinary shares already owned by Alzette (see "*Business –* "*Recent Developments – The Blackstone Tender Offer*").

Furthermore, on April 12, 2018, the General Shareholder's Meeting of the Company approved the Remuneration Policy of the Company as well as the maximum aggregate amount to be perceived by the Directors in their capacity as such and to be perceived by the Executive Directors in such capacity. In addition, on such date, the Board of Directors of the Company approved the services agreements of the Executive Directors entered into on the same date that regulates the terms under which they would render their services as Executive Chairman, Executive Vice-Chairwoman and Executive Director, as appropriate, of the Company. Additionally, on such date, the current shareholders of the Company put in place the Employee Share Plan and communicated its terms to the Board of Directors. See "*Management and Board of Directors – Remuneration*".

There is no significant new product and/or service that has been recently introduced or under development by the Company or by any member of the Group other than in the ordinary course of business.

Corporate structure

The following chart shows the Group's corporate structure as of the date of this Prospectus including the Group companies and the Investment Vehicles in which it holds a controlling stake.



Note: companies highlighted in pink are companies carrying out management activities, in garnet propietary companies and in grey holding companies

Direct and indirect stake of Azora Altus, S.A. in the companies managed by Azora Group	
1,07%	HISPANIA ACTIVOS INMOBILIARIOS SOCIMI, S.A.
1,38%	LAZORA SII, S.A.
2,30%	AZORA EUROPA I, S.A.
8,90%	CAREY VALUE ADDED, S.L.
5,10%	CAREY COLOGNE VA GMBH & CO. KG
0.13%	TÉMPORE PROPERTIES SOCIMI, S.A.
2,05%	ENCASA CIBELES, S.L.

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements and related notes thereto of Azora Altus, S.A. as of and for the year ended December 31, 2017

Audited Consolidated Financial Statements and related notes thereto of Azora Altus, S.A.as of and for the years ended December 31, 2016 and December 31, 2015

Azora Altus, S.A. (formerly Azora Altus, S.L.) and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2017 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

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Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Azora Altus, S.A. (formerly Azora Altus, S.L.),

Opinion

We have audited the consolidated financial statements of Azora Altus, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flows statement and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2017, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Recognition of revenue from the rendering of services

Description

The Group's revenue derives from the rendering of services, mainly in the form of fees earned in the management activity. This revenue is recognised by reference to the stage of completion of the service in question at the reporting date, provided the outcome of the transaction can be estimated reliably.

Certain management agreements establish the possibility of remunerating the Group through incentive fees when one or more profitability parameters are met at a given time. It is at this point that the Group recognises the incentive fees as revenue.

Although the revenue recognition process is not complex, it does involve the consideration of specific circumstances associated with the various terms and conditions agreed upon with the various clients and the type of property asset managed by the Group.

In this regard, in 2017 26% of consolidated revenue arose from agreements entered into by the Azora Group with Hispania Activos Inmobiliarios, SOCIMI, S.A. and subsidiaries ("Hispania"). Two of these agreements provide for a significant amount of incentive fees upon expiry or termination. Also, as indicated in Note 5, these agreements, expiring in 2020, provide for the option of early termination in the event of a loss of control of the shareholders of Azora Altus, S.A.

In view of all of the foregoing, these matters were considered to be an area of significant auditor attention in our audit.

Procedures applied in the audit

Our audit procedures included, among others, substantive analytical tests designed to assess the reasonableness of changes in revenue from the rendering of services.

We also performed substantive tests of details on a significant sample of the agreements to assess whether the revenue was recognised in the appropriate accounting period in accordance with the terms and conditions of the agreements and the applicable recognition and measurement standards.

Also in connection with the agreements with Hispania, we performed an analysis of the following events after the reporting period taking into amount the available public information indicated below:

i) the Annual General Meeting of Hispania held on 4 April 2018 authorised the waiver of the early termination in the event of a loss of control of the shareholders of Azora Altus, S.A. described in Note 5 to the accompanying consolidated financial statements;

ii) on 5 April 2018, a relevant event communication was published by the Spanish National Securities Market Commission announcing that a third party had resolved to launch a voluntary tender offer for all the shares of Hispania, which has not yet been authorised by the Spanish National Securities Market Commission.

We also analysed and concluded upon the suitability of the disclosures made by the Group in relation to these matters, which are included in Notes 6 and 15.1 to the consolidated financial statements for 2017.

Valuation of investment property

Description

The Group controls certain residential investment property in Barcelona. These assets are measured at fair value at the reporting date and are not depreciated. At 31 December 2017, this investment property was valued at EUR 22,460 thousand.

The Group periodically uses third parties independent of the Group as experts to determine the fair value of its property assets. The aforementioned experts have substantial experience in the markets in which the Group operates and employ valuation methodologies and standards widely used in the market.

The valuation of the portfolio of investment property is one of the most significant audit matters, since it requires the use of estimates with a significant degree of uncertainty. Specifically, the discounted cash flow method is generally applied to the valuation of the rental property assets, which requires estimates of:

- the future net revenue from each property based on available historical information and market surveys;
- the internal rate of return or opportunity cost used when discounting;
- the residual value of the assets at the end of the projection period (exit yield).

In addition, small percentage changes in the key assumptions used for the valuation of the investment property could give rise to significant changes in the consolidated financial statements.

Procedures applied in the audit

Our audit procedures included, among others, obtaining the appraisals of the experts engaged by the Group to value the investment property in its entirety, and evaluating the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence.

In this connection, with the cooperation of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts engaged by Group management;
- performed an independent valuation of all the assets taking into consideration available industry information and transactions with real estate assets similar to those owned by the Group; and
- assessed the most significant risks, including the occupancy rates and expected returns on the investment property.

Lastly, we analysed the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Note 9 to the consolidated financial statements for 2017.

Uniformity of accounting policies in the measurement of investments accounted for using the equity method

Description

The Group has investments accounted for using the equity method that account for 32.6% of consolidated total assets at 31 December 2017.

As indicated in Note 4.13 to the consolidated financial statements, investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, at each reporting date, they are measured at cost, plus or minus any change in the net assets of the associate on the basis of the related percentage of ownership.

In order to bring the accounting policies and practices of the associates into line with those of the Group, certain uniformity adjustments were made, principally in relation to the estimate of the fair value of their investment property.

This estimate requires that management make significant judgements, mainly to determine the gains associated with the real estate assets that constitute the core business of the investees, which are based mainly on appraisals by external experts.

As a result of the foregoing, and of the significance of the investments accounted for using the equity method by the Group, we consider the situation described to be a significant matter in our audit.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, (i) the analysis of the methodology used by the Group as a basis for making the estimate; and (ii) the repetition of the calculation in order to verify the reasonableness of the uniformity adjustments made by the Group.

The main uniformity adjustment to the financial information of the associates relates to the valuation of investment property at its market value. In relation to this uniformity adjustment, our audit procedures included, among others, the following:

- we obtained the independent experts' appraisals that support the unrealised gains at those investees, where available;
- we assessed the competence, capability and objectivity of these experts, as well as the adequacy of their work for use as audit evidence; and
- in collaboration with our internal valuation experts, we analysed and concluded upon the reasonableness of the valuation methodology and procedures used by the experts engaged or by Group management, and analysed the reasonableness of the calculations made, verifying the consistency of the documentation supporting the aforementioned gains with the information obtained at 2017 year-end.

Lastly, in relation to this matter, we evaluated whether the disclosures provided in Note 10 to the accompanying consolidated financial statements are in conformity with those required by the applicable accounting regulations.

Other Information: Consolidated Directors' Report

The *Other information* comprises only the consolidated directors' report for 2017, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the consolidated directors' report is consistent with the consolidated financial statements, based on our knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit. Also, our responsibility consists of evaluating and reporting on whether the content and presentation of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 7 and 8 below, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pedro Luis Hernando
Registered in ROAC under no. 21339

5 April 2018

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Azora Altus, S.A. (formerly Azora Altus, S.L.) and Subsidiaries

Consolidated Financial Statements for the financial year ending on 31 December 2017, prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, and Consolidated Management Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Thousands of euros)

ASSETS	Notes	31/12/2017	31/12/2016	EQUITY AND LIABILITIES	Notes	31/12/2017	31/12/2016
NON-CURRENT ASSETS:				TOTAL EQUITY:			
Intangible assets	Note 7	1,678	4,304	Share capital	Note 13	30	30
Property, plant and equipment	Note 8	573	1,357	Legal reserve		6	6
Investment Property	Note 9	22,460	25,436	Other reserves		55,983	45,745
Investments accounted by using the equity method	Note 10	45,033	41,356	Profit for the year attributable to the Parent		35,943	16,984
Non-current financial assets	Note 11	656	693	Interim dividend		(7,000)	(4,800)
Deferred tax assets	Note 14	187	800	Valuation adjustments		100	(108)
Total non-current assets		70,587	73,946	Equity attributable to the owners of the Parent		85,062	57,856
				Non-controlling interests		18,266	19,410
				Total equity		103,328	77,266
				NON-CURRENT LIABILITIES:			
				Non-current bank borrowings	Note 11	5,233	6,381
				Other non-current financial liabilities	Note 11	500	3,012
				Deferred tax liabilities	Note 14	2,236	2,928
				Total non-current liabilities		7,969	12,321
CURRENT ASSETS:							
Inventories		39	186	CURRENT LIABILITIES:			
Trade and other receivables	Note 11	8,813	8,655	Short-term provisions		-	693
Accounts receivable from public authorities	Note 14	243	436	Current bank borrowings	Note 11	3,374	859
Other current financial assets	Note 11	7,841	7,322	Trade and other payables	Note 11	20,835	7,467
Other current assets		50	180	Other current financial liabilities	Note 11	2,709	404
Cash and cash equivalents	Note 11	50,652	8,916	Other current liabilities		10	631
Total current assets		67,638	25,695	Total current liabilities		26,928	10,054
TOTAL ASSETS		138,225	99,641	TOTAL EQUITY AND LIABILITIES		138,225	99,641

Notes 1 to 19 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of financial position as at 31 December 2017.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR FINANCIAL YEAR 2017

(Thousands of euros)

	Notes	Financial year 2017	Financial year 2016
CONTINUING OPERATIONS:			
Revenue	Note 15	77,612	63,940
Other operating income	Note 15	1,449	1,693
Staff costs	Note 15	(34,088)	(29,140)
Other operating expenses	Note 15	(7,578)	(8,568)
Depreciation and amortization charge and impairment losses recognized	Note 7, 8 and 9	(1,206)	(1,107)
Gains or losses on disposals of non-current assets	Note 9	414	-
Changes in fair value of investment property	Note 9	36	(3,303)
PROFIT FROM OPERATIONS		36,639	23,515
Finance income	Note 11	1,402	300
Finance cost		(108)	(159)
Net exchange differences		(103)	81
Impairment and gains or losses on disposals of financial instruments	Note 2.m	(635)	272
FINANCIAL RESULT		556	494
Income from companies carried by the equity method	Notes 2.m and 10	3,160	3,518
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	Note 10	7,670	310
PROFIT/(LOSS) BEFORE TAX		48,025	27,837
			55,364
Income tax	Note 14	(8,257)	82,891
PROFIT/(LOSS) FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS		39,768	21,595
Attributable to minority interest (non-controlling interests)		(3,824)	(4,612)
Attributable to owners of the Parent		35,943	16,984
BASIC EARNINGS PER SHARE (euros):		1,196	565
DILUTED EARNINGS PER SHARE (euros):		1,196	565

Notes 1 to 19 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of financial position for financial year 2017.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEAR 2017

(Thousands of euros)

	Notes	Financial year 2017	Financial year 2016
INCOME FROM INCOME STATEMENT (I)		39,768	21,595
OTHER COMPREHENSIVE INCOME:			
Income and expenses recognised directly in equity-			
Investments accounted by using the equity method		108	(57)
Conversion differences		85	(23)
OTHER COMPREHENSIVE INCOME DIRECTLY ATTRIBUTED TO EQUITY (II)		193	(80)
TOTAL COMPREHENSIVE RESULT		39,961	21,515
Attributable to owners of the Parent		36,113	16,916
Attributable to minority interest (non-controlling interests)		3,848	4,599

The total income and expenses attributed directly to equity may be transferred to the income statement.

Notes 1 to 19 described in the attached consolidated Report and Annex I are an integral part of the consolidated income statement for financial years 2017.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

(Thousands of euros)

	Share capital	Legal Reserve	Other reserves	Profit for the year attributable to the Parent	Interim dividend	Valuation Adjustments	Equity attributable to the owners of the Parent	Non-controlling Interests	Total equity
Balances at 01 January 2016	**30**	**6**	**34,330**	**14,044**	**-**	**(40)**	**48,370**	**19,068**	**67,437**
Consolidated comprehensive income for 2016	-	-	-	16,984	-	(68)	16,916	4,599	**21,515**
Transactions with shareholders-									
Dividends paid	-	-	(2,600)	-	(4,800)	-	(7,400)	(4,196)	**(11,596)**
Change in the scope of consolidation	-	-	-	-	-	-	-	(61)	**(61)**
Other changes in equity-									
Distribution of profit	-	-	14,044	(14,044)	-	-	-	-	**-**
Other changes	-	-	(29)	-	-	-	(29)	-	**(29)**
Balances at 31 December 2016	**30**	**6**	**45,745**	**16,984**	**(4,800)**	**(108)**	**57,856**	**19,410**	**77,266**
Consolidated comprehensive income for 2017	-	-	-	35,943	-	170	36,114	3,848	**39,961**
Transactions with shareholders-									
Dividends paid	-	-	(2,000)	-	(7,000)	-	(9,000)	(4,184)	**(13,184)**
Other changes in equity-									
Distribution of profit	-	-	12,184	(16,984)	4,800	-	-	-	**-**
Change in the scope of consolidation	-	-	-	-	-	-	-	(799)	**(799)**
Other changes	-	-	54	-	-	38	92	(9)	**83**
Balances at 31 December 2017	**30**	**6**	**55,983**	**35,943**	**(7,000)**	**100**	**85,062**	**18,266**	**103,328**

Notes 1 to 19 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of changes in equity for the year 2017

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

(Thousands of euros)

	Notes	Financial year 2017	Financial year 2016
CASH FLOW FROM OPERATING ACTIVITY		**43,243**	**19,358**
Profit / loss before tax		**48,025**	**27,837**
Profit adjustments-		**(10,671)**	**61**
Depreciation and amortization charge and impairment losses recognized	**Note 7, 8 and 9**	1,206	1,107
Changes in fair value of investment property		(36)	3,303
Changes in provisions		-	22
Finance income		(1,402)	(300)
Finance cost		108	159
Net exchange differences		103	(81)
Gains or losses on disposal of non-current assets		(414)	-
Impairment and gains or losses on disposals of financial instruments		635	(272)
Income from companies carried by the equity method		(3,160)	(3,518)
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method		(7,670)	(310)
Other income and expenses		(41)	(49)
Changes in working capital-		**10,514**	**(2,197)**
Inventories		147	(119)
Trade and other receivables		219	(3,502)
Other current assets		391	1
Trade and other payables		11,071	1,362
Other current liabilities		(1,314)	61
Cash flow from operating activity-		**(4,625)**	**(6,343)**
Interest paid		(108)	(129)
Interest received		203	484
Income tax paid		(4,720)	(6,698)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		**10,326**	**(5,792)**
Payments due to investment-		**(3,397)**	**(8,440)**
Intangible assets	**Note 7**	(551)	(1,886)
Property, plant and equipment	**Note 8**	(102)	(617)
Investment Property	**Note 9**	(4)	(8)
Other payments related to investing activities	**Note 11**	(1,633)	(4,313)
Other financial assets	**Note 11**	(1,107)	(1,616)
Proceeds from disposals-		**13,723**	**2,648**
Investment Property		3,100	-
Other proceeds related to investment activities		10,020	2,648
Group companies and associates		419	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(11,833)**	**(14,843)**
Proceeds and payments relating to financial liability instruments		**(11,833)**	**(14,843)**
Issue/(Repayment) of bank borrowings	**Note 11**	1,559	(3,246)
Issue/(Repayment) of borrowings to/from Group companies and associates		-	(1)
Dividends and returns on other equity instruments paid		(13,184)	(11,596)
Proceeds (Payments) of other borrowings		(208)	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**41,736**	**(1,277)**
Cash and cash equivalents at the beginning of the period		8,916	10,193
Cash and cash equivalents at the end of the period	**Note 11**	50,652	8,916

Notes 1 to 19 described in the attached consolidated Report and Annex I are an integral part of the consolidated consolidated cash flow statement for financial year 2017.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

Azora Altus, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the financial year Ending 31 December 2017

1. General information about the Group

Azora Altus, S.A. (formerly Azora Altus, S.L. and Subsidiaries (hereinafter, the Group or Azora Altus Group) form a consolidated group of companies whose main activity is developed in the real estate sector. The Parent Company of the Group is Azora Altus, S.A., a company incorporated in Spain for an indefinite period by means of a public deed granted on 4 November 2003 in accordance with the Spanish Corporations Act. On 31 January 2018, the Shareholders of the Company resolved to reorganise as a stock corporation, which resolution was entered in the Commercial Registry on 7 March 2018.

The corporate purpose of the Parent Company includes the performance of the following activities:

a) The promotion and development of companies through temporary participation in their capital, to direct and manage the shares of companies engaged in activities of a business nature, providing the corresponding organisation of personal and material means for this purpose.

b) The possession, sale and operation of real estate, whether rural properties or urban farms, may be tapped into any form or under any title, as well as the land urbanisation activities and the construction of real estate.

c) The own acquisition, possession, enjoyment and sale of transferable securities of fixed or variable income of all types of companies.

d) The own management of securities, assets and shares in all types of entities.

e) The performance of third parties' studies and economic and market reports and the management and advice of businesses and goods. The registered office is located in Madrid, C/ Serrano 30.

In the year beginning on 1 January 2013, the Parent Company agreed to use the tax consolidation regime as Parent Company, in the terms defined in the Consolidated Text of the Spanish Corporation Tax Law, approved by Royal Legislative Decree 4/2004, of 5 March. The subsidiaries of this tax group are Azora Capital, S.L. and Azora Gestión S.G.I.I.C, S.A. and Beach Guadalmina Playa Parque, S.L. (an investee company that has joined the tax group in 2016).

2. Bases for the presentation of the consolidated financial statements and consolidation principles

a) Regulatory Framework

The regulatory framework of the financial information applicable to the Group is found in:

- The commercial code and other commercial legislation,

- International Financial Reporting Standards (IFRS) adopted by the European Union in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and by Law 62/2003 of 30 December on fiscal, administrative and corporate measures, as well the applicable standards and notices of the National Securities Market Commission.

- Other applicable Spanish accounting regulations.

b) Bases for the presentation

The consolidated financial statements for the year ended 31 December 2017 have been obtained from the accounting records of the Parent Company and its Subsidiaries.

Such consolidated financial statements have been drafted in accordance with the provisions of the International Financial Reporting Standards (IFRS) adopted by the European Union (EU-IFRS) in line with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and in the Board of 19 July 2002, effective 28 February 2016 and other provisions of the regulatory framework applicable to the Group (Note 4), so that they display the true image of the equity and the consolidated statement of financial position of Azora Altus Group as at 31 December 2017 and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated cash flow statement that have occurred in the Group in the periods ended on that date.

Nevertheless, since the accounting principles and valuation criteria applied in drawing up the Group's Condensed Consolidated Financial Statements for financial year 2017 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such principles and criteria and to make them compliant with the IFRS adopted by the European Union.

In order to present the various items comprising the Interim Condensed Consolidated Financial Statements uniformly, the principles and valuation bases used by the Parent Company were applied to all companies within the scope of consolidation.

c) International Financial Reporting Standards (EU-IFRS) and interpretations issued in force

The following rules, amendments of rules and interpretations have entered in force during financial year 2017, which have been used by the Group in the preparation of these consolidated financial statements, where applicable:

Rules, Modifications and Interpretations	**Description**	**Compulsory application in financial years starting from:**
Modification to IFRS 7 Disclosure initiative	It introduces additional disclosure requirements in relation to the reconciliation of the movement of financial liabilities with the cash flows of financing activities.	01 January 2017
Modification to IAS 12 Recognition of deferred tax assets for unrealised losses	Clarification of the principles established with respect to the recognition of deferred tax assets for unrealised losses in relation to debt instruments measured at fair value.	01 January 2017

Rules not in force in financial year 2017

The following rules were not in force in financial year 2017, either because their effective date is later than the date of the consolidated financial statements or because they were not adopted by the European Union:

Rules, Modifications and Interpretations	**Description**	**Compulsory application in financial years starting from:**
IFRS 16 Leases (published in January 2016)	It shall replace IAS 17 and the associated interpretations. The main novelty lies in a single accounting model for lessees, which shall include all leases in the consolidated statement of financial position (with limited exceptions) with an impact similar to that of current financial leases (there shall be a depreciation of the asset for the right of use and financial expenses due to the cost for the depreciated cost of the liability).	01 January 2019

Rules, Modifications and Interpretations	Description	Compulsory application in financial years starting from:
IFRS 9 Financial instruments (published in July 2014)	This new standard shall replace the current IAS 39. IFRS 9 consists of three main sections: classification and valuation, hedges and impairment. It modifies the classification and valuation model for financial assets whose backbone shall be the business model and the characteristics of the financial asset. The hedge accounting model approach seeks to align more with economic risk management and require fewer regulations. And finally, the impairment model goes from the current incurred losses to an expected loss model.	01 January 2018
IFRS 15 Revenue from contracts with customers (published in May 2014) including the amendments to IFRS 15: effective date of IFRS 15 (published in September 2015) and clarifications to IFRS 15 (published in April 2016)	It shall replace all current regulations and current interpretations on revenue. The new IFRS 15 model is much more restrictive and based on regulations, in addition to having a very different conceptual approach, so that the implementation of the new requirements can lead to important changes in the income profile.	01 January 2018
Modification to IFRS 4 Insurance Contracts	It enables entities, within the scope of IFRS 4, the option to apply IFRS 9 ("overlay approach") or its temporary exemption.	01 January 2018
IFRS 17 Insurance contracts (published in May 2017)	Replaces IFRS 4. It includes the principles of registration, valuation, presentation and disclosure of insurance contracts.	1 January 2021 (1)
Amendment to IFRS 9 Prepayment features with negative compensation (published in October 2017)	The amendment enables companies to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specific condition is met rather than doing so at fair value through profit or loss.	01 January 2019 (1)
Amendment to IAS 28 Long-Term Interests in Associates and Joint Ventures (published October 2017)	The amendment clarifies that companies account for long-term interests in a joint venture or associate to which the equity method is not applied using IFRS 9.	01 January 2019 (1)
IFRIC 23 Uncertainty over income tax treatments (published in June 2017)	This interpretation clarifies how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty about the acceptability by the tax authority of a particular tax treatment used by the entity.	01 January 2019 (1)
IFRIC 22 Foreign currency transactions and advances (published December 2016)	This interpretation establishes the "transaction date" for the purpose of determining the exchange rate applicable in with advances in foreign currency.	01 January 2018 (1)
Amendment to IFRS 2 Classification and measurement of share-based payments (published in June 2016)	These are narrow-scope amendments clarifying specific issues such as the effects of the conditions for accrual on share-based payments to be settled in cash, the classification of share-based payments when they have net settlement clauses and some aspects of changes in the type of share-based payment (cash or shares).	01 January 2018
Improvements to IFRS Standards 2014-2016 Cycle (published in December 2016)	Minor amendments to a number of rules (various effective dates, one of which is 1 January 2017).	01 January 2018 (1)

Rules, Modifications and Interpretations	Description	Compulsory application in financial years starting from:
Amendment to IAS 40 Transfers of investment property (published December 2016)	The amendment clarifies that a transfer of an investment to or from an investment property is only permitted when there is evidence of a change in use.	01 January 2018 (1)

(1) Pending their adoption by the European Union

The Directors of the Parent Company have evaluated the potential impacts of the future application of these standards and estimate that the application of many of these standards, amendments and interpretations will not have a significant impact on the consolidated financial statements in the initial application period.

The affect of the application of IFRS 15, IFRS 9 and IFRS 16 is broken down below:

IFRS 15: Revenue from contracts with customers

IFRS 15 is the comprehensive standard for the recognition of revenue with customers, which shall replace the following regulations and interpretations currently in force: IAS 18 Revenue from ordinary activities, IAS 11 Construction contracts, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue-barter transactions involving advertising services.

The new requirements may give rise to changes in the Group's current revenue profile, since these must be recognised in such a way that the transfer of promised goods or services to customers is shown at an amount that reflects the compensation to which the Group expects to have the right to change said goods or services. Specifically, it establishes an income recognition approach based on five steps:

- Step 1: Identifying the contract or contracts with a customer
- Step 2: Identifying the obligations of the contract
- Step 3: Determining the price of the transaction
- Step 4: Distributing the price of the transaction among the obligations of the contract
- Step 5: Recognising income when (or as) the entity complies with each of the obligations

The Group recognises income derived primarily from the management and administration of real estate assets activity as described in Note 15.

The Group's management has assessed that the estate agency management and administration service represents a single performance obligation and the revenue shall be recognised when the control of the services described above is transferred to the client.

In accordance with IFRS 15, the Group requires that the transaction price be assigned to performance obligations based on their respective independent sales prices, instead of the current residual value. This situation shall not have any impact regarding the current revenue recognition when a single compliance obligation is identified, that is, the management and administration of real estate assets and, additionally, the price of the transaction shall be the same as the independent sale price of the service in question.

The time of revenue recognition of the single performance obligation is expected to be consistent with current practice.

In addition to providing more extensive disclosures about the Group's income transactions, the management team does not expect the application of IFRS 15 to have a significant impact on the Group's financial and performance situation.

The Group intends to retroactively apply IFRS 15, without restating comparative information.

IFRS 9: Financial instruments

IFRS 9 shall replace IAS 39 from the year beginning on 1 January 2018. There are very significant differences with the current recognition and valuation standard of financial instruments, the most significant being:

- Debt investments that are maintained within a business model whose objective is to obtain contractual cash flows that consist exclusively of principal and interest payments, in general, shall be valued at amortised cost. When such debt instruments are kept within a business model whose objective is achieved by obtaining contractual principal and interest cash flows and the sale of financial assets, in general, they shall be measured at fair value with changes in other comprehensive income. All other debt and equity investments shall be measured at their fair value with changes in profit or loss. Nevertheless, the Group may irrevocably choose to present in the "Other comprehensive income" the subsequent changes in the fair value of certain investments in equity instruments and, in general, - in this case - just the dividends shall be subsequently recognised in the result.
- With respect to the assessment of financial liabilities designated optionally in the fair value category with changes in results, the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk itself must be presented in the "Other comprehensive result", unless this creates or increases an accounting mismatch in the result, and it shall not be reclassified subsequently to the consolidated statements of profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires the application of a model based on the expected loss, against the model of IAS 39 structured on the loss incurred. Under this model, the Group shall account for the expected loss, as well as changes thereof at each presentation date, to reflect the changes in credit risk from the date of initial recognition. In other words, it is no longer necessary for an impairment event to occur before recognising a credit loss.

The Group's intention is to implement IFRS 9 retroactively without restating the comparative information. Based on an analysis of the financial assets and liabilities of the entity as at 31 December 2017, based on the facts and circumstances existing as of such date, the Group's management team has carried out a preliminary assessment of the effect of IFRS 9 on the consolidated financial statements, as indicated below:

Classification and valuation

Assets classified as held-to-maturity investments and accounts receivable at depreciated cost, the amounts of which are detailed in Note 11, are kept within a business model whose objective is to collect contractual cash flows that are only principal payments and interest on the outstanding principal. Thus, these financial assets shall continue to be valued at depreciated cost in accordance with the implementation of IFRS 9.

All other financial assets and financial liabilities shall continue to be measured on the same basis currently adopted with IAS 39.

Impairment

The amounts pending collection from customers shall be subject to the provisions of IFRS 9 regarding impairment.

The Group expects to apply the simplified approach to recognise the expected credit loss over the life of its outstanding amounts from customers resulting from transactions under IFRS 15.

The management team considers that credit risk is low since, historically, no significant insolvency situations that must be evidenced have been detected. Therefore, the management team, in its preliminary estimate, considers that there shall be no additional provisions required by the entry into force of the standard.

<u>IFRS 16 Leases</u>

IFRS 16 will enter in force in 2019 and will replace IAS 17 and its current related interpretations. The change involved in this rule is based in the fact that there will be a single accounting model for lessees that will include all leases on the consolidated statement of financial position (with limited exceptions) with an effect similar to that of current financial leases. Accounting by the lessor will continue to be similar to that under the current rule, meaning that the lessor continues classifying its leases as financial or operating leases.

IFRS 16 also includes a number of requirements for breakdowns that will be provided in one single separate note or section of the financial statements, designed to comply with the overall goal of providing sufficient information to determine the basis for evaluation of the effect that the leases have on the financial position of an entity, its results and cash flow.

The management of the Group is evaluating what the total effect of the application of IFRS 16 will be on the consolidated financial statements. IAS 17 does not require acknowledgement of any asset or liability by right of use for future payments on these leases; instead, certain information is indicated as operating lease agreements in note 12 of the consolidated notes. It is expected that the new IFRS 16 requirements will not entail a significant impact on the balances entered in the consolidated financial statements of the Group.

Management does not intend to apply this rule in advance, and as at this date has not decided on the option that it would apply on the transition date.

d) Functional and presentation currency

The euro is the currency in which the consolidated financial statements are presented, since it is the functional currency in the environment in which the Group operates.

The Group's consolidated financial statements are presented in thousands of euros, which is the Group's presentation and functional currency. Other transactions, in currencies other than the functional currency, are considered foreign currency transactions.

e) Data comparison

The information contained in these consolidated financial statements for the financial year 2016 are presented for purposes of comparison with the information related to the period ending 31 December 2017.

There have been no changes in the accounting criteria affecting 2017. In addition, there have been no corrections of errors relating to prior years, nor have there been any changes in the accounting estimates affecting those years or that may affect future years.

f) Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Parent's directors.

In the Group's consolidated financial statements for 2017, estimates made by management and subsequently ratified by its directors have occasionally been used to quantify some of the assets, liabilities, income, expenses and commitments recorded therein. Basically, these estimates relate to:

1. The market value of the real estate assets for the group and its partners (see Note 4.4). For most of the real estate assets, the Group obtained valuations from independent experts at 31 December 2017.
2. Market value of certain assets and financial instruments (see Note 4.6).
3. Useful life and amortisation of tangible and intangible assets (see Notes 4.1 and 4.2).
4. Impairment of tangible and intangible assets (see Note 4.3).
5. Calculation of provisions and contingencies (see Note 4.9).
6. Financial risk management (see Note 5).

Changes in estimates:

Although these estimates have been made on the basis of the best information available at 31 December 2017 on the events analysed, it is possible that future events may require them to be modified (upwards or downwards) in future years; this would be done, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", that is, by prospectively recognising the effects of the change in estimates on the corresponding consolidated statement of profit or loss for the years concerned.

g) Consolidation principles applied

Consolidation has been carried out by the global integration method for all those companies over which there is the capacity to exercise effective control by having a majority of votes on their representative and decision-making bodies and the power to direct the financial and operating policies of the entity; and by applying the equity method, in the applicable cases, when a significant influence is exercised but the majority of votes are not held, the participation being greater than 20%,or less that 20% but that presupposes that there is significant influence by having a presence on the Board and by being involved in the management of the associate company (see Note 10). For investments in which the Group's interests are higher than

20%, the degree of control exercised by the Group over such investments shall be assessed, given that the ownership interest percentage is not deemed relevant, but rather the degree of control over such entities.

In order to standardise the accounting principles and criteria of the Group companies and those associated with those of the Parent Company, certain standardisation adjustments have been made, including the application of the International Financial Reporting Standards criteria to all Group companies and associates.

No temporary standardisation adjustment was necessary since the closing date of all Group and associated companies is 31 December of each year.

h) Subsidiary enterprises

Subsidiary entities are deemed to be those where the Parent exercises control, directly or indirectly through subsidiary ones. The Parent controls a subsidiary entity when its involvement in it exposes it or entitles it to variable returns and has the ability to influence such returns by virtue of the power that it exercises over it. The Parent has such power when it holds substantive rights in force that provide it with the ability to direct the relevant activities. The Parent is exposed to or is entitled to variable returns from its involvement in the subsidiary entity when the returns it obtains from such involvement may vary depending on the economic development of the entity.

The financial statements of subsidiary companies are consolidated with those of the Parent by applying the full consolidation method. Consequently, all significant balances and effects of transactions carried out between consolidated companies have been eliminated in the consolidation process.

The shares of third parties in the Group's equity and income are presented in the "Non-controlling interests" chapters in the consolidated statement of financial position, in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income, respectively.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated statements of profit or loss from the effective date of acquisition or up to the effective date of disposal, as the case may be.

i) Associated companies

Associated entities are those over which the Parent Company has the capacity to exercise significant influence without effective control or joint management. Usually, this capacity is manifested in a stake (direct or indirect) equal to or greater than 20% of the voting rights of the investee.

Likewise, it is considered that there is significant influence in the investments held by the Group with a percentage of participation of less than 20% based on the following:

- Representation on the Boards of Directors of these companies of people linked to it, and
- The Group maintains active Management Contracts with these investees.

In the consolidated financial statements, the associates are valued by the "equity method"; that is, by the fraction of their equity that represents the Group's share in its capital, once the dividends received from them and other equity eliminations are considered. In the case of transactions with an associate, the corresponding losses or gains are eliminated in the percentage of the Group's participation in its capital, less any impairment of the value of the individual shares.

Any excess of the acquisition cost with respect to the part of the fair values of the identifiable net assets of the associated company attributable to the Group at the acquisition date is recognized as goodwill. Any deficiency in the acquisition cost with respect to the portion of the fair values of the identifiable net assets of the associated company that the Group owns on the date of acquisition is recognized in profit or loss in the acquisition period.

If, as a result of the losses incurred by an associated entity, its equity is negative, it would be shown as a zero in the consolidated financial statements of the Group, unless there is an obligation on the part of the Group to support it financially.

Note 10 of this consolidated report details the associated companies included in the consolidation, as well as the relevant information related thereto.

j) Transactions between Group companies

In transactions between consolidated companies, the results from internal transactions are eliminated and deferred until realised vis-à-vis third parties outside of the Group. The work done by the Group for its own fixed assets is recognised at production cost and intragroup gain or loss is eliminated. The consolidated financial statements have eliminated the debits and credits between companies included in the consolidated whole, as well as the internal income and expenses in that whole.

k) Conversion of currency other than the euro

The conversion to thousands of euros for foreign businesses was done applying the following criteria:

1. Assets and liabilities, including goodwill and adjustments to net assets arising from the acquisition of businesses, including comparative balances, are converted at the closing exchange rate on the date of each consolidated statement of financial position;

2. The consolidated statement of profit or loss has been converted by applying the average exchange rate for the year; and

3. Exchange differences resulting from the application of the above criteria are recognised as equity conversion differences.

In the presentation of the consolidated statement of cash flows, the cash flows, including comparative balances, of the subsidiary entities are converted into thousands of euros at the exchange rates prevailing on the date when they occurred.

Conversion differences related to foreign businesses, recognised in equity, are recognised in the consolidated statement of profit or loss when these businesses are disposed of or when the Group ceases to have control over them.

l) First-time consolidation differences

At the date of an acquisition, the assets and liabilities of a subsidiary company are measured at their fair values at the acquisition date. Any excess cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. When there is a discrepancy between the acquisition cost and the fair values of the identifiable net assets acquired (that is, a discount on the acquisition), the valuations of the net assets are reviewed and, as the case may be, such discrepancy is allocated to income in the acquisition period.

m) Consolidation perimeter

The following changes in the Group's scope of consolidation occurred during financial year 2017.

<u>Changes in the scope of consolidation during 2017</u>

On 1 December 2017, the Group sold 75% of its participation in Residencias de Estudiantes, S.A. The amount of the sale was 1,806 thousand euros, of which 64 thousand euros were pending payment as at 31 December 2017 as security deposit.

Lazora, Sociedad de Inversión Inmobiliaria, S.A. had an option to buy these holdings signed on 16 December 2011. The price to be paid by Lazora, Sociedad de Inversión Inmobiliaria, S.A., should it decide to exercise the option, was defined as the amount paid by the Group to acquire the shares less the dividends received during the period, plus interest at market rate.

On 30 November 2017, the Group and Lazora, Sociedad de Inversión Inmobiliaria, S.A. cancelled the contract of the option to buy. The Group paid out 42 thousand euros to Lazora, Sociedad de Inversión Inmobiliaria, S.A. on 29 November 2017 in compensation for cancelling the option.

As the Group had received dividends greater than the allowed interest during this period, a loss in the amount of 398 thousand euros was recorded, which is included under the heading “Impairment and gains or losses on disposals of financial instruments” in the attached consolidated statement of profit or loss. As a result of the sale, 794 thousand euros corresponding to minority shareholders was discounted.

The net amount of the consolidated income and results during financial year 2017 until the exclusion from the scope of consolidation is 8,304 and 433 thousand euros respectively.

The subsidiary Residencias de Estudiantes S.A. Is part of the property management segment, with the value of its consolidated assets as at 31 December 2016 at 5,711 thousand euros (see Note 6).

Changes in the scope of consolidation during 2016

In 2016 there have been no changes in the scope of consolidation. However, on 18 March 2016, the management bodies of Residencias de Estudiantes, S. A. and RESA Bail, S.L.U., drafted a merger plan for Residencias de Estudiantes, S. A. (absorbing company) and RESA Bail, S.L.U. (absorbed company) that was approved in the respective General and Universal Shareholders' Meetings of 16 June 2016. As a result of the merger, the entire assets of the absorbed company were transferred, as a block, to Residencias de Estudiantes, S.A. (absorbing company) by way of universal succession, and Residencias de Estudiantes, S.A. was subrogated to all of the rights and obligations of the absorbed company. The Merger Plan established 1 January 2016 as the date as of which the transactions carried out by the absorbed company would be deemed to have been carried out for accounting purposes for the company Residencias de Estudiantes, S.A.

At 31 December 2017, the group's scope of consolidation is as follows:

Company	Address	% shareholding Direct	% shareholding Indirect (*)	Consolidation Method
Azora Altus, S.A.	Spain	-	-	Parent
Azora Capital, S.L.	Spain	75%	-	Global
Colón Viviendas, SOCIMI, S.A.	Spain	65%	-	Global
Azora Inversiones Uno, S.L.	Spain	100%	-	Global
Azora Inversiones Dos, S.L.	Spain	100%	-	Global
Beach Guadalmina Playa Parque Sol, S.L.	Spain	88.80%	-	Global
Azzam Gestión Inmobiliaria, S.L.U.	Spain	-	51%	Global
Azzam Vivienda, S.L.U.	Spain	-	100%	Global
Azora Gestión S.G.I.I.C., S.A.	Spain	-	100%	Global
Sazora Investments AB.	Sweden	-	66.7%	Global
Azora International Management, SP Z.o.o.	Poland	-	100%	Global
Minaya, SP Z.o.o.	Poland	-	100%	Global
Lazora, S.I.I., S.A.	Spain	1.38%	-	Stake
Azora Europa I, S.A.	Spain	2.26%	-	Stake
Carey Cologne Value Added, GmbH & CO	Germany	5.10%	-	Stake
Encasa Cibeles, S.L.	Spain	2.05%	-	Stake
Hispania Activos Inmobilarios SOCIMI, S.A.	Spain	1.072%	-	Stake
Carey Value Added, S.L.	Spain	8.90%	-	Stake

(*) % of direct shareholding through subsidiaries (see Annex I)

n) Remuneration on shares

At the end of the year of 31 December, 2017 there is no action plan on shares of Azora Altus, S.A.

o) Remuneration of Senior Management

The remuneration of the members of Senior Management of the Parent Company and persons performing assimilated functions (Note 16.2) is charged on an accrual basis, with the corresponding provision being recorded at the end of the year if the amount had not been paid.

3. Allocation of the income of the Parent

The proposals for the distribution of income made by the Parent's directors, pending approval by the General Shareholders' Meeting, are as follows:

	Thousands of euros
	2017
Interim dividend	7,000
To dividends (Note 17)	22,000
Legal reserves	3,243
Voluntary reserves	188
Total	**32,431**

During 2017 the Board of Directors of the Company resolved to distribute an interim dividend at its meeting held on 21 December 2017, amounting to 7,000 thousand euros, which is recorded under the "Interim dividend" heading in the accompanying consolidated statement of profit or loss. This dividend had been fully paid as of the end of 2017.

The provisional accounting statement prepared in accordance with legal requirements that demonstrated the existence of sufficient liquidity at 30 November 2017 for the distribution of the dividend was as follows:

	Thousands of euros
	Provisional Accounting Statement Prepared on 21 December 2017
Profit before tax	**8,872**
Corporate income tax provision	(65)
Profit after tax	**8,807**
Allocation to legal reserve	-
Maximum amount to be distributed	8,807
Amount proposed for distribution	7,000
Cash and cash equivalents (*)	**7,014**

(*) Includes existing balance available at credit institutions.

4. Valuation rules

The main valuation rules, principles and accounting policies applied in preparing the consolidated financial statements for 2017, which comply with the IFRS currently in force, are as follows:

4.1 *Intangible assets*

Intangible assets are recorded at their acquisition price or production cost. Subsequently, they are valued at their cost minus the corresponding accumulated amortisation and, where appropriate, minus the impairment losses it experiences in accordance with the criterion indicated previously in this section.

Intangible asset

The section "Intangible assets" includes the valuation of current management contracts acquired in business combinations, which include the estimates of net future cash flows discounted at a market discount rate (see Note 7). The amortisation period is 8 years.

In addition, the amount related to an administrative concession accorded to the subsidiary Residencias de Estudiantes, S.A. is included, which is valued at cost. The amortisation is performed linearly throughout the contractual term. The Group amortises the administrative concession in 15 years.

IT Applications

In this account, the Group records the costs incurred in the acquisition and development of computer programs, including the website development costs. The maintenance costs of the computer applications are recorded in the consolidated statement of profit or loss for the financial year in which they are incurred. The amortisation of the computer applications is carried out by applying the lineal method during a period of three years.

The Group recognises any impairment loss that may be incurred in the recorded value of the intangible assets, with charge to the heading 'Impairment Losses' of the attached consolidated statement of profit or loss. The criteria for the recognition of impairment losses of these assets and, where appropriate, of the recoveries of the impairment losses recorded in previous financial years, are similar to those applied for material assets (see Note 4.3).

An intangible asset is derecognised at the time of its alienation or when no future financial benefit is expected to be obtained from its use or sale. The earnings or losses derived from the derecognition of an intangible asset, measures such as the difference between the net profit of the sale and the book value of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

4.2 *Property, plant and equipment*

Property, plant and equipment is initially valued by its acquisition price or production cost, and subsequently it is reduced by the corresponding accumulated amortisation and the impairment losses, if any.

The expenses of conservation and maintenance of the different elements that compose the property, plant and equipment are allocated to the consolidated statement of profit or loss of the financial year in which they are incurred. By contrast, the amounts invested in improvements that contribute to increasing the capacity or efficiency or to extend the useful life of these goods are capitalised.

The amortisation of the property, plant and equipment elements is calculated systematically by following the lineal method, applying percentages of annual amortisation calculated according to the estimated years of useful life of the respective goods, as follows:

	Estimated Years of Useful Life
Furniture and fixtures	4 – 8
Communication processes equipment	4
Other Fixed Assets	10

A property, plant and equipment item is derecognised when it is sold or when no future financial benefit is expected to be obtained from the continuous use of the asset. The earnings or losses derived from the alienation or derecognition of a property, plant and equipment item are determined as the difference between the profit of the sale and the book value of the asset and are recognised in the consolidated statement of profit or loss.

4.3 Impairment losses of the value of intangible assets and property, plant and equipment

At the end of each financial year, or as long as there are signs of a loss of value, the Group revises the book values of its property, plant and equipment and intangible assets in order to determine whether there are signs that these assets have suffered a loss due to value impairment. If there is any sign, the recoverable amount of the asset is calculated for the purpose of determining the extent of the loss due to value impairment, if any. In the event that the asset does not generate cash flows itself that are independent of other assets, the Group will calculate the recoverable amount of each cash-generating unit.

The recoverable amount is determined as the largest amount between the fair value minus the sales costs and the value in use.

In order to estimate the value in use, the Group will prepare the future cash flow predictions before tax from the budgets most recently approved by the Directors of the Parent that, in accordance with the activity of the Parent, correspond to those included in the up-to-date economic and financial model.

These budgets include the best available estimates of income and expenditure using past experience and future expectations. When evaluating the value of use, the estimated future cash flows are discounted at their current updated value using a market interest rate plus a risk premium.

If it is estimated that the recoverable amount of an asset is less than its book value, the book value of the asset is reduced at its recoverable value. A loss due to impairment of value is immediately recognised as an expense.

Should the need arise to recognise an impairment loss of a cash-generating unit to which all or part of the Goodwill would have been assigned, firstly the book value of the Goodwill corresponding to each unit is reduced. If the impairment exceeds that amount, secondly, that of the rest of the assets of the cash-generating unit is reduced in proportion to its book value, up to the limit of the greater value between the following: its fair value minus the sales costs, its value in use and zero.

When a loss due to impairment of value subsequently reverses (a circumstance disallowed in the specific case of Goodwill), the book value of the assessor of the cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined if no impairment loss had been recognised in previous financial years. This reversal of a loss due to value impairment is recognised as income.

As at 31 December 2017, the Group has not recorded impairment losses of intangible assets and material elements, there not being any additional signs of impairment.

4.4 *Investment property*

Investment property constitute real estate, including those that are ongoing or in development for future use as investment property, which are totally or partially held in order to obtain revenue, gains or both, instead of for its use in the production or supply of goods or services, or for administrative ends of the Group or its sale in the ordinary course of business.

All assets classified as investment property are in use with various tenants. The purpose of these properties is to lease them to third parties. The Directors of the Parent have no intention to alienate these assets in the time horizon, so it has decided to hold these assets as investment property in the consolidated statement of financial position.

The investment property is presented at its fair value on the date of the end of the year and are not subject to amortisation. They correspond to the land, buildings, rights in rem and other constructions that are held either to use for rent, or to obtain a capital gain on their sale as a result of any possible future increases in their respective market prices.

The profits or losses derived from variations in the fair value of the investment properties are included in the results of the period in which they are incurred.

During the works implementation period, the implementation costs and financial expenses are capitalised. At the time this asset comes into operation, it is recorded at fair value.

In accordance with IAS 40 and taking into account that the purpose of the Group is to obtain income derived from the lease of real estate and that it does not intend to sell it in the ordinary course of operations, it is determined that these are considered as investment property. Additionally, and in accordance with the provisions of the contracts, in two of the properties presented as "Other Rights in rem" and classified under that heading, the income derived from the lease after 25 years is not regulated and, in the other two, after that term has elapsed, the rent becomes concerted income, which is currently similar to that of the market.

The Group periodically determines the fair value of the investment property elements, in such a way that at year-end, the fair value reflects the market conditions of the investment property elements at said date. This fair value is determined on an annual basis by taking the valuations carried out by independent experts as the reference values.

The market value of the classified surface right in investment property at 31 December 2017 and 2016 calculated according to the valuations carried out by CBRE, an independent valuer not related to the Group, amounts to 22,460 thousand euros and 22,420 thousand euros respectively (see Note 9). These properties correspond to surface rights conferred by the property of the building built during the period of the right (75 years).

4.5 *Leases*

The leases are classified as financial leases provided that it is deduced from the conditions thereof that the risks and rewards inherent in the property of the asset subject to the contract are transferred substantially to the lessee. The other leases are classified as operating leases.

Financial lease

In the financial lease transactions in which the Group acts as lessee, the cost of the leased assets is presented in the consolidated statement of financial position according to the nature of the asset referred to in the contract and, simultaneously, a liability for the same amount. This amount will be the lessor amount between the fair value of the leased asset and the current value at the start of the lease of the minimum agreed amounts, including the purchase option, when there are no reasonable doubts about it being exercised. Neither the contingent lease payments, nor the cost of the services or the taxes applicable to the lessor will be included in its calculation. The total financial burden of the contract is charged to the consolidated statement of profit or loss of the financial year in which it is accrued, applying the effective interest rate method. The contingent lease payments are recognised as an expense for the financial year in which they are incurred.

The assets recorded by this type of transaction are amortised with similar criteria to those applied to all of the material assets, owing to their nature.

Operating lease

The revenue and expenditure derived from the operating lease agreements are charged to the consolidated statement of profit or loss in the financial year in which they are accrued.

Any charge or payment that may be carried out upon arranging an operating lease will be treated as an advance charge or payment that will be allocated to results throughout the lease period, as profits from the leased asset are provided or received.

4.6 *Financial instruments*

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in compliance with the underlying economic value of the contractual agreement and the definitions of the financial asset, financial liability or equity instrument developed in IAS 32 'Financial instruments: Presentation".

4.6.1 Financial assets

Classification

The financial assets that the Group possesses are classified in the following categories:

a) Loans and receivables: financial assets arising from the sale of goods or the provision of services from trade provisions of the company, or those that, with no commercial origin, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b) Held-to-maturity investments: debt securities, with a fixed maturity date and determinable payments, which are traded in an active market and which the Group demonstrates its intention and capacity to keep in its possession until the maturity date.

c) Guarantees: the Group presents deposits and guarantees at the acquisition cost and/or the amounts paid.

d) Cash and cash equivalents: this includes cash, sight deposits and other high-liquidity short-term investments with an original maturity of three months or less that is held for the purpose of covering short-term payment commitments.

Initial valuation

Broadly speaking, financial assets are initially recorded at the fair value of the consideration provided plus the costs of the transaction that are directly attributable.

In the case of investments in the equity of businesses of the group that grant control over the subsidiary company, the fees paid to legal advisers or other professionals related to the acquisition of the investment are directly allocated to the consolidated statement of profit or loss.

Subsequent valuation

Loans, receivables and held-to-maturity investments are valued at their amortised cost.

The Group conducts an impairment test at a minimum at the close of the financial year for financial assets that are not recorded at fair value. Objective evidence of impairment is considered to exist if the recoverable value of the financial asset is less than its book value. When this occurs, this impairment is recorded in the consolidated statement of profit or loss.

The Group retires financial assets when they expire or the cash flow rights to the corresponding financial asset have been ceded and the risks and benefits involved in their ownership have been substantially transferred.

On the other hand, the Group does not retire financial assets of cessions of financial assets in which the risks and benefits involved in their ownership have been substantially retained, and instead acknowledges a financial liability equal to the consideration received.

4.6.2 Financial liabilities

Financial liabilities, including trade and other payables, that are not classified at reasonable value with changes in profit or loss are initially acknowledged at their fair value less transaction costs that are directly attributable to their issue. Liabilities classified under this category are valued at amortised cost using the effective interest rate method after their initial acknowledgement. This effective interest rate is the capitalisation rate equal to the book value of the instrument with the current expectation of future payments projected to the maturity of the liability.

All the same, payables from commercial operations expiring no later than in one year and that have no contractual interest rate are valued at their nominal value initially as well as subsequently, when the effect of not discounting cash flow is insignificant.

Should existing payables be renegotiated, substantial modifications of financial liability are not considered to exist if the creditor of the new loan is the same as the one that provided the initial loan and the current cash flow value, including net commissions, does not vary by more than 10% from the actual value of pending cash flow for the original liabilities calculated under this method.

Financial liabilities are retired when they expire; in other words, when the obligation under the liability has been paid or cancelled or has lapsed.

4.7 *Classification of balances between current and non-current*

Assets related to the normal operating cycle, which is normally considered one year, are considered current, as well as other assets whose maturity, disposal or realisation is expected to occur in the short term from the closing date of the financial year; financial assets held for sale, with the exception of financial derivatives whose expiry is in more than one year; and cash and other equivalent liquid assets. Assets that do not meet these prerequisites are classified as non-current.

In the same manner, liabilities related to the normal operating cycles; financial liabilities held for sale, with the exception of financial derivatives whose expiry is in more than one year; and in general all obligations whose maturity or expiry will occur in the short term are considered current. Any other cases are classified as non-current.

4.8 Income tax

Expense or income subject to Income Tax includes the part related to the expense or income for current taxes and the part corresponding to the expense or income for deferred income.

The current tax is the amount for which the Group is liable as a result of Income Tax-related tax assessments for a given financial year. Deductions and other tax benefits, excluding retentions and prepayments, as well as tax losses that can be offset from previous financial years and actually applied in this year, result in a lower current tax payment due.

Deferred tax expense or income refers to the acknowledgement and cancellation of deferred tax assets and liabilities. These include temporary differences identified as those balances that are payable or recoverable arising in relation to differences between the book value of assets and liabilities and their tax value, as well as negative taxable bases pending compensation and credits for unapplied tax deductions. These balances are recorded applying the tax rate at which it is expected they will be recovered or settled to the applicable temporary difference or credit.

All temporary taxable differences other than those resulting from the initial recognition of goodwill or other assets or liabilities for an operation that do not affect either the fiscal results or the accounting results and is not a business combination are recorded as deferred tax assets.

For their part, deferred tax assets are only recorded to the extent that it is considered likely that the Group is likely to realise future tax gains against them that may activate them.

Deferred tax assets and liabilities related to operations involving direct charges or credits to equity accounts are also accounted for with an offsetting entry in equity.

Deferred tax assets are considered recorded at each accounting close, with the appropriate corrections being made to them if there is any question regarding their future recovery. Likewise, deferred tax assets not recorded in the consolidated statement of financial position are evaluated at each accounting close, and these are acknowledged if their recovery with future taxable income is likely.

The Parent Company is subject to Corporate Taxation under the Fiscal Consolidation tax regime as per Chapter VII of Title VII of Royal Legislative Decree 4/2004 of 5 March, whereby the Revised Text of the Corporate Taxation Act was approved. The companies of which this group is composed for the 2017 financial year are: Azora Altus, S.A. (formerly Azora Altus, S.L.), Azora Capital, S.L., Azora Gestión S.G.I.I.C., S.A. and Beach Guadalmina Playa Parque del Sol, S.L. with Azora Altus, S.L. acting as the ultimate parent company of the tax group.

4.9 *Provisions and contingencies*

In preparing the consolidated financial statements, the Management of the Parent Company has distinguished between:

a) Provisions: balances payable that cover current obligations related to past events whose settlement is probable, resulting in an outflow of funds but whose amount and/or time of settlement remain uncertain.

b) Contingent liabilities: possible obligations resulting from past events whose future realisation is conditional on whether or not one or more future events beyond the control of the Group occur.

The attached consolidated financial statements record all provisions with respect to which the probability of the obligation occurring is considered to be greater than the opposite. Unless considered remote, contingent liabilities are not recorded in the consolidated financial statements unless information is provided on them in the consolidated notes.

Provisions are assessed at the current value of the best possible estimate of the amount required to settle or transfer the obligation, making use of the information available regarding the event and its consequences, and entering such adjustments as may result from the updating of the provisions as a financial expense as they are accrued.

As long as there is no question regarding whether the reimbursement will be paid out, the compensation to be received by a third party at the time of settlement of the obligation is recorded as an asset, unless there is a related legal situation involving a part of the risk, and as a result of which the Group is not held liable; in this case, the compensation will be taken into consideration in estimating the amount of the corresponding provision, if applicable.

4.10 *Income and expenses*

Income and expenses are determined on an accrual basis; that is, when the actual flow of the goods and services that they represent occurs, regardless of the time at which the resulting related monetary or financial flow occurs. Income is assessed at fair value for the compensation received, less expenses and taxes.

Income from sales is recorded at the time at which the significant risks and benefits inherent in the ownership of the sold goods are transferred to the buyer, with no management of the goods in question maintained or effective control retained.

As regards income from the provision of services, essentially management fees, these are recorded considering the extent of completion of services as of the date of the consolidated statement of financial position, as long as the results of the transaction can be reliably estimated.

In addition, some contracts provide for the possibility of compensating the Group with various incentive fees when one or several profitability parameters are reached at a given time. As the corresponding amount cannot be reliably estimated until the time at which parameters are reached, the Group will proceed to record it as income at that time.

In general, asset management contracts are structured in three phases: an investment period, a management period and a divestment period. The term of these contracts is set between six and ten years. For those contracts in which the main activity is property management of the assets, the average duration is established between 2 and 3 years, and can be extended annually.

The specifics of the expiry dates of the main contracts maintained by the Group are presented below:

Contract	Initial year	Expiry year
Hispania Activos Inmobiliarios, SOCIMI, S.A.	2014	2020
Lazora, S.I.I., S.A.	2004 – 2007	Until the liquidation of the company;
Azora Europa, S.A.	2007	Until the finalisation of the shareholder contract
Encasa Cibeles, S.L.	2013	2023
Selección de Inmuebles	2015	2018 - renewable annually
Carey Value Added, S.L.	2011	2019 - renewable annually
Tempore Properties SOCIMI, S.A.	2017	2019 - renewable annually

Interest received on financial assets is recorded using the effective interest rate method, and the dividends when the right of the shareholder to receive them is declared. In any event, interest and dividends on financial assets accrued after the time of acquisition are recorded as assets in the consolidated statement of profit or loss.

On the other hand, personnel expenses are recognized in the accompanying consolidated financial statements based on the accrual basis. In this way, fixed and variable remunerations are recorded in the year in which they accrue. On the other hand, those extraordinary discretionary remunerations that could be approved, especially in the framework of obtaining incentive fees, are accrued in the year in which they are approved.

4.11 *Transactions with affiliates*

The Group performs all its transactions with affiliates at market cost. Also, transfer prices are adequately supported , for which reason the Management of the Parent Company deems that there are no significant risks in this regard that may result in liabilities in the future. The principal balances and transactions with affiliated companies are itemised in Note 16.

4.12 *Earnings per share*

Basic earnings per share are calculated as the ratio between the net earnings for the financial year attributable to the Parent Company and the average weighted number of common shares in circulation during that financial year, without including the average number of shares of the Parent Company in the portfolio of Group companies.

4.13 Investments accounted by using the equity method

The companies over which the Group maintains significant influence are consolidated using the equity method.

Investments in associates are measured by applying the "equity method", meaning the proportion of their net equity represented by the Group's interests in their capital, after accounting for dividends received and other amounts deleted from equity. In transactions with an associate, the corresponding profits or losses are eliminated at the percentage of the Group's interests in its capital, less any impairment of the individual interests.

Any amount of the acquisition cost that exceeds the part of the fair value of the identifiable net assets of the associate that can be attributed to the Group on the acquisition date is recognised as goodwill. Any amount of the acquisition cost that falls below the part of the fair value of the identifiable net assets of the associate held by the Group on the acquisition date is recognised in profit and loss in the period in which the purchase takes place.

If, as a result of the losses incurred by an associated entity, its equity is negative, it would be shown as a zero in the consolidated financial statements of the Group, unless there is an obligation on the part of the Group to support it financially.

4.14 *Assets of an environmental nature*

Assets used on a permanent basis in the activities of the Group whose primary purpose is the reduction of environmental impact and the protection and improvement of the environment, including the reduction or elimination of future contamination, are considered assets of an environmental nature.

By their nature, the activities of the Group have had no significant environmental impact during the 2017 and 2016 financial years.

Furthermore, the Group has not recorded any provision for possible environmental risks as at 31 December 2017 or 2016, as the Management believes that there are no significant contingencies related to possible litigation, compensation or other areas related to the environment.

4.15 *Consolidated cash flow statement*

The following expressions are used in the following senses in the consolidated cash flow statements, prepared using the indirect method:

1. Cash flows: incoming and outgoing cash and cash equivalents; these being understood as short term, highly liquid investments with low risk of alteration in value.

2. Operating activities: normal activities of the entities of the Group as well as other activities that cannot be classified as investing or financing.

3. Investing activities: activities involving acquisition, sale or disposal by other means of long term assets and other investments not included under cash and cash equivalents.

4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of operating activities.

4.16 Valuation techniques and applicable hypotheses for measurement of fair value

Fair value of financial assets and liabilities are determined as follows:

- Fair values of assets and liabilities with standard terms and conditions and that are transacted in active and liquid markets are determined by reference to the prices quoted by the market.

- The fair value of other assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted valuation models based on discounted cash flows using transaction prices observable in the market and contributor quotes for similar instruments.

Financial instruments and other assets valued after their initial recording at fair value are classified at levels 1 to 3 based on the extent to which their fair value is observable.

- Level 1: refers to prices quoted (without adjustments) on active markets for assets or liabilities identical with those that the entity can find on the date of measurement.

  A price quoted on an active market provides the most reliable evidence of fair value, and will be used without adjustment to measure fair value whenever available.

- Level 2: refers to other inputs (that are not quoted prices included in level 1) observable for the asset or liability, whether directly (i.e., prices) or indirectly (i.e., derived from prices).

- Level 3: refers to valuation methods that include inputs for the asset or liability that are not based on observable market data (not observable inputs).

The assets of the Group as at 31 December 2017 and 2016 assessed at fair value are as follows:

2017

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	22,460	22,460
	-	-	**22,460**	**22,460**

2016

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	22,420	22,420
	-	-	**22,420**	**22,420**

In 2017 and 2016, no asset transfers between the different levels occurred.

Note 9 includes information related to the determination of fair value for investment property based on the valuation methods described in that Note.

5. Financial risk management

Risk exposure

The financial risk management policies within the sector in which the Parent Company and its subsidiaries operate are basically determined by analysis of the management projects and the condition of the financial markets.

Given the activities of one of the companies of the Group, Azora Gestión, S.G.I.I.C., S.A., the use of financial instruments is contingent on compliance with the Collective Investment (Mutual Fund) Institution Regulation (Royal Decree 1082/2012, of 13 July), which stipulates that Mutual Fund managing companies invest their own minimum required funds (in accordance with article 100.1.a) of the Regulation) in liquid or easily convertible short-term cash assets, and not include speculative positions. These assets may include those indicated in article 30.1.a) of Law 35/2003 of 4 November: deposits with credit institutions, sight deposits and stock or shares in Mutual Fund Institutions, including those that they manage, as long as such Mutual Fund Institutions comply with the conditions of article 48.1.c) and d), except for the prohibition on investing more than 10% of the equity of the Mutual Fund Institution in stock or shares of other Mutual Fund Institutions. The rest of the funds may be invested in any asset satisfactory for the performance of its corporate goal, which will include institutions provided in this regulation, Capital Risk Entities and Closed Mutual Fund Entities as long as the investment is made on a permanent basis.

The amounts under which the financial assets are recorded represent in all significant aspects the highest level of credit risk exposure of the Group on each date that the consolidated financial statements are presented.

The principal financial risks affecting the Group are indicated below:

a) Credit risk:

This is defined as the risk of financial loss that the Group faces if a client or party does not satisfy its contractual obligations.

In general, the group maintains its cash and equivalent liquid assets in financial institutions with high credit ratings.

Credit risk derives primarily from the risk of a third party's failing to meet its contractual obligations vis-à-vis the Group. Credit risk of the Group is primarily related to asset and property management activities. Additionally, and with regard to direct and controlling investment activities (Colón Viviendas SOCIMI, S.A.), the Group's credit risk arises from the possible non-payment of rentals contracted with tenants. Each company manages its risk by the selection of contractual parties, with the contracts that are signed with them predicating payment in advance of rents involved and requiring legal and other financial guarantees that cover potential non-payment of rent.

The Group possesses formal procedures for detecting impairment of commercial credits. Delays in payment are identified and methods to be followed for estimating impairment loss are established under these procedures and by individual analysis. Historically, no significant cases of insolvency have arisen.

Cash and cash equivalents

As at 31 December 2017 and 2016 the Group maintains cash and cash equivalents of 50,652 thousand and 8,916 thousand euros respectively, which represent its maximum risk exposure for these assets.

Cash and cash equivalents are maintained with banks and financial institutions.

b) Liquidity risk:

This is defined as the risk that the Group would have difficulties satisfying its obligations related to financial liabilities that are settled by the payment of cash or other financial assets.

As at 31 December, 2017 and 2016, the Group's rolling fund is positive in the amount of 40,710 and 15,641 thousand euros, respectively.

The Group manages liquidity risk prudently, based on maintaining sufficient liquidity to satisfy its obligations when they are due, both under normal and stress conditions, without incurring unacceptable losses or risking the reputation of the Group.

c) Market risk and client concentration:

The Group has exposure to the evolution of the real estate markets of the geographies in which the assets of its controlled and associated entities are located.

Some management contracts of the Group allow for the possibility of early termination in the event of substantial variations in the composition of the shareholders of the investor or Group. Hence, the contract signed with Hispania Activos Inmobiliarios, SOCIMI, S.A. includes the option of early termination in the event of loss of control of the shareholders of Azora Altus, S.A. (formerly as Azora Altus, S.L.). However, the Management of the Parent Company believes that the waiver from Hispania will be obtained before any possible loss of control of the shareholders of Azora Altus. This contract contributes 20,173 thousand euros to the total figure for business of the Group as at 31 December 2017 (15,129 thousand euros as at 31 December 2016), representing 26% of that entry during the 2017 fiscal year (25% during 2016).

As at 31 December, 2017, the rest of the contracts that contribute more than 10% of the amount of the revenue, in addition to the aforementioned, are those signed with Lazora, S.I.I., S.A., whose amount contributed to the revenue of 10,490 thousand euros (9,044 thousand euros as at 31 December, 2016), representing 13.5% of this section (14.1% during 2016).

The income from the management contracts of Hispania Activos Inmobiliarios, SOCIMI, S.A. and Lazora, S.I.I., S.A. are spread over the Asset and Property Management segments.

Both the liquid assets and the financial debt of the Group are exposed to interest rate risk, which may have an adverse effect on financial results and cash flows. The Management of the Parent Company believes that this effect should not be significant, as there has been no activity of this sort in the 2017 and 2016 financial years.

d) Tax risk:

Tax risk is the risk associated with changes in the tax legislation applicable to the Group. In addition, one of the companies in the Azora Altus combine, Colón Viviendas Socimi, was eligible for the special tax regime for Listed Real Estate Investment Companies (SOCIMI) in the 2015 financial year. Under the provisions of article 6 of Law 11/2009 of 26 October 2009 modified by Law 16/2012 of 27 December regulating SOCIMIs, companies that have elected to apply this regime shall be required to distribute the income obtained in the financial year in the form of dividends to its shareholders after it has completed its applicable commercial obligations, and it is required to approve such distribution within six months from the completion of each financial year and make payment within one month of the date of the distribution resolution.

If the Shareholders' Meeting does not approve the distribution of dividends proposed by the Board of Directors that was calculated in accordance with the requirements stated in the law, it is not in compliance, and therefore shall be taxed under the general tax regime and not the regime that applies to SOCIMIs.

In the opinion of Management, the Group has mitigated these risks to acceptable levels.

6. Information by segment

6.1 Segmentation criteria

Information by segment is structured based on the different areas of business of the Group (operational segments). The Group identifies these segments based on internal information and its organisational structure, and they are the basis for review, discussion and periodic evaluation in the decision-making process by the Company's Directors.

The segments identified are those related to services offered by the companies of the Group, grouped as:

- Investment Management Activity:
  - Asset Management Services: specifically include services related to: (i) the identification, access and performance of investment opportunities; (ii) designing and structuring investment vehicles through which to implement investments; (iii) access to sources of financing; (iv) daily monitoring of the progress in property management services, completion of the business plan provided designed primarily to enhance the value of and optimise assets; (v) provision of general administrative services; and (vi) defining and executing plans for the divestment of assets or investment vehicles based on market conditions at a given time, the investment expectations and requirements of our clients and the nature and size of the investment to be divested. These activities were engaged in by the following companies of the Azora Group as at 31 December 2017: Azora Gestión S.G.I.I.C., S.A.U., Azora Capital, S.L. and Azora International Management S.p. Z.o.o.
  - Property Management Services: include services related to the daily management of administration of the properties. Thus, the following can be cited among other services: rental management, supply and insurance management, collection and invoice issuing and management of technical services. As at 31 December 2017, these services were provided for the residential properties by Azzam Vivienda S.L.U., after the sale of Residencias de Estudiantes, S.A. on 1 December 2017.

- Alignment Capital Investment Activity: mainly includes investments made in investment vehicles managed by the Group.

- Direct and Controlling Investment Activity: includes investments in companies in which the Group holds control.

Income and expenses that cannot be assigned to one line of business or that affect the Group overall would be assigned as applicable to the “Other” segment, along with reconciling items appearing after comparing the results of combining the financial statements of the various lines of business (which are prepared with management criteria) with the consolidated financial statement of the Group.

Income from each segment and each asset within each segment is used as a measure of performance, for which reason the Group considers such information more relevant in evaluating results for segments in relation to other groups operating in these businesses.

The Group engaged in activities primarily in Spain, Poland, Ireland, Belgium, Switzerland, Germany, England and the United States in the financial years ending on 31 December 2017 and 2016.

6.2 Bases and information by business segment

Segment data that is expressed below are based on internal reports prepared by the managers of the Group and generated through the same IT application used to obtain all the accounting data for the Group.

For the purposes of reviewing performance by segment, and assigning funds among them:

- Ordinary income of each segment corresponds to the ordinary income directly attributable to the segment as well as profits resulting from the sale of investment property.

- Expenses for each segment are determined based on the expenses incurred from the operating activities of the segment that are directly attributable to it and the loss resulting from the sale of investment property, if any. These shared expenses do not include interest, income tax expenses or general administrative expenses corresponding to general services that are not directly attributed to each business segment, and therefore cannot be distributed on a reasonable basis.

- Assets and liabilities of the segments are those directly related to their activity and operations plus those that can be directly attributable in accordance with the distribution criteria indicated above, net of consolidation adjustments.

Information on these activities broken down by segment is provided below:

2017

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
ºRevenue	61,267 (a)	15,613 (b)	-	732	77,612
Other operating income	-	1,279	-	170	1,449
Staff costs	(23,661)	(10,427)	-	-	(34,088)
Other operating expenses	(2,567)	(4,707)	-	(304)	(7,578)
Depreciation and amortisation charge and impairment losses recognized	(201)	(1,059)	-	54	(1,206)
Gains or losses on disposals of non-current assets	435	(21)	-	-	414
Changes in fair value of investment property	-	-	-	36	36
Finance income	216	-	1,184	2	1,402
Finance cost	(23)	(21)	(2)	(62)	(108)
Net exchange differences	(103)	-	-	-	(103)
Impairment and gains or losses on disposals of financial instruments	(635) (c)	-	-	-	635
Income from companies carried by the equity method					
Impairment and gains or losses on	-	-	3,160	-	3,160
significant influence loss over an associate consolidated by the equity method	-	-	7.670 (d)	-	7.670
Income tax	(8,025)	(232)	-	-	(8,257)
Total as at 31 December 2017	**26,703**	**425**	**12,012**	**628**	**39,768**

(a) Including 30,283 thousand euros for incentive fees received under the contract for provision of corporate management and investment services between Encampus Residencias de Estudiantes, S.A. and Azora Capital, S.L. (See Note 14.1). 871 and 467 thousand euros from the management contract that the group had with Encampus Residencias de Estudiantes, S.A. and las Sociedades Inversoras en Residencias de Estudiantes are also included

(b) 8,304 thousand euros for the company Residencias de Estudiantes are included up to the date of its exclusion from the scope of consolidation are included (see Note 2.m).

(c) Includes impairment from the sale of Residencias de Estudiantes, S.A. In the amount of 398 thousand euros (see Note 2.m).

(d) Includes capital gains in the amount of 7,670 thousand euros from the sale of Encampus Residencias de Estudiantes, S.A. (See Note 10).

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Assets					
Intangible assets	30	1,648	-	-	1,678
Property, plant and equipment	182	341	-	50	573
Investment property	-	-	-	22,460	22,460
Investments accounted by using the equity method	-	-	45,033	-	45,033
Non-current financial assets	539	47	70	-	656
Deferred tax assets	187	-	-	-	187
Inventories	37	1	-	1	39
Trade and other receivables	7,931	1,110	-	15	9,056
Other current financial assets	1,565	-	5,406	870	7,841
Other current assets	38	9	-	3	50
Cash and cash equivalents	49,251	744	-	657	50,652
Total as at 31 December 2017	**59,760**	**3,900**	**50,509**	**24,056**	**138,225**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Liabilities					
Non-current and current bank borrowings	2,999	-	-	5,608	8,607
Other non-current financial liabilities	-	-	73	427	500
Other non-current liabilities	-	-	-	-	-
Deferred tax liabilities	2,115	121	-	-	2,236
Short-term provisions	-	-	-	-	-
Trade and other payables	18,871	1,767	-	197	20,835
Other current financial liabilities	148	4	2,555	2	2,709
Other current liabilities	10	-	-	-	10
Total as at 31 December 2017	**24,143**	**1,892**	**2,628**	**6,234**	**34,897**

2016

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Revenue	48,799 (a)	14,379	-	762	63,940
Other operating income	-	1,548	-	145	1,693
Staff costs	(19,178)	(9,962)	-	-	(29,140)
Other operating expenses	(3,668)	(4,683)	-	(217)	(8,568)
Depreciation and amortisation charge and impairment losses recognized	(558)	(489)	-	(60)	(1,107)
Changes in fair value of investment property	-	-	-	(3,303)	(3,303)
Finance income	33	2	253	12	300
Finance cost	(67)	(17)	(1)	(74)	(159)
Net exchange differences	81	-	-	-	81
Impairment and gains or losses on disposals of financial instruments	272	-	-	-	272
Income from companies carried by the equity method			3,518		3,518
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method	-	-	310	-	310
Income tax	(6,112)	(130)	-	-	(6,242)
Total as at 31 December 2016	**19,602**	**648**	**4,080**	**(2,735)**	**21,595**

(a) Includes 20,134 thousand euros for incentive fees related to the contract signed with CF Aneto Limited (see Note 15.1).

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Assets					
Intangible assets	24	4,280	-	-	4,304
Property, plant and equipment	250	1,068	-	39	1,357
Investment property	-	-	-	25,436	25,436
Investments accounted by using the equity method	-	-	41,356	-	41,356
Non-current financial assets	599	74	20	-	693
Deferred tax assets	786	14	-	-	800
Inventories	139	46	-	1	186
Trade and other receivables	7,101	1,947	-	43	9,091
Other current financial assets	1,556	-	4,794	972	7,322
Other current assets	39	141	-	-	180
Cash and cash equivalents	7,106	1,397	-	413	8,916
Total as at 31 December 2016	**17,600**	**8,967**	**46,170**	**26,904**	**99,641**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Liabilities					
Non-current and current bank borrowings	601	665	-	5,974	7,240
Other non-current financial liabilities	-	-	2,626	386	3,012
Other non-current liabilities	-	-	-	-	-
Deferred tax liabilities	2,436	492	-	-	2,928
Short-term provisions	400	293	-	-	693
Trade and other payables	4,463	2,903	-	101	7,467
Other current financial liabilities	284	119	-	1	404
Other current liabilities	631	-	-	-	631
Total as at 31 December 2016	**8,815**	**4,472**	**2,626**	**6,462**	**22,375**

6.4 Segments based on geographic information

When presenting information based on geographic segments, the segment income is determined using the geographic location of the assets as the criterion.

Distribution of income by geographic market for the 2017 and 2016 financial years is as follows:

Geographic markets	2017	2016
Spain	74,387	39,859
Poland	1,197	1,908
Ireland	-	20,134
Belgium	102	147
Switzerland	132	106
Germany	968	963
England	187	186
United States	639	637
Total	**77,612**	**63,940**

7. Intangible assets

The breakdown and change in various entries under intangible assets as at 31 December 2017 and 2016 are shown below:

2017

	Thousands of euros				
	Balance at 31/12/2016	**Additions and Allocations**	**Discounts**	**Transfers**	**Balance at 31/12/2017**
Cost:					
Intangible asset	4,219	-	(2,910)	-	1,309
Patents, licences and trademarks	67	-	(67)	-	-
IT Applications	645	551	(546)	979	1,629
Advance payments for intangible assets	1,880	-	(901)	(979)	-
Total cost	**6,811**	**551**	**(4,424)**	**-**	**2,938**
Depreciation:					
Intangible asset	(1,884)	(685)	1,748	-	(821)
Patents, licences and trademarks	(22)	-	22	-	-
IT Applications	(601)	(267)	429	-	(439)
Total Write-offs	**(2,507)**	**(952)**	**2,199**	**-**	**(1,260)**
Total intangible asset	**4,304**	**(401)**	**(2,225)**	**-**	**1,678**

2016

	Thousands of euros				
	Balance at 31/12/2015	**Additions and Allocations**	**Discounts**	**Transfers**	**Balance at 31/12/2016**
Cost:					
Intangible asset	4,219	-	-	-	4,219
Patents, licences and trademarks	67	-	-	-	67
IT Applications	618	52	(2)	(23)	645
Advance payments for intangible assets	129	1,831	-	(80)	1,880
Total cost	**5,033**	**1,883**	**(2)**	**(103)**	**6,811**
Depreciation:					
Intangible asset	(1,409)	(475)	-	-	(1,884)
Patents, licences and trademarks	(16)	(6)	-	-	(22)
IT Applications	(302)	(301)	2	-	(601)
Total Write-offs	**(1,727)**	**(782)**	**2**	**-**	**(2,507)**
Total intangible asset	**3,306**	**1,101**	**-**	**(103)**	**4,304**

Retirements from the 2017 financial year are related to the exclusion from the scope of consolidation of the company Residencias de Estudiantes, S.A. (See Note 2.l). As a result of the sale of this company, the Group has discounted the administrative concession under the contract that this company maintained for operating a student residence.

The intangible asset recorded as at 31 December 2017 refers to the management contracts with the company Azzam Vivienda, S.L.U.

The entry for financial year 2017 and 2016 under the heading “Advance payments for intangible assets” refers to the acquisition of licences and installation of software for the implementation and development of IT applications that were first used at the end of 2017.

The Group evaluated the recoverability of the intangible asset by performing an asset impairment test. In order to perform this test, the Group calculated the current value of cash flow that would be obtained from the implementation of the indicated management contracts.

The resulting cash flow from the management of the projects was discounted at a reasonable rate of financial and market risk. The sensitivity of the cited tests to variations in the key hypotheses was evaluated. The Management of the Parent Company believes that the sensitivity of the test allows for deviations that are sufficiently important not to identify any impairment of the asset.

As of the close of financial year 2017, the Group had totally written off tangible asset elements that were continuing in use in the amount of:

	Thousands of euros	
	31.12.2017	31.12.2016
Intangible asset	332	-
Patents, licences, trademarks and similar	-	2
IT Applications	196	356
Total	**528**	**358**

Also, the Group maintained no intangible asset elements subject to guarantees as of the end of financial year 2017.

The Group has no firm commitments for the purchase of intangible assets as of the close of financial year 2017 (270 thousand euros at the close of financial year 2016).

The Group did not capitalise financial expenses under the “Intangible Assets” entry during financial year 2017.

8. Property, plant and equipment

The breakdown and change in various entries under property, plant and equipment as at 31 December 2017 and 2016 are as follows:

2017

	Thousands of euros			
	Balance at 31/12/2016	**Additions and allocations**	**Discounts**	**Balance at 31/12/2017**
Cost:				
Structures	1	-	(1)	-
Furnishings	680	31	-	711
Computer equipment	350	58	(1)	407
Plant and Other Items of Property	1,517	13	(1,342)	188
Assets under construction	48	-	(48)	-
Total cost	**2,596**	**102**	**(1,392)**	**1,306**
Depreciation:				
Furnishings	(319)	(44)	(1)	(364)
Computer equipment	(212)	(71)	-	(283)
Plant and Other Items of Property	(708)	(79)	701	(86)
Total depreciation	**(1,239)**	**(194)**	**700**	**(733)**
Net total	**1,357**	**(92)**	**(692)**	**573**

2016

	Thousands of euros				
	Balance at 31/12/2015	**Additions and allocations**	**Discounts**	**Transfers**	**Balance at 31/12/2016**
Cost:					
Structures	1	-	-	-	1
Furnishings	449	170	(2)	63	680
Computer equipment	207	108	(5)	40	350
Plant and Other Items of Property	1,227	290	-	-	1,517
Assets under construction	154	48	(154)	-	48
Total cost	**2,038**	**616**	**(161)**	**103**	**2,596**
Depreciation:					
Furnishings	(239)	(82)	2	-	(319)
Computer equipment	(127)	(90)	5	-	(212)
Plant and Other Items of Property	(615)	(93)	-	-	(708)
Total depreciation	**(981)**	**(265)**	**7**	**-**	**(1,239)**
Net total	**1,057**	**351**	**(154)**	**103**	**1,357**

Retirements from the 2017 financial year are related to the exclusion from the scope of consolidation of the company Residencias de Estudiantes, S.A. (See Note 2.l).

The additions recognised in 2016 correspond mainly to property increases for offices leased by the investee companies Azzam Vivienda, S.L.U. and Residencias de Estudiantes, S.A.

As of the close of financial year 2017, the Group had totally written off property, plant and equipment elements that were continuing in use in the amount of:

	Thousands of euros	
	31.12.2017	**31.12.2016**
Computer equipment	34	14
Plant and Other Items of Property	247	706
Total	**281**	**720**

At year-end of 2017, the Group did not hold any elements of property, plant and equipment subject to guarantees.

In addition, at 31 December 2017, the Group did not have any purchase commitments for property, plant and equipment.

The Group's policy is to formalise insurance policies to cover the possible risks that the diverse elements of property, plant and equipment are subject to. At 2017 year-end, there was no coverage deficit related to said risks.

There are no significant elements of property, plant and equipment outside of the country.

9. Investment Property

The activity listed in the Group's "Investment Property" in the years ending 31 December 2017 2016 was the following:

	Thousands of euros		
	Investment Property	**Other Rights in rem**	**Total investment property portfolio**
Balances at 31 December 2015	**3,076**	**25,715**	**28,791**
Additions	-	8	8
Changes in fair value of investment property and others	(60)	(3,303)	(3,363)
Balances at 31 December 2016	**3,016**	**22,420**	**25,436**
Additions	-	4	4
Disposals	(2,956)	-	(2,956)
Changes in fair value of investment property and others	(60)	36	(24)
Balances at 31 December 2017	**-**	**22,460**	**22,460**

The investment property portfolio is presented valued at its fair value. The revenue amount recognised on the consolidated profit or loss accounts for 2017 and 2016 by evaluating the investment properties at their fair value amounted to 36 and -3,303 thousand euros, respectively.

Write-offs during financial year 2017 are due to the sale of the property asset assigned for reconstruction located at Guadalmina (Málaga) on the property of the company Beach Guadalmina Playa Parque del Sol, S.L., resulting in a capital gain listed under the item "Gains or losses on disposals of non-current assets" under the attached consolidated statement of profit or loss.

"Other Rights in rem" are recognised as assets purchased as surface rights, of which the Group owns the use and enjoys it for a period of 75 years, with 60 years remaining until their termination. Said assets correspond to the investee company Colón Viviendas, SOCIMI, S.A., located in the city of Barcelona.

Asset name	Location	Date of acquisition	Maturity date	Surface (Square metres)
Manuel Sancho	Barcelona	02/08/2013	24/10/2077	4,631
Paseo Urrutia	Barcelona	02/08/2013	20/03/2077	3,708
Sagrera	Barcelona	02/08/2013	02/05/2077	3,408
Travesia de les Corts	Barcelona	02/08/2013	02/05/2077	2,622

The subsidiary company that maintains said assets on site is compliant with the SOCIMI regime. By virtue of said regime, the capital gains that are obtained from the sale of assets will be taxed at a rate of 0% as long as they comply with certain requirements (basically that the assets have remained at least 3 years owned by SOCIMI). For assets purchased prior to the incorporation into the SOCIMI regime, the capital gains that are obtained from the sale shall be distributed linearly (unless there is proof otherwise) during the years in which the asset has remained in the ownership of SOCIMI. The capital gains corresponding to the years prior to the incorporation into the SOCIMI regime shall be subject to a general tax rate, while for the other years, the general rate will be 0% (previously, the investee company Colón Viviendas, S.A. was a property investment company, whose applicable tax rate was 1%).

At 31 December 2017 and 2016, the revenue from said leasing contracts amounted to 732 and 762 thousand euros, respectively.

At 31 December 2017 and 2016, the Group's property assets investment properties amounted to 22,460 and 22,420 thousand euros, respectively, securing the diverse loans, whose balances at 31 December 2017 and 2016 amounted to 5,608 and 5,974 thousand euros, respectively (see Note 10). The Group did not have usufructs, liens or similar situations with respect to investment properties.

At 31 December 2017 2016, all properties recognised in "Investment Property" were insured.

At 31 December 2017 and 2016, the Group did not have purchase commitments for investment property beyond their needs for maintaining them in conditions of use. In 2017 and 2016, no financial costs were capitalised on the costs of constructing the properties.

There were no investment properties abroad.

Measuring fair value and sensitivity

All investment properties rented or that are expected to be rented for operating leasing are classified as investment properties.

In accordance with NIC 40, the Group periodically determines the fair value of the investment property elements, in such a way that at year-end, the fair value reflects the market conditions of the investment property elements at said date. Said fair value is determined each year by taking as a reference the valuations made by independent experts.

The market value of the investment property of the Group at 31 December 2017 and 2016 calculated according to the valuations carried out by CBRE Valuation Advisory, S.A., an independent valuer not related to the Group, amounts to 22,460 thousand euros and 22,420 thousand euros respectively. This valuation does not include the additions or the Guadalmina Beach building in the 2016 financial year, which was disposed of in December 2017.

The valuations for 2017 2016 were carried out in accordance with the RICS Valuation - Professional Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain, and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC). Valuation of the assets performed by the appraisers as of 31 December 2017, with no measurement being made in situ or regarding plans to scale of the properties being appraised, regarding which the surface areas indicated in the simple registry entry are considered correct.

The methodology used to calculate the market value of “Other Rights in rem” consisted of the preparation of ten-year income and expense projections for each property, considering 98% occupancy from the first year for residences, with occupancy set at 96% for fiscal year 2017, while occupancy of the car parks is set at 80%. Projected income was in line with the actual rents as of the date of valuation and corresponds to the updated amounts that appear in the definitive asset rating, considering annual increases of 2%, in line with inflation. A rate of inflation of 2% in perpetuity is considered for the purposes of valuation. In addition, it was considered that occupancy will remain at 98%.

It was also considered that the average exit yield in year 10 will be 4.92%, which has been adjusted upwards to reflect those years for which surface rights remain. The market yield is considered to be 4%. A discount rate of about 5.45%-5.56%% was considered in arriving at the exit yield rate.

In any case, considering the situation of the asset market, significant differences may emerge between the fair value of the Group’s investment properties and their effective fair value.

Investment properties are classified as level 3 according to the inputs used for their valuation.

The main hypotheses used in calculating the fair value of the property assets have been the following:

	2017	2016
Exit Yield average	4.92%	4.89%
Discount rate	5.45%-5.56%	5.42%-5.59%

The effect of the change of one fourth of a point and half of a point on the yield rates required, calculated as the rent above the market value of assets, consolidated asset and consolidated statement of profit or loss, with respect to investment properties would be as follows:

	Thousands of euros			
	2017		2016	
	Assets	Results before tax	Assets	Results before tax
Exit Yield increase by one quarter of a point	(740)	(740)	(800)	(800)
Exit Yield decrease by one quarter of a point	770	770	800	800
Exit Yield increase by half of a point	(1,380)	(1,380)	(1,600)	(1,600)
Exit Yield decrease by half of a point	1,640	1,640	1,700	1,700

The effect of the change of 10% on the rent increases considered has the following impact on the consolidated statement of financial position and consolidated statement of profit or loss, with respect to investment properties:

	Thousands of euros			
	2017		2016	
	Assets	Results before tax	Assets	Results before tax
10% market rent increase	2,030	2,030	2,000	2,000
10% market rent decrease	(2,120)	(2,120)	(2,200)	(2,200)

10. Investments accounted by using the equity method

The movement in the year 2017 by the investments accounted by the equity method is as follows:

	Thousands of euros	
	2017	2016
Initial balance	41,356	36,122
Additions	3,320	4,651
Disposals	(2,727)	(2,694)
Dividends	(184)	(184)
Profit/loss for the period	3,160	3,518
Others	108	(57)
Final balance	**45,033**	**41,356**

The movements in the years 2017 and 2016, broken down by associate, are detailed below:

- Lazora, S.I.I., S.A.:

  On 7 February 2017, the Company acquired 58,757 shares of Lazora, S.I.I., S.A. for an amount of 367 thousand euros.

  In addition, on 22 December 2017 the Extraordinary General Shareholders’ Meeting of Lazora, S.I.I., S.A. approved a capital reduction by reducing the par value of the stock in order to return contributions to company shareholders. This reduction decreased Lazora, S.I.I, S.A.'s stake by 214 thousand euros.

  On 15 March 2016, Lazora, S.I.I, S.A.'s Extraordinary General Shareholders' Meeting approved a reduction of share capital through the reduction of the nominal value of all of the shares that the share capital is divided into. This reduction decreased Lazora, S.I.I, S.A.'s stake by 134 thousand euros.

- Azora Europa I, S.A.:

  On 28 July 2017, the Extraordinary General Shareholders' Meeting of Azora Europa I, S.A. approved a reduction in share capital through the sale of treasury stock. This reduction decreased Azora Europa I, S.A.'s stake by 140 thousand euros.

  In addition, on 19 December 2017, the Company acquired 1,253,528 shares of Azora Europa I, S.A. for an amount of 666 thousand euros.

  On 19 April 2016, Azora Europa I, S.A.'s Extraordinary General Shareholders' Meeting approved the reduction of its share capital by 62 thousand euros, through the purchase by Azora Europa I, S.A.'s shareholders of shares at a price of 0.01 euros each, which were later redeemed.

- EnCampus Residencia de Estudiantes, S.A.:

  During 2017, the Group sold the stake in Encampus Student Residences, which was valued at 2,106 thousand euros, having obtained a capital gain amounting to 7,670 thousand euros, which is registered under the heading "Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method". On 31 December 2017 there are receivables of 378 thousand euros under the heading "Sundry debtors" in the attached consolidated statement of financial position.

- Encasa Cibeles, S.L.:

  On 21 December 2017, Encasa Cibeles, S.L.'s Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary dividend amounting to 7,000 thousand euros with charge to the share premium. Of the aforementioned distribution, 144 thousand euros corresponded to the Group according to the percentage stake it has, recognised as a reduction of the investment cost.

  On 4 August 2017, Encasa Cibeles, S.L.'s Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary dividend amounting to 6,000 thousand euros with charge to the share premium. Of the aforementioned distribution, 123 thousand euros corresponded to the Group according to the percentage stake it has, recognised as a reduction of the investment cost.

  On 23 December 2016, Encasa Cibeles, S.L.'s Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary dividend amounting to 8,000 thousand euros with charge to the share premium. Of the aforementioned distribution, 163 thousand euros corresponded to the Group according to the percentage stake it has, recognised as a reduction of the investment cost.

- Hispania Activos Inmobiliarios, SOCIMI, S.A.:

  The Company received dividends from Hispania Activos Inmobiliarios, SOCIMI, S.A. in the amount of 184 thousand euros, included under the item "finance income" in the attached statement of profit or loss.

  On 11 May 2016, the agreement of the Board of Directors within the scope of the authorisation conferred by Hispania Activos Inmobiliarios, SOCIMI, S.A.'s General Shareholders' Meeting was notarised, by which it was agreed to raise this company's share capital. The Group assumed 257,820 new shares, disbursed through a financial contribution of 2,308 thousand euros.

  In 2016, the Parent Company acquired 87,527 shares of Hispania Activos Inmobiliarios, SOCIMI, S.A. for an amount of 999 thousand euros.

  In 2016, the agreement of the Board of Directors within the scope of the authorisation conferred by Hispania Activos Inmobiliarios, SOCIMI, S.A.'s General Shareholders' Meeting was notarised, by which it was agreed to carry out an extraordinary share premium distribution. Said distribution has represented a reduction of the Group's stake in Hispania Activos Inmobiliarios, SOCIMI, S.A. by 112 thousand euros.

  On 31 December 2017, the Group holds 1,170,347 shares in Hispania Activos Inmobiliarios SOCIMI, S.A., representing 1.072%.

- Carey Value Added, S.L.:

  On 30 March 2017, the Parent Company transferred 21,226 shares of Carey Value Added, S.L. for an amount of 600 thousand euros.

  In addition, on 31 May 2017 Carey Value Added, S.L. Increased its capital by 1,687 thousand euros, paid for by compensating all of the credit that it had with the Group.

  On 26 July 2016, the Parent Company acquired 42,206 shares of Carey Value Added, S.L. for an amount of 1,345 thousand euros.

  On 16 December 2016, the Parent Company transferred 66,914 shares of Carey Value Added, S.L. for an amount of 2,536 thousand euros. The aforementioned transfer generated a profit amounting to 310 thousand euros, recognised as "Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method" on the accompanying consolidated statement of profit or loss.

With the aim of standardising the accounting principles and criteria of the companies associated with those of the Group, as established in IAS 28, certain standardisation adjustments have been made, among which should be noted the valuation at fair value of the real estate investments that hold the shares mentioned above. The determination of the fair value of the real estate assets that constitute the main activity of the investee companies is mainly based on appraisals carried out by normally external experts. These experts have substantial experience in the markets in which the companies operate and use methods and valuation standards widely used on the market—there are no limitations in such valuations that could significantly alter the value.

Valuations for financial years 2017 and 2016 of the real estate property capital gains from the assets of the subsidiaries Azora Europa I, S.A., Carey Value Added, S.L. and Hispania Activos Inmobiliarios SOCIMI, S.A. were performed by Jones Lang LaSalle Sp.Z.o.o. and CBRE Real Estate S.A. in accordance with the valuation and assessment standards published by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and in accordance with the International Valuation Standards Council (IVSC).

In the case of Lazora, S.I.I., S.A., the investment portfolio that the subsidiary maintains was evaluated by "Tinsa, Sociedad de Tasación", in accordance with Order ECO/805/2003 of 27 March on immovable property and certain rights for certain financial purposes, amended by order EHA/3011/2017 and EHA/564/2008.

If third-party appraisals are not available, the Group makes internal assessments based on market studies.

The valuation methods used by the independent experts primarily consist of discounting of future cash flows received by a market discount rate.

The main parameters used in the valuation models of the real estate property shares of the Group's main associates are the following:

Hispania Activos Inmobiliarios, SOCIMI, S.A.:

	31 December 2017	31 December 2016

Offices (Exit Yield)	4.75% - 7.25%	5.00% - 7,50%
Offices (Discount rate)	6.60% - 9.45%	7.00% - 9,00%
Hotels (Exit Yield)	5.20% - 8.00%	5.75% - 8.75%
Hotels (Discount rate)	7.50% - 9.88%	7.25% - 9.26%
Housing (Exit Yield)	4.40%	5.00%
Housing (Discount rate)	6.00%	6.44%

Carey Value Added, S.L:

	31 December 2017	31 December 2016
Hotels (Exit Yield)	5.00% - 7.00%	-7,00% 5.25%
Hotels (Discount rate)	6.25% - 9.00%	6.509% - 9.00%

Lazora, S.I.I., S.A.:

	31 December 2017	31 December 2016
Housing (Discount rate)	3.80% - 5.50%	3.80% - 5.50%

These parameters depend on the type of property (residential, office, hotel) and the location and current property market trend in the country in which each of them are located.

If the property market or the general economic situation is trending downwards, adjustments to the valuations of such holdings may be made.

As a result, a negative change in the sector in which these assets are active would produce risk in the valuations that would have to be adjusted. The following sensitivity analysis shows how the cost of the associates would have been affected if the value of the real estate assets of each associate increased or decreased by 5% and 10% as a result of changes in the valuation hypotheses.

Name	**Asset Rating +10%**	**Asset Rating +5%**	**Investment Rating 31 -12 -2017**	**Asset Rating (5%)**	**Asset Rating (10%)**
Lazora, S.I.I, S.A.	9,633	9,055	8,487	7,897	7,319
Azora Europa I, S.A.	1,914	1,773	1,632	1,491	1,350
Carey Cologne Value Added GmbH & CO	-	-	23	-	-
Hispania Activos Inmobiliarios, SOCIMI, S.A	20,353	19,030	17,706	16,384	15,061
Encasa Cibeles, S.L.	3,977	3,842	3,707	3,571	3,436
Carey Value Added, S.L.	15,187	14,332	13,478	12,623	11,768

Name	Asset Rating	Asset Rating	Investment Rating	Asset Rating	Asset Rating
	+10%	+5%	31 -12 - 2016	(5%)	(10%)
Lazora, S.I.I, S.A.	8,303	7,730	7,173	6,584	6,011
Azora Europa I, S.A.	2,013	1,863	1,713	1,563	1,413
EnCampus Residencia de Estudiantes, S.A. (*)	-	-	2,106	-	-
Carey Cologne Value Added GmbH & CO	-	-	12	-	-
Hispania Activos Inmobiliarios, SOCIMI, S.A	17,516	16,455	15,394	14,333	13,272
Encasa Cibeles, S.L.	4,204	4,056	3,909	3,762	3,615
Carey Value Added, S.L.	12.819	11,934	11.049	10,164	9,279

(*) Considering that the best estimate of fair value was the cost, as it is related to a project under development and that was sold in 2017.

At year-end of 2017 and 2016, the Group had the following percentage stake in the following companies:

Name	% Stake	
	2017	2016
Lazora, S.I.I, S.A.	1.38%	1.26%
Azora Europa I, S.A.	2.30%	1.25%
EnCampus Residencia de Estudiantes, S.A.	-	7.65%
Carey Cologne Value Added GmbH & CO	5.10%	5.10%
Encasa Cibeles, S.L.	2.05%	2.05%
Hispania Activos Inmobiliarios, SOCIMI, S.A.	1.072%	1.072%
Carey Value Added, S.L.	8.90%	7.23%

Lazora, S.I.I., S.A.

The company's exclusive corporate purpose is to invest in any type of urban property for lease, which is compatible with investment in securities and liquid assets in accordance with the provisions of the applicable regulations.

Azora Europa I, S.A.

The company’s corporate purpose is owning, managing and selling properties, whether or not they are promoted by the company, both in Spain and abroad, and can carry out its co-investment activities with other Spanish or foreign companies, as well as indirectly, by participating in other companies with a similar purpose.

EnCampus Residencia de Estudiantes, S.A.

The company’s corporate purpose was the construction, acquisition, owning, management, operation and disposal of student housing and concessional titles or of any other nature that give the right to owning, management or operation of student housing.

Carey Cologne Value Added GmbH & CO

The company’s corporate purpose is the promotion, acquisition, transfer, lease to third parties and administration of hotels, residences and in general any property or establishment dedicated to the hotel business.

Encasa Cibeles, S.L.

The company’s corporate purpose is the purchase and sale or provision of urban immovable property, in addition to the owning, management and promotion of works, reforms and improvements of said immovable property.

Hispania Activos Inmobiliarios, SOCIMI, S.A.

The company's corporate purpose is the purchase and promotion of urban immovable property for their lease; owning shares in the capital of investment companies listed on the property market (SOCIMI) or in that of other institutions not residing in Spain that have the same.

This company is listed on the Madrid Stock Exchange.

Carey Value Added, S.L.

The company's corporate purpose is the promotion, construction, acquisition, transfer, lease to third parties, operation and administration of hotels, apartment hotels, residences, restaurants, and in general any property or establishment dedicated to hotel, accommodation and restaurant businesses.

The detail as at 31 December, 2017 of investments accounted by using the equity method, as well as the result attributable to the Group is as follows:

2017

	Thousands of euros	
Associated company	Investment accounted by using the equity method	Result attributable to the group
Lazora, S.I.I, S.A.	8,487	1,161
Azora Europa I, S.A.	1,632	(607)
Carey Cologne Value Added, GmbH & CO	23	11
Encasa Cibeles, S.L.	3,707	64
Hispania Activos Inmobiliarios, SOCIMI, S.A.	17,706	2,389
Carey Value Added, S.L.	13,478	142
Total	**45,033**	**3,160**

2016

	Thousands of euros	
Associated company	Investment accounted by using the equity method	Result attributable to the group
Lazora, S.I.I, S.A.	7,173	150
Azora Europa I, S.A.	1,713	(1)
EnCampus Residencia de Estudiantes, S.A.	2,106	-
Carey Cologne Value Added, GmbH & CO	12	2
Encasa Cibeles, S.L.	3,909	61
Hispania Activos Inmobiliarios, SOCIMI, S.A.	15,394	3,308
Carey Value Added, S.L.	11,049	(2)
Total	**41,356**	**3,518**

The amounts of the main companies associated to the Group (standardised to the regulatory framework applicable to the Group) are the following:

2017

	Thousands of euros			
	Lazora, SII, SA	Hispania Activos Inmobiliarios, SOCIMI, SA	Carey Value Added, S.L.	Others
Non-current assets	874,501	2,461,782	249,675	159,615
Current assets	127,907	207,349	122,724	17,097
Non-current liabilities	339,378	816,921	163,498	6,925
Current liabilities	69,181	187,672	73,469	6,170
Business figures	39,830	142,067	49,490	10,723
Profit/(loss) for the year from continuing operations adjusted	73,249	225,218	(22,272)	1,028

2016

	Thousands of euros			
	Lazora, SII, SA	Hispania Activos Inmobiliarios, SOCIMI, SA	Carey Value Added, S.L.	Others
Non-current assets	966,562	2,059,652	378,068	455,313
Current assets	50,104	325,896	28,410	57,235
Non-current liabilities	396,034	735,019	207,854	152,224
Current liabilities	71,820	86,689	50,504	58,789
Business figures	42,827	111,113	39,583	52,340
Profit/(loss) for the year from continuing operations adjusted	252	311,880	(963)	(5,106)

11. Financial instruments

Categories of financial instruments

	Thousands of euros	
Financial assets	**31/12/2017**	**31/12/2016**
Available-for–sale financial instruments	70	20
Long-term loans	420	492
Others	166	181
Non-current financial assets	**656**	**693**
Trade and other receivables	8,813	8,655
Other current financial assets	7,841	7,322
Cash and cash equivalents	50,652	8,916
Current financial assets	**67,306**	**24,893**

Financial liabilities	Thousands of euros 31/12/2017	31/12/2016
Non-current bank borrowings	5,233	6,381
Other non-current financial liabilities	500	3,012
Non-current financial liabilities (amortised cost)	**5,733**	**9,393**
Current bank borrowings	3,374	859
Trade and other payables	20,835	7,467
Other current financial liabilities	2,709	404
Current financial liabilities (amortised cost)	**26,918**	**8,730**

Financial assets

Non-current

The breakdown of the balance of this entry on the consolidated statement of financial position at 31 December 2017 and 2016 was as follows:

	Thousands of euros			
	Available-for-sale financial instruments	Long-term loans	Others	Total
Balance at 31 December 2015	**-**	**1,500**	**270**	**1,770**
Additions, transfers or disposals (net)	20	(1,008)	(89)	(1,097)
Balance at 31 December 2016	**20**	**492**	**181**	**693**
Additions, transfers or disposals (net)	50	(72)	(15)	(37)
Balance at 31 December 2017	**70**	**420**	**166**	**656**

Long-term loans

“Long-term loans to third parties” corresponds to loans granted in 2016 to administrative staff of Azora Group with a maturity of 36 months from their drawdown date and a market interest rate (see Note 16.2).

1,500 thousand euros of loans accorded to third parties in previous financial years and due in 2018 were transferred to short term during the 2016 financial year. These loans had accrued interests at 31 December 2016 amounting to 5 thousand euros, which are recognised as “Finance income” on the accompanying consolidated statement of profit or loss.

Current

The breakdown of the balance of this entry on the consolidated statement of financial position at 31 December 2017 and 2016 was as follows:

	Balance at 31 December 2015	Additions, transfers or disposals (net)	Balance at 31 December 2016	Additions, transfers or disposals (net)	Balance at 31 December 2017
Trade and other receivables	**5,425**	3,230	**8,655**	158	**8,813**
Credit to companies	**2,952**	1,870	**4,822**	619	**5,441**
Other financial assets	**196**	(196)	-	-	-
Short term deposits and guarantees	**26**	-	**26**	-	**26**
Short-term deposits	**1,100**	(130)	**970**	(96)	**874**
Interests Time deposits	**32**	(28)	**4**	(4)	-
Short-term loans	-	1,500	**1,500**	-	**1,500**
Cash and cash equivalents	**10,193**	(1,277)	**8,916**	41,736	**50,652**
Total	**19,924**	**4,969**	**24,893**	**42,413**	**67,306**

Trade and other receivables

As at 31 December 2017 and 2016, the balance under the item “Trade and other receivables” referred primarily to receivables for the management commission for the fourth quarter from Hispania Activos Inmobiliarios SOCIMI, S.A., to be collected in the opening days of the following month.

The Administrators of the Parent Company consider that the carrying amount of the trade and other receivables is close to their fair value.

Credit to companies

As at 31 December 2017, this item primarily includes loans in an a total amount of 4,613 thousand euros plus interest accrued on the loans in the amount of 781 thousand euros.

Carey Credit 2014

A group of financial institutions transferred their creditor position to the Parent Company on a syndicate loan made to Carey Value Added, S.L. with a discount on its face value. On 22 April 2017, there was a novation of this loan, setting a final maturity three years from that date, among other items.

This loan in the amount of 3,479 thousand euros based on its fair value is classified as short-term, as the Company considers that it will be repaid presumably in less than one year.

During the 2017 financial year, the Group updated the value of the loan to the amount of 888 thousand euros under the item “finance income” in the consolidated statement of profit or loss.

The income accrued in 2017 amounted to 265 thousand euros, (182 thousand euros in 2016) respectively, and was recognised in “Finance income” on the accompanying consolidated statement of profit or loss.

Carey Credit 2017

On 19 May 2017, a financing contract was concluded between two companies, with Azora Altus S.A. (formerly Azora Altus S.L.) listed as the lender and Carey Value Added, S.L. as borrower in the amount of 20,500 thousand euros, indicating a market interest rate and maturity in two years.

The financing contract includes an early settlement clause in the event that a hotel owned by the borrower is sold. During January 2018, Carey Value Added, S.L. proceeded with the sale of the hotel, which explains why the loan is classified as short term. The amount in favour of Azora Altus, S.A. was 1,133 thousand euros as at 31 December 2017.

This loan has accrued interest amounting to 17 thousand euros, which is recognised as “Finance income” on the accompanying consolidated statement of profit or loss.

Carey convertible credit

On 28 July 2016, the Parent Company acquired a loan convertible into share capital of Carey Value Added, S.L. for an amount of 1,616 thousand euros. On 4 May 2017, the Parent Company acquired 45,609 new shares in the company Cared Value Added S.L. Azora Altus, S.A. (formerly as Azora Altus, S.L.) completed this acquisition through paying off the convertible loan that it had with that company in the amount of 1,687 thousand euros.

The income accrued in 2017 amounted to 29 thousand euros, (72 thousand euros in 2016) and was recognised in “Finance income” on the accompanying consolidated statement of profit or loss.

The interest accrued and unpaid under both loans as at 31 December 2017 is 781 thousand euros (516 euros in financial year 2016).

In the opinion of Management of the Parent Company, there is no recovery risk for these loans as of this date.

Short-term deposits with credit institutions

At 31 December 2017 and 2016 the entire balance of “Short-term deposits with credit institutions” of the current asset of the accompanying consolidated statement of financial position corresponds to fixed-term deposits that accrue a market interest rate.

The income accrued in 2017 for the fixed-term deposits amounted to 2 thousand euros (12 thousand euros in 2016), included as “Finance income” on the accompanying consolidated statement of profit or loss.

Cash and cash equivalents

The composition of this entry on the accompanying consolidated statement of financial position at 31 December 2017 and 2016 was as follows (in thousands of euros):

	Thousands of euros	
	31.12.2017	**31.12.2016**
Cash — Current accounts	50,652	8,916
Total	**50,652**	**8,916**

The balance recognised in cash corresponds to current account balances at 31 December 2017, which does not have restrictions in terms of its availability. “Cash and cash equivalents” is considered to be the Group’s cash and the short-term bank deposits with an initial maturity of 3 months or a shorter term. The carrying amount of these assets is close to their fair value.

Financial liabilities

Below is a breakdown of the current and non-current financial liabilities at 31 December 2017 and 2016 (in thousands of euros):

	Thousands of euros	
	31.12.2017	31.12.2016
Non-current bank borrowings	5,233	6,381
Other non-current financial liabilities	500	3,012
Debts to related parties	-	*2,555*
Deposits received	*500*	*457*
Non-current financial liabilities	**5,733**	**9,393**
Current bank borrowings	3,374	859
Trade and other payables	20,835	7,467
Other current financial liabilities	2,709	404
Debts to related parties	*2,555*	-
Other financial liabilities	*154*	*404*
Current financial liabilities	**26,918**	**8,730**
Total financial liabilities	**32,651**	**18,123**

Bank borrowings

The detail of non-current and current bank borrowings is as follows:

	Thousands of euros	
	2017	2016
Credit policies	-	347
Bank loans	5,233	6,034
Non-current bank borrowings	**5,233**	**6,381**
Credit policies	2,999	494
Bank loans	375	365
Current bank borrowings	**3,374**	**859**

Type	Maturity	Limit	Available			
			2017		2016	
			Current	Non-current	Current	Non-current
Credit policy	16/07/2019	4,000	-	-	-	122
Credit policy	23/06/2017	3,000	-	-	1	-
Credit policy	28/05/2018	500	-	-	-	-
Credit policy	31/05/2019	250	-	-	-	225
Credit policy	24/06/2018	3,000	2,999	-	254	-
Bank loans	11/07/2019	720	-	-	239	425
Mortgage loans (Note 10)	04/07/2033	-	375	5,233	365	5,609
		11,470	**3,374**	**5,233**	**859**	**6,381**

In 2013, the Group through the investee company Colón Viviendas, SOCIMI, S.A. acquired the right of use and enjoyment of four promotions that it maintains in the portfolio of investment properties in "Investment Property" of the asset of the consolidated statement of financial position, and is subrogated in the loans the selling party had contracted with a financial entity. At 31 December 2017 and 2016, the balance with credit institutions amounted to 5,608 and 5,974 thousand euros respectively, of which 5,233 thousand euros are classified as non-current liabilities on the consolidated statement of financial position and 374 thousand euros as current liabilities on the consolidated statement of financial position, according to its maturity. This Group company received operational subsidies to pay for the interests of the loans intended to finance the homes under the public protection regime and were credited as the costs financed accrued. In 2017, bonuses were recognised for an amount of 41 thousand euros (49 thousand euros in 2016) that were presented as a lower financial cost on the consolidated statement of profit or loss.

In addition, the subsidies received and associated with financing the principal of debts with credit institutions also originated from the qualified loans intended to develop homes amounted to 147 and 142 thousand euros in 2017 and 2016 respectively, and were recognised in "Other operating income" on the consolidated statement of profit or loss.

The maturity calendar of bank borrowings at 31 December 2017 and 2016 is as follows:

Year	**Thousands of euros**	
	31/12/2017	**31/12/2016**
At 1 year	3,374	859
At 2 years	380	372
At 3 years	387	1,151
More than 3 years	4,466	4,858
Total	**8,607**	**7,240**

All credit policies the Group has at the year-end of 2017 and 2016 accrue a market interest rate.

The costs accrued from bank borrowings in 2017 and 2016 amounted to 60 and 59 thousand euros respectively, and were recognised as "Finance cost" on the accompanying consolidated statement of profit or loss.

Reconciliation of the book value of liabilities under financing activities

Financing activities and their effect on cash flow of the Group during 2017 break down as follows:

			No impact on cash		
	31/12/2016	Cash flow from financing activities	Operating subsidies	Reclassifications	31/12/2017
Non-current credit policies	347	-	-	(347)	-
Current credit policies	254	2,398	-	347	2,999
Non-current bank loans	6,034	-	-	(801)	5,233
Current bank loans	604	(839)	(191)	801	375
	7,240	**1,559**	**(191)**	**-**	**8,607**

Other financial liabilities

Debts to related parties

In July 2015, the Parent Company received a mandate from an associate to acquire shares of the company Beach Guadalmina Playa Parque del Sol, S.L. In relation to this mandate, the associate advanced the Parent Company 2,556 thousand euros for the acquisition of the share capital, which was to be concluded during the 2018 financial year.

In accordance with the mandate described in the previous paragraph, the Parent Company acquired 86.85% of the shares of the company Beach Guadalmina Playa Parque Sol, S.L. in 2015, increasing to 88.80% at the close of the 2017.

Deposits received

At 31 December 2017 and 2016, the balance of "Other financial liabilities" of the consolidated statement of financial position included the deposits and guarantees received from the lessees of the properties owned by the Group and deposited in the legal amount established in the corresponding Public Bodies.

Trade and other payables

The detail of this entry at 31 December 2017 and 2016 is as follows (in thousands of euros):

	Thousands of euros	
	31.12.2017	**31.12.2016**
Providers	1	228
Various creditors	969	1,183
Personal	3,871	3,839
Other debts with Public Administrations (Note 14)	15,897	2,075
Customer advances	97	142
Total trade and other payables	**20,835**	**7.467**

Information on average payment period to suppliers Final disposition under Law 31/2014 of 3 December:

The information required for the third additional disposition under Law 15/2010 (modified by the second final disposition of Law 31/2014 of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016 on information to be included in the report of the financial statements related to the average payment period to supplies in commercial operations is broken down below.

	2017	**2016**
	Days	**Days**
Average payment period to suppliers	9	13
Ratio of paid transactions	9	13
Ratio of transactions pending payment	7	9
	Thousands of euros	
Total payments made	47,414	9,527
Total pending payments	282	424

The information presented in the previous table about the payments to suppliers refer to those that by their nature are trade creditors due to debts with suppliers of goods and services, such that they include the data related to the “Various providers and creditors” of the current liabilities on the accompanying consolidated statement of financial position.

In accordance with the ICAC resolution, commercial transactions related to the delivery of goods or provision of services accrued sine the date of entry in force of Law 31/2014 of 3 December was considered in calculating the average payment period to suppliers.

For the purposes exclusively of providing information under that resolution, commercial creditors are considered providers for debts with providers of goods or services, including under the headings “Providers” and “Various Creditors” of current liabilities in the consolidated statement of financial position.

“Average payment period to suppliers” is understood to mean the period between the delivery of goods or provision of services to the account of the provider and the actual payment for the transaction.

The maximum legal payment period applicable to the companies in 2014/15 according to Law 3/2004, of 29 December, which established measures fighting against default in trade operations and in accordance with the temporary provisions established in Law 15/2010 of 5 July, is 60 days until the publication of Law 11/2013 of 26 July and for 30 days after the publication of the aforementioned Law, and to the present day (unless the conditions established therein are met, which would allow increasing the maximum payment period to 60 days).

12. Leasing

At year-end of 2017, the Group committed with the lessors to the following minimum lease payments in accordance with the current contracts in force, without taking into account any repercussion of common expenses, future increases for IPC, or future rent updates contractually agreed upon:

Operating leases	Thousands of euros	
Minimum rates	**31.12.2017**	**31.12.2016**
Less than one year	548	644
Between one and five years	335	506
Total	**883**	**1,150**

The most significant operating lease rates correspond to rental contracts that the Group companies have subscribed to lease their offices.

At year-end of 2017 and 2016, the Group had committed with the lessees to the following minimum lease payments in accordance with the current contracts in force, without taking into account any repercussion of common expenses, future increases for IPC, or future rent updates contractually agreed upon:

Operating leases	Thousands of euros	
Minimum rates	**31.12.2017**	**31.12.2016**
Less than one year	556	747
Between one and five years	498	972
More than 5 years	-	868
Total	**1,054**	**2,587**

In its position as lessor, the most significant operating lease contracts the Group has at year-end of 2017 correspond to the home rental contracts, formalised by the investee company Colón Viviendas, SOCIMI, S.A., and at year-end of 2016 also includes those related to the administrative concession on the CSIC-Generalitat de Catalunya Researcher Housing, both located in the city of Barcelona and which belonged to the investee Residencias de Estudiantes, S.A.

13. Total Equity

The compositions and movement of net equity is presented on the consolidated statement of changes in equity.

At the year-end of 2017 and 2016, the share capital of the Parent Company amounted to 30,060 euros, represented by 30,060 company shares of 1 euro of nominal value each, all of them of the same class, totally subscribed and disbursed.

At 31 December 2017 and 2016, the Parent Company's share capital was formed as it appears in the following table:

	Stake	Percentage
Baztán Consultores, S.L.	15,030	50%
Hermanos Bécquer 10, S.L.	15,030	50%
Total	**30,060**	**100%**

Legal reserve

In accordance with the Law on Corporations, the limited liability company must send a figure equal to 10% of the year's profit to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may only be used to increase the share capital. Except for the purpose mentioned earlier, and as long as 20% of the share capital is not exceeded, this reserve shall only be able to be sent to compensate for losses, and as long as there are no other sufficient reserves available for this purpose.

At the close of 2017 and 2016, the Parent Company's legal reserve was totally constituted, as indicated in the previous paragraph.

The Group's Subsidiaries included legal reserves in their individual equity for an amount of 745 thousand euros at 31 December 2017 (805 thousand euros as at 31 December 2016).

Other reserves

The detail of the reserves at 31 December 2017 and 2016 is as follows:

	Thousands of euros	
	2017	**2016**
Reserves in companies consolidated by global integration	14,007	11,497
Other voluntary reserves of the Parent Company	31,847	26,744
Reserves in companies consolidated by the equity method	10,129	7,504
Total	**55,983**	**45,745**

Reserves in companies consolidated by global integration

The breakdown of balances under the heading "Reserves in companies consolidated by global integration" of the consolidated statement of financial position as of 31 December, 2017 and 2016 is as follows (thousands of euros):

Company	2017	2016
Azora Altus, S.A.	6,267	1,405
Azora Capital, S.L. and subsidiaries	2,392	3,170
Azora Inversiones Uno, S.L.U.	(10)	(6)
Azora Inversiones Dos, S.L.U	(10)	(6)
Colón Viviendas, SOCIMI, S.A.	5,556	6,959
Beach Guadalmina Playa Parque Sol, S.L.	(188)	(25)
Total	**14,007**	**11,497**

Contribution from the consolidated companies to the year's result

The contribution of each one of the consolidated companies to the result of the years-ended on 31 December 2017 and 2016 is as follows:

2017

Company	Thousands of euros		
	Attributable to the owners of the Parent	**Attributable to minority interest (non-controlling interests)**	**Profit/(loss) for the year from continuing operations**
Parent Company:			
Azora Altus, S.A.	23,509	-	23,509
Companies consolidated by global integration:			
Azora Capital, S.L. and subsidiaries	8,350	2,994	11,344
Colón Viviendas, SOCIMI, S.A.	287	172	459
Beach Guadalmina Playa Parque Sol, S.L.	1,158	146	1,304
Azora Inversiones Uno, S.L.U.	(4)	-	(4)
Azora Inversiones Dos, S.L.U	(4)	-	(4)
Income from companies carried by the equity method	2,648	512	3,160
	35,943	**3,824**	**39,768**

2016

Company	Thousands of euros		
	Attributable to the owners of the Parent	**Attributable to minority interest (non-controlling interests)**	**Consolidated Profit/(loss) for the year from continuing operations**
Parent Company:			
Azora Altus, S.A.	2,594	-	2,594
Companies consolidated by global integration:			
Azora Capital, S.L. and subsidiaries	13,022	4,886	17,908
Colón Viviendas, SOCIMI, S.A.	(1,282)	(965)	(2,247)
Beach Guadalmina Playa Parque Sol, S.L.	(151)	(19)	(170)
Azora Inversiones Uno, S.L.U.	(4)	-	(4)
Azora Inversiones Dos, S.L.U	(4)	-	(4)
Income from companies carried by the equity method	2,808	710	3,518
	16,984	**4,612**	**21,595**

Non-controlling interests

The balance of this chapter of the consolidated statement of financial position contains the share value of the partners or minority shareholders in the consolidated companies by the “global integration method”.

In addition, the balance that is shown in “Profit/(loss) for the year attributable to minority interest (non-controlling interests)” on the consolidated statement of profit or loss represents the participation of said partners or minority shareholders on the year's profit/loss.

At year-end of 31 December 2017 and 2016, the composition of this entry of the consolidated statement of financial position is as follows:

2017

Company	% non-controlling interests	Thousands of euros						
		Initial balance	Dividends	Changes in scope	Others	Valuation adjustments	Profit/loss of the year attributed to non-controlling interests	Final balance
Azora Capital, S.L.	25.00%	8,893	(3,750)	-	-	(28)	3,272	8,387
Colón Viviendas, SOCIMI, S.A.	35.00%	7,265	(101)	-	(8)	28	172	7,356
Residencias de Estudiantes, S.A. (a)	25.00%	694	-	(794)	-	-	100	-
Azzam Gestión Inmobiliaria, S.L. (a)	49.00%	1,765	-	-	-	-	(36)	1,729
Sazora Investments A.B. (a)	33.30%	488	(333)	(5)	-	23	170	343
Beach Guadalmina Playa Parque Sol, S.L.	11.20%	305	-	-	-	-	146	451
Total		**19,410**	**(4,184)**	**(799)**	**(8)**	**23**	**3,824**	**18,266**

(a) Subsidiaries of Azora Capital, S.L.

2016

Company	% non-controlling interests	Thousands of euros					
		Initial balance	Dividends	Others	Valuation adjustments	Profit/loss of the year attributed to non-controlling interests	Final balance
Azora Capital, S.L.	25.00%	7,651	(3,800)	-	(13)	5,055	8,893
Colón Viviendas, SOCIMI, S.A.	35.00%	8,316	(86)	-	-	(965)	7,265
Residencias de Estudiantes, S.A. (a)	25.00%	630	-	1	-	63	694
Azzam Gestión Inmobiliaria, S.L. (a)	49.00%	1,661	-	1	-	103	1,765
Sazora Investments A.B. (a)	33.30%	423	(310)	-	-	375	488
Beach Guadalmina Playa Parque Sol, S.L.	13.15%	387	-	(63)	-	(19)	305
Total		**19,068**	**(4,196)**	**(61)**	**(13)**	**4,612**	**19,410**

(a) Subsidiaries of Azora Capital, S.L.

The balances of the more significant minority shareholders are primarily related to Azora Capital, S.L. and Colón Viviendas, SOCIMI, S.A. The more significant information is as follows:

Azora Capital, S.L. and subsidiaries	Thousands of euros	
	2017	**2016**
Non-current assets	26,491	29,042
Current assets	31,081	18,974
Non-current liabilities	1,724	1,840
Current liabilities	19,286	5,993
Net Equity	**36,562**	**40,183**
of which minorities	2,067	2,936
Minority holdings including the net equity of the Azora Altus Group	**10,459**	**11,840**
Business figures	77,163	63,259
Results before tax	**12,731**	**24,273**
Corporate income tax	(3,149)	(6,031)
Fiscal year results from continuing activities	**8,997**	**18,242**
Result after taxes from discontinued activities	-	-
Profit/loss for the period	**8,997**	**18,242**
of which minorities	*234*	*(542)*
Parent Company profit/loss	**8,763**	**17,700**
Minority interests including profit/loss for fiscal year	**3,506**	**5,596**
Cash flow from operating activity	28,545	19,612
Cash flow from investment activity	800	(4,760)
Cash flow from financing activity	(17,057)	(16,469)

Colón Viviendas, SOCIMI, S.A.	Thousands of euros	
	2017	**2016**
Non-current assets	14,238	14,586
Current assets	1,546	1,431
Non-current liabilities	5,712	6,066
Current liabilities	575	467
Net Equity	**9,497**	**9,484**
of which minorities	-	-
Minority holdings including the net equity of the Azora Altus Group	**7,356**	**7,265**
Business figures	732	762
Results before tax	**246**	**358**
Corporate income tax	-	-
Fiscal year results from continuing activities	**246**	**358**
Result after taxes from discontinued activities		
Profit/loss for the period	**246**	**358**
of which minorities	-	
Minority interests including profit/loss for fiscal year	**172**	**(965)**
Cash flow from operating activity	561	523
Cash flow from investment activity	316	368
Cash flow from financing activity	(633)	(596)

Capital Management

The Group is financed by its own funds and debt. It is Group policy to safeguard capital management to maintain the confidence of investors, creditors and the market and to support ongoing development and growth so as to provide profits to shareholders, benefit other interest groups and maintain an optimal capital structure to reduce capital costs.

The Group may adjust the amount of dividends to be paid to shareholders, return capital, issue stock or sell assets to reduce indebtedness in order to maintain and adjust the capital structure.

There have been no changes in capital goals, policies or management during fiscal years 2017 and 2016.

14. Public administrations and tax situation

Consolidated tax group

The Group's Parent Company is subject to the Corporate Tax under the taxation regime of Tax Consolidation according to Chapter VII of Title VII of the Royal Legislative Decree 4/2004 of 5 March, by which the Redacted Text of the Corporate Income Tax Law is approved (the companies that constitute said group for tax purposes are detailed in Note 4.8).

In this regard, the scope of the aforementioned tax group does not coincide with the trade scope that comprises the consolidated Group of which Azora Altus, S.L. (formerly Azora Altus, S.L.) is the Parent Company.

Current and non-current balances with Public Administrations

The detail of the credits and debts at 31 December 2017 and 2016, with the Public Administrations is as follows:

	Thousands of euros			
	2017		2016	
	Debtors	Creditors	Debtors	Creditors
Public Finance				
For current Corporate Tax	16	3,249	48	814
For VAT	209	6,610	331	214
For IRPF	-	5,864	-	254
Social Security Bodies	-	174	-	432
Other balances with Public Administrations	18	-	57	73
Total	**243**	**15,897**	**436**	**2,075**

Conciliation between accounting result and the taxable base

The conciliation between the accounting result and taxable base of the Corporate Tax is as follows:

	Thousands of euros	
	2017	2016
Results before tax	48,025	27,837
Permanent differences	(10,444)	(3,507)
Temporary differences	(8,322)	4,735
Consolidation adjustments	1,119	(2,932)
Adjusted taxable base	**30,378**	**26,133**
Tax rate	27.18%	23.89%
Total quota	**8,257**	**6,242**

The permanent differences adjusted to profit or loss in the year 2017 are mainly due to the capital gain obtained from the sale of the stake in Encampus Residencias de Estudiantes, S.A. Likewise, in 2017 and 2016, the participation in results by the equity method of both years.

The expense for income tax accrued in 2017 has amounted to 8,257 thousand euros and in 2016 amounted to 6,242 thousand euros, which has been recognised in the accompanying consolidated statement of profit or loss.

The companies established abroad pay taxes in accordance with the tax legislation of the countries where they are based.

Corporate income tax expenses

Corporate income tax is broken down as follows:

	Thousands of euros	
	2017	**2016**
Current tax	8,348	6,980
Deferred tax	(91)	(738)
Total tax expense	**8,257**	**6,242**

Deferred tax assets and liabilities

	Thousands of euros	
	2017	**2016**
Deferred tax assets:		
Amortisation deductibility limitation	187	17
Others	-	783
Total	**187**	**800**
Deferred tax liabilities:		
NIC 40 investment properties	1,876	1,840
Assignment Intangible assets change of scope (see Note 7)	151	766
Others	209	322
Total	**2,236**	**2,928**

Under the heading "deferred tax liabilities" the main balance corresponds to the recording of a deferred tax liability for the amount attributable to the Parent Company of the difference between the accounting and tax values of the real estate investments of Colón Viviendas SOCIMI, S.A.

The change in deferred tax liabilities for the financial years 2017 and 2016 is as follows:

2017

	Euros			
Company	**Balance at 31/12/2016**	**Additions**	**Disposals**	**Balance at 31/12/2017**
NIC 40 investment properties	1,840	36	-	1,876
Assignment Intangible assets change of scope	766	-	(615)	151
Others	322	-	(113)	209
	2,928	**36**	**(728)**	**2,236**

2016

	Euros			
Company	**Balance at 31/12/2015**	**Additions**	**Disposals**	**Balance at 31/12/2016**
NIC 40 investment properties	2,346	-	(506)	1,840
Assignment Intangible assets change of scope	877	-	(111)	766
Others	335	-	(13)	322
	3,558	**-**	**(630)**	**2,928**

Years pending audits and inspections

As established in the valid legislation, taxes cannot be considered as definitively liquidated until the statements presented have been inspected by the tax authorities or a period of five years has passed for the Corporate Tax and four years for the rest of taxes that apply. At 2017 year-end, the Group has opened all taxes that apply.

The Parent Company administrators consider that the liquidations of the aforementioned taxes have been practices, and thus, even in case there are discrepancies in the interpretation of the valid regulations due to the tax treatment granted to the transactions, the eventual resulting liabilities, in case they materialise, would not significantly affect the accompanying financial statements.

15. Income

15.1 Revenue

The distribution of the net amount of revenue corresponding to 2017 and 2016, distributed by categories of activities, is as follows (in thousands of euros):

Activities	2017	2016
Asset Management Services	61,267	48,799
Property Management Services	15,613	14,379
Direct and Controlling Investment Activity	732	762
Total	**77,612**	**63,940**

The Group recognises as provision of services in 2017 and 2016 the fees obtained for the management contracts with Lazora, S.I.I., S.A., Carey Value Added, S.L., EnCampus Residencia de Estudiantes, S.A., Encasa Cibeles, S.L., Hispania Activos Inmobiliarios, SOCIMI, S.A. and Selección Inmuebles S.A.U, this latter signed in 2017.

In addition to the fees mentioned above on specific contracts, the Group is entitled to collect incentive fees, the calculation of which is indicated in each of the contracts, as long as a minimum return is obtained for the shareholder.

In this regard, and in accordance with the terms provided in the contract for the provision of corporate and investment services between Encampus Residencias de Estudiantes, S.A. and Azora Capital, S.L., the sale of the companies Siresa Campus S.I.I., S.A., Encampus Residencias de Estudiantes, S.A., and Residencias de Estudiantes, S.A. on 1 December 2017 generated fees under this item of 30,283 thousand euros. As at 31 December 2017, there are 2,524 thousand euros of receivables in two deposits in guarantee of the transaction, which shall be released in six and eight months.

In 2016, the Group has obtained income from incentive fees related to the contract signed with CF Aneto Limited in the amount of 20,134 thousand euros.

The distribution of the income by geographic market is as follows (in thousands of euros):

Geographic markets	2017	2016
Spain	74,387	39,859
Poland	1,197	1,908
Ireland	-	20,134
Belgium	102	147
Switzerland	132	106
Germany	968	963
England	187	186
United States	639	637
Total	**77,612**	**63,940**

15.2 Other operating income

The detail of Other operating income in 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
Accessory income and other current management income	1,449	1,693
Total	**1,449**	**1,693**

15.3 Other operating expenses

The detail of Other operating expenses in 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
Leasing	1,003	1,239
Repairs and maintenance	353	302
Independent professional services	3,241	3,834
Transport	9	18
Banking services and insurance premiums	342	407
Advertising, marketing and PR	298	456
Supplies	323	415
Other exterior services	1,722	1,611
Taxes	196	333
Losses, impairment and variation of provisions for trade transactions	7	11
Other Current Operating Expenses	84	(57)
Total	**7,578**	**8,568**

15.4. Staff costs

The detail of Staff costs in 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
Salaries	30,735	26,255
Compensations	67	101
Social charges	3,172	2,664
Provisions	114	120
Total	**34,088**	**29,140**

The increase between the periods in staff costs in the 2016 financial year is due primarily to extraordinary discretionary compensation associated with the incentive fees described in Note 15.1, in the amount of 12,144 thousand euros in 2017 (8,997 thousand euros in 2016).

16. Transactions with related parties

16.1 Transactions with related parties

The detail of transactions made with related parties in 2017 and 2016 is as follows:

	Thousands of euros			
	2017		2016	
	Investments in associates	Partners	Investments in associates	Partners
Revenue	76,560	-	42,770	-
Credit interest (Note 11)	1,183	28	227	14
Disposals of fixed assets	3,100	-	-	-
Disposal of related investments	7,670	-	-	-

Transactions involving disposals of fixed assets are related primarily to the sale of the fixed asset located at Guadalmina (Málaga), owned by the company Beach Guadalmina. The result obtained on the sale rose to 414 thousand euros (Note 9).

16.2 Balances with related parties

The detail of balances with related parties in 2017 and 2016 is as follows:

	Thousands of euros			
	2017		2016	
	Investments in associates	Partners	Investments in associates	Partners
Long-term debts	-	-	(2,556)	-
Short-term debts (Note 11)	(2,625)	-	(70)	-
Investments in associates	45,033	-	41,356	-
Long-term debts with partners	-	420	-	490
Short-term debts with partners	-	1,536	-	1,527
Credit to companies	5,441	-	4,822	-

16.2 Remuneration to the Board of Directors of the Group and Senior Management of the Group

The Parent Company's Board of Directors at 31 December 2017 and 2016 was comprised of 1 man and 2 women. The composition of the Board of Directors, which has not varied in 2017 and 2016, is as follows:

Directors	Type of director
Baztán Consultores (represented by Ms. María Concepción Osácar)	Chairman
Hermanos Becquer 10, S.L. (represented by Fernando Gumuzio Iñiguez de Ontoño)	Deputy Chairman
Ms. María Luz Romero Caminero	Member

The compensation received by two of the members of the Board of Directors of the Parent Company in the Group during the 2016 and 2017 financial years classified by item is as follows:

2016

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Board of Directors	2	-	1,000	-	-	-	-

2017

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Board of Directors	2	-	1,000	-	-	-	-

As at 31 December 2017 and 2016, Senior Management of the Group consisted of five men and two women.

The compensation received by Senior Management of the Group during the 2016 and 2017 financial years classified by item is as follows:

2016

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Senior Management	7	9,512	-	-	-	-	-

2017

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Senior Management	7	12,380	-	-	-	-	-

At 31 December 2017 and 2016, there were no commitments for complementary pensions, life insurance, guarantees or sureties granted in favour of the Board of Directors or members of Senior Management.

Apart from transactions with related parties described above, there were no contracts between the Group and any of the administrators or person that acts on behalf of them, transactions outside the ordinary traffic of Company or that has not been carried out in normal conditions.

During 2016 and 2017, the Parent Company has not paid any insurance premium for liability of the administrators, which has been covered at the Group level through other companies belonging to it. The amounts paid under this item within the Group are 179 and 174 thousand euros for 2016 and 2017 respectively.

16.3 Transparency related to the shares and activities of the members of the Board of Directors

Regarding conflict situations, the Directors should communicate to the Board of Directors any conflict situation, direct or indirect, which they may have with the interest of the Parent Company. If the conflict refers to a transaction, the Director shall not be able to carry it out without the approval of the Board. In 2017 and 2016, none of the Board members, nor their relatives have developed, either personally or for another party, activities that involve effective competition, either current or potential, with those of the Parent Company, or that in any other way place them in conflict with the interests of the Parent Company.

17. Other information

17.1 Staff

The average number of people employed by the Group in 2017 and 2016, detailed by categories, is as follows:

Categories	2017	2016
Management staff	26	18
Technical staff and middle management	72	64
Administrative staff	271	273
Total	**369**	**355**

In addition, the distribution by sex at year-end of the 2017 and 2016 financial years, detailed by categories, was as follows:

Categories	2017		2016	
	Men	Women	Men	Women
Management staff	14	15	17	7
Technical staff and middle management	19	18	32	38
Administrative staff	44	99	90	175
Total	**77**	**132**	**139**	**220**

In 2017, the Group employed 4 people with disabilities equal to or greater than 33% (4 were employed during 2016).

17.2 Auditing fees

In 2017, the fees related to the account auditing services and other services by the auditor of the Parent Company, Deloitte, S.L., or a company related to the auditor by control, common ownership or management were as follows:

Description	Thousands of euros	
	2017	2016
Audit services	258	86
Other services related to the audit:		
Other verification services	26	2
Total Audit and Related Services	**284**	**88**
Other services	142	-
Tax advisory services	-	-
Total other services	**142**	**-**
Total	**426**	**88**

No fees for other types of services were accrued in favour of the auditor at the expense of the Group during financial year 2017.

17.3 Guarantees committed with third parties and other contingent liabilities

One of the Group companies at 31 December 2017 acts as a guarantor in a loan and a policy granted to companies of Grupo Azzam Vivienda, S.L.U. and Azzam Gestión Inmobiliaria, S.L., respectively, for a total amount of 750 thousand euros (750 thousand euros in 2016). The credit policy for a maximum amount of 250 thousand euros was cancelled on 8 January 2018. In addition, the total amounts of bank guarantees in favour of one of the Group companies, for a complementary guarantee to the deposits received from lessees is 21 and 26 thousand euros at 31 December 2017 and 2016, respectively.

At 31 December 2017, the Group did not have bank guarantees granted.

17.4 Earnings per share

<u>*Basic:*</u>

The earnings per share are calculated by dividing the profit of the period attributable to the ordinary shareholders of the Parent Company between the number of ordinary shares in circulation at the end of the period, excluding the treasury shares.

The detail of the calculation of the earnings per share is:

	Thousands of euros	
	2017	**2016**
Result of the year attributable to the members of the Parent Company	35,943	16,984
No. of shares in circulation	30,060	30,060
Results per share (in euros)	**1,196**	**565**

<u>*Diluted:*</u>

The earnings for diluted shares are calculated by adjusting the profit of the period attributable to the owners of net equity instruments of the Parent Company and the number of ordinary shares in circulation for all diluted effects inherent to the potential ordinary shares, that is, as if the conversion of all potential ordinary shares that are potentially diluted.

The Parent Company does not have different potentially diluted ordinary shares.

18. Subsequent events

On 31 January, 2018, the General Shareholders' Meeting of the Parent Company approved the conversion of the company into a Public Limited Company, which was registered in the Commercial Registry on 7 March, 2018. On the same date, and as part of the reorganisation process to meet minimum share capital requirements for a Stock Corporation, the Shareholders approved a share capital increase in the amount of 29,940 against reserves.

On 1 February 2018, the Board of Directors of the Parent Company resolved to distribute a dividend based on the results of the 2017 financial year in the amount of 22,000 thousand euros, which was completely disbursed on 2 February 2018.

The provisional accounting statement prepared in accordance with legal requirements that demonstrated the existence of sufficient liquidity at 31 December 2017 for the distribution of the dividend was as follows:

	Thousands of euros
	Provisional Accounting Statement Prepared on 31 December 2017
Profit before tax	**36,029**
Corporate income tax provision	(6,195)
Profit for the year from continuing operations	**29,884**
First interim dividend (Note 3)	(7,000)
Allocation to legal reserve	-
Maximum amount to be distributed	22,884
Amount proposed for distribution	22,000
Cash and cash equivalents (*)	**26,652**

(*) Includes existing balance available at credit institutions.

Also, on 1 February 2018, the Extraordinary and Universal General Shareholders' Meeting of the Parent Company resolved to distribute a dividend based on the unrestricted reserves in the amount of 3,000 thousand euros, which was completely disbursed on 2 February 2018.

Additionally, on 19 March 2018, the Extraordinary and Universal General Shareholders' Meeting of the Company approved an increase in share capital by 22,400 thousand euros, through the issuance of 22,400,000 new shares of 1 euro of nominal value each, decreasing voluntary reserves in the same amount.

The Parent Company's Directors have agreed on the approval of a roadmap for the application for admission to trading of the company's shares on the Spanish Continuous Market, that is, they are considering a potential IPO of the Parent Company. No expenses related to the transaction were incurred in 2017. The expenses accrued up to the reporting date of these consolidated financial statements are not significant.

19. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.b). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

ANNEX I - COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Below, the most significant aspects of the companies included within the scope of consolidation in financial years 2017 and 2016 are detailed below:

2017

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2017 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.A.	Management of estate agency services	1,204	15,632	12,445
Colón Viviendas SOCIMI., S.A. (1)	5,849	65%	Azora Altus, S.A.	Management of estate agency services	9,000	251	249
Azora Inversiones Uno, S.L. (2)	23	100%	Azora Altus, S.A.	Management of estate agency services	3	(2)	(4)
Azora Inversiones Dos, S.L. (2)	23	100%	Azora Altus, S.A.	Management of estate agency services	3	(2)	(4)
Beach Guadalmina Playa Parque del Sol, S.L. (2)	2,540	86.85%	Azora Altus, S.A.	Hotel industry	2,306	(355)	2,125
Azora Gestión, S.G.I.I.C, S.A. Unipersonal (1)	13,300	100%	Azora Capital, S.A.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	(1,474)	12,708
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.A.	Holding	10	197	(44)
Azzam Gestión Inmobiliaria, S.L.(1)	1,801	51%	Azora Capital, S.A.	Management of estate agency services	10	3,365	(431)
Azora International Management, SP Z.o.o. (2)	11	100%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	322	533
Minaya, SP Z.o.o. (2)	3	100%	Azora International Management, sp z o.o	N/A	13	(23)	(12)
Azzam Vivienda, S.L.U (1)	1,422	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	109	1,227	317
Lazora, S.I.I., S.A. (1)	5,239	1.38%	Azora Altus, S.A.	N/A	334,926	185,673	72,088
Azora Europa I, S.A. (1)	2,084	2.30%	Azora Altus, S.A.	N/A	104,191	(14,317)	3,559
Hispania Activos Inmobiliarios, SOCIMI, S.A.	1,751	1.07%	Azora Altus, S.A., y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	109,170	1,330,150	222,829
Encasa Cibeles, S.L.	3,570	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	141,379	601

Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	221	201
Carey Value Added, S.L.	8,505	8.90%	Azora Altus, S.A.	N/A	57,077	100,627	(22,414)

(1) Audited by Deloitte
(2) Not audited

2016

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2016 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.A.	Management of estate agency services	1,204	12,895	18,821
Colón Viviendas SOCIMI., S.A. (1)	5,850	65%	Azora Altus, S.A.	Management of estate agency services	9,000	126	358
Azora Inversiones Uno, S.L. (2)	13	100%	Azora Altus, S.A.	Management of estate agency services	3	(4)	(4)
Azora Inversiones Dos, S.L. (2)	13	100%	Azora Altus, S.A.	Management of estate agency services	3	(4)	(4)
Beach Guadalmina Playa Parque del Sol, S.L. (2)	2,632	88.63%	Azora Altus, S.A.	Hotel industry	2,306	(185)	(170)
Azora Gestión S.G.I.I.C, S.A (1)	13,300	100%	Azora Capital, S.A.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	4,711	9,916
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.A.	Holding	10	146	(38)
Azzam Gestión Inmobiliaria, S.L.(1)	1,801	51%	Azora Capital, S.A.	Management of estate agency services	10	3,379	(14)
Azora International Management, SP Z.o.o. (2)	11	100%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	177	1,161
Minaya, SP Z.o.o. (2)	32	100%	Azora International Management, sp z o.o	N/A	21	(7)	(6)
Residencias de Estudiantes, S.A. (1)	2,204	75%	Azzam Gestión Inmobiliaria, S.L.	Management of estate agency services	300	919	515
Azzam Vivienda, S.L.U (1)	1,422	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	109	1,122	106

Lazora, S.I.I., S.A. (1)	5,087	1.25%	Azora Altus, S.A.	N/A	350,128	12,244	102
Azora Europa I, S.A. (1)	1,558	1.21%	Azora Altus, S.A.	N/A	113,219	(10,493)	(3,730)
Hispania Activos Inmobiliarios, SOCIMI, S.A.	1,751	1.07%	Azora Altus, S.A., Colón Vivienda SOCIMI, S.A. and Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	109,170	1,142,830	308,572
Encasa Cibeles, S.L.	3,836	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	156,952	(2,573)
Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	181	40
Carey Value Added, S.L.	6.218	7.23%	Azora Altus, S.A.	N/A	51,766	97,317	(961)
EnCampus Residencia de Estudiantes, S.A.	2,106	7.65%	Azora Altus, S.A.	N/A	13,790	11,698	1,095

(1) Audited by Deloitte
(2) Not audited

Azora Altus, S.A. and Subsidiaries

Consolidated Management Report for the financial year ending on 31 December 2017

1. Macroeconomic environment

The improvement in economic activity worldwide driven largely by the strengthening of the more advanced economies, whose growth rate was expected to reach 2.3% (+0.6 percentage points higher than in 2016), was due among other factors to the expansion of international commerce and industrial production (60% of the increase in economic activity was due to gross fixed capital formation). In this regard, the acceleration of the US economy is most prominent, coming to an expected increase of 2.5% (+0.8 percentage points higher than in 2016), strengthened by a nearly full employment labour situation after the creation of more than two million new jobs during 2017, with the unemployment rate dropping to 4.1%. In turn, and based on the latest data published by Eurostat, the euro zone economy recorded its best growth rate in 2017 since the start of the recovery stage (+2.5%), easily surpassing the predictions of the International Monetary Fund ("IMF"), which was estimating a growth rate of 1.6% at the beginning of 2016.

In this positive macroeconomic environment at both the worldwide and European level, the leadership of the Spanish economy among its euro zone counterparts should be noted, after having recorded growth rates in the order of 3.1% in its economic activity (+0.6 percentage points above the average for the euro zone), which when added to its advances in the last two years at rates greater than 3% confirms consolidation of the recovery phase of the Spanish economy. This expansion is based on strength in exports, consumption and the business level, highlighting the progressive recovery in residential investment, all accompanied by a substantial increase in employment with wage moderation, with the unemployment level at 16.5% at the 31 December 2017 closing (-2.1 percentage points compared with 2016 and the lowest level since 2008).

As for the prospects for the worldwide economy, the euro zone and Spain, they all continue to be optimistic, with projected growth rates of 3.9%, 2.2% and 2.4% respectively for 2018 and 3.9%, 2.0% and 2.1% respectively for 2019, based on the latest data published by the IMF. Once again, it is expected that the advanced economies will be responsible for spurring growth, partly due to the expectation of favourable financial conditions and the firm level of confidence that is expected to continue to contribute to increase in demand, and especially to growth in the rate of investment. Nevertheless, these predictions are subject to the occurrence of latent risks, which could retard growth in economic activity should they occur. More specifically, these risks would include (i) acceleration of restrictive monetary policies by central banks; (ii) an upswing in protectionist tendencies in international trade; (iii) an increase in indebtedness and hardening of financing conditions; (iv) the process of dissociation of the United Kingdom from the European Union; and (iv) uncertainties in the European political plan with the formation of new governments.

The real estate sector, primarily at the national level at which the companies managed by the Group engage in their activities, have continued along their path to recovery that began primarily in 2014, after six years of severe recession. The different segments of the real estate sector - residential leases, rented office buildings, rented hotel properties and rented university residences - have displayed positive performance overall in terms of demand, activity and price and occupancy development, variables that in any case are subject not only to competition in the market itself but also to providing satisfactory management of commercial administration, maintenance and improvement of core assets and control of internal costs.

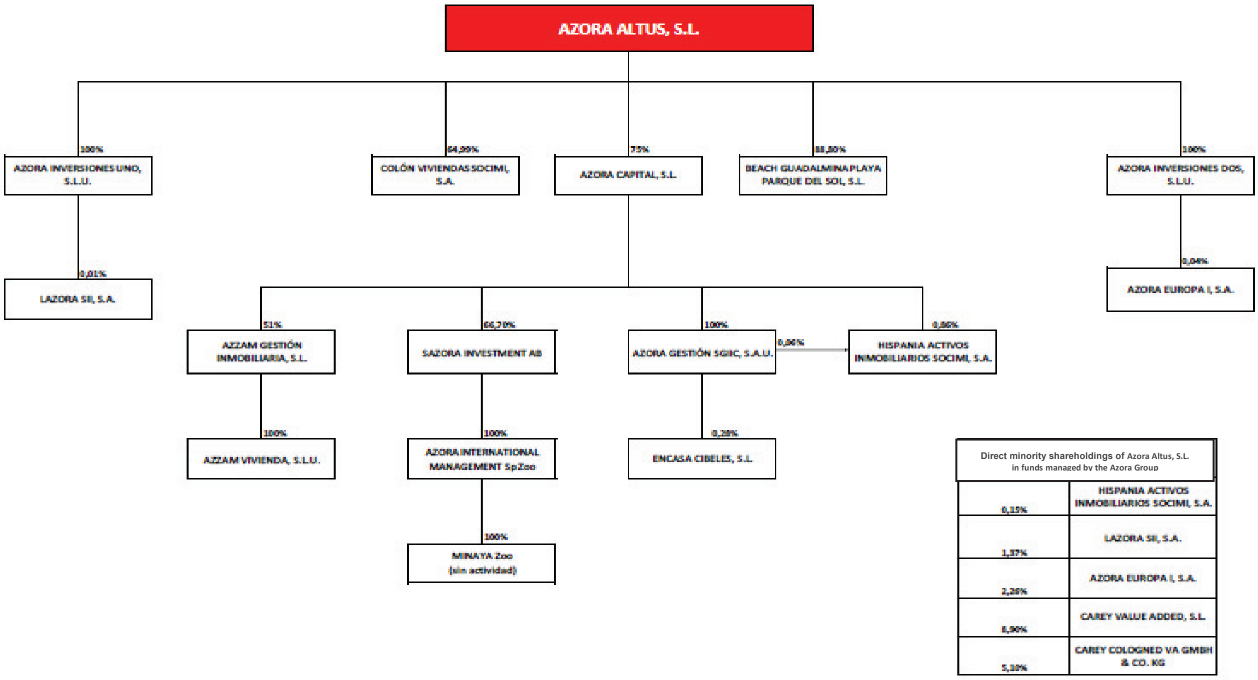
2. Status of the entity

Organisational Structure

Azora Altus S.L. (the "Company" or "Parent Company") was incorporated in Spain for an indefinite period on 4 November 2003 as a result of the subscription and disbursement by Hermanos Bécquer 10, S.L. and Baztán Consultores, S.L. of 30,060 cumulative and indivisible common shares of 1 euro par value each, through cash contribution.

On 31 January 2018, the shareholders of the Company unanimously resolved to the corporate reorganisation of the Company into a stock corporation as well as an expansion of capital against reserves for an amount equal to 29,940 euros, which was implemented by the creation of 29,940 new cumulative and indivisible common shares of 1 euro par value each, without share premium. As a result of the capital increase, the share capital of the Company increased to 60 thousand euros implemented in 60,000 cumulative and indivisible common shares of 1 euro par value each.

The corporate structure of the Company and its subsidiaries (the “Azora Group”) are provided below:



Operation

The business activity of the Group is carried out primarily on Spanish territory, and principally under three areas of activity:

a) Investment Management Activity

The principal and strategic activity of the Group, based on the management of those property assets acquired via investment vehicles promoted and marketed by the Group among its client base and/or its contacts and that is constituted in observance of a series of investment criteria that determine the type of assets for investment based on a specific pre-determined risk/return profile. This line of business, which managed approximately 4.5bn euros in assets as at 31 December 2017, is in turn broken down into two categories: (i) Asset Management Services and (ii) Property Management Services

(i) Asset Management Services: specifically include services related to: (i) the identification, access and completion of investment opportunities; (ii) designing and structuring investment vehicles through which to implement investments; (iii) access to sources of financing; (iv) daily monitoring of the progress in property management services, completion of the business plan provided designed primarily to enhance the value of and optimise assets; (v) provision of general administrative services; and (vi) defining and executing plans for the divestment of assets or investment vehicles based on market conditions at a given time, the investment expectations and requirements of our clients and the nature and size of the investment to be divested. These activities were engaged in by the following companies of the Azora Group as at 31 December 2017: Azora Gestión S.G.I.I.C S.A.U., Azora Capital S.L. and Azora International Management S.p. Z.o.o.

(ii) Property Management: include services related to the daily management of administration of the properties. Thus, the following can be cited among the principal services: rental management, supply and insurance management, collection and invoice issuing and management of technical services. As at 31 December 2017, these services were provided for the residential properties by Azzam Vivienda S.L.U., after the sale of Residencias de Estudiantes, S.A. on 1 December 2017.

b) Alignment Capital Investment Activity

Activity consisting of participating financially through minority shareholders and under the same conditions agreed to in the management and investment contracts in specific investment vehicles organised and marketed between clients and/or contacts of the Group. This minority holding, which fosters alignment of the interests of the Group with the interests of its clients that participate in the same investment vehicles in which the Company is simultaneously acting as manager and as shareholder.

c) Direct and Controlling Investment Activity

Activity consisting of acquiring an asset directly or acquiring controlling interests with the possibility of holding 100% of the stock or shares in companies holding assets for investment.

3. Development and business results

During the financial year 2017, the Group recorded revenue of 77,612 thousand euros, obtaining an EBITDA of 37,395 thousand euros and a financial result of 556 thousand euros. At the equity level, total assets reach 138,225 thousand euros, net worth 103,328 thousand euros and non-current and current liabilities 34,897 thousand euros.

Revenues

Development of revenues in the 2017 financial year compared to the 2016 financial year in each of the areas of activity of the Group is as follows:

a) Investment Management Activity:

Revenue from Investment Management Activity refers to fees for Asset Management Services and Property Management Services. Total revenue from the Invesment Management Activity was 76,880 thousand euros at the close of financial year 2017 (63,178 thousand euros at the close of the 2016 financial year); in other words, 99.06% of the total revenue for the 2017 financial year (98.81% in financial year 2016).

- Asset Management Services:

  Revenue from Asset Management Services was 61,267 thousand euros at the close of financial year 2017 (48,799 thousand euros at the close of the 2016 financial year); in other words, 79.69% of the total revenue from the Investment Management Activity for the 2017 financial year (77.24% in financial year 2016).

  The Group receives base and incentive fees under contracts signed with the different companies managed, both being defined in each of the contracts. The base fees are accrued for recurring services provided by the Group while the incentive fees are recorded when a minimum return is achieved for the shareholder. The incentive and base fees recorded for the 2017 financial year amounted to 30,283 and 30,984 thousand of euros, respectively (20,134 and 28,665 thousand of euros recorded for the financial year 2016, respectively)

- Property Management Services

  Revenue from Property Management Services was 15,613 thousand euros at the close of financial year 2017 (14,379 thousand euros at the close of the 2016 financial year); in other words, 20.31% of the total revenue from the Investment Management Activity for the 2017 financial year (22.76% in financial year 2016). The revenue from Property Management Services generated by Azzam Vivienda, S.L.U. and Residencias de

Estudiantes, S.A. in 2017 financial year amounted to 7,309 and 8.304 thousand of euros, respectively (5,582 and 8,797 thousand of euros for the 2016 financial year, respectively).

b) Alignment Capital Investment Activity:

The revenue derived from the Alignment Capital Investment Activity amounted to 12,014 thousand euros at the end of 2017 (4,081 thousand euros at the end of 2016). At the end of 2017 and 2016, the revenue derived from the Alignment Capital Investment Activity is recorded as Finance Income and Impairment and gain or losses on disposals of financial instruments and Income from companies carried by the equity method and Impairment and gains or losses on significant influence loss over an associate consolidated by equity method.

c) Direct and Controlling Investment Activity:

As at the close of the 2017 financial year, the Group only has revenue from this segment from its shares in Colón Viviendas SOCIMI, S.A., in which it has a 65% participation. The revenue from the Direct and Controlling Investments Activity amounted to 732 thousand euros for the 2016 financial year (762 thousands for the 2016 financial year).

Also, as described in the section "Alternative Performance Measures" of this consolidated management report, revenues like-for-like have increased 4,209 thousand euros, from 43,120 thousand euros in financial year 2016 to 47,329 thousand euros in financial year 2017, mainly due to the increase in base fees.

Adjusted operating result

The profit for the year from continuing operations of the Group adjusted for revenue from the Alignment Capital Investment Activity increased by 17,402 thousand euros by the close of the 2017 financial year, from 32,005 thousand euros in financial year 2016 to 49,407 thousand euros in financial year 2017. Basically, the increase is due to the improvement in operating income resulting from the increase in base and incentive fees and the income resulting from the divestment in 2017 of Encampus Residencias de Estudiantes, S.A.

Financial position

The Financial Results of the Group increased by 62 thousand euros by the close of the 2017 financial year, from 494 thousand euros in financial year 2016 to 556 thousand euros in financial year 2017. The increase is primarily due to results from the divestment in the student residence platform by the Group.

Also, as described in the section "Alternative Performance Measures", the gross financial debt of the Group is 8,607 thousand euros in financial year 2017, the adjusted net financial debt of the Group is (17,045) thousand euros in financial year 2017 and Group FFO is 40,134 thousand euros at the close of financial year 2017.

Results before tax

Profit before tax for the financial year was 48,025 thousand euros at the close of the 2017 financial year (27,837 thousand euros at the close of the 2016 financial year).

4. Issues related to the environment and personnel

As indicated in the attached consolidated financial statements, in view of the Group's business activity, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. In addition, the Group has no situations related to laws for the emission of greenhouse gases.

As at the close of the 2017 financial year, the average number of persons employed in the Group was 369, representing an increase of 3.94% over 2016 (355 persons).

Distribution by gender and categories of employed individuals as at 31 December 2017 and 2016 are as follows:

Categories	2017		2016	
	Men	Women	Men	Women
Management staff	14	15	17	7
Technical staff and middle management	19	18	32	38
Administrative staff	44	99	90	175
Total	**77**	**132**	**139**	**220**

In 2017, the Group employed 4 people with disabilities equal to or greater than 33% (4 were employed during 2016).

5. Liquidity and capital funds

The Group maintains a level of cash and cash equivalents sufficient to conduct its activities.

In addition, the Group has no need of significant lines of financing. The lines of financing that the Group has access to at the close of the 2017 and 2016 financial years are related basically to the financing of the subsidiary Colón Viviendas SOCIMI, S.A., as indicated in these attached consolidated financial statements.

6. Principal risks and uncertainties

The financial risk management policies within the sector in which the Parent Company and its subsidiaries operate are basically determined by analysis of the management projects and the condition of the financial markets.

Given the activities of one of the companies of the Group, Azora Gestión, S.G.I.I.C., S.A., the use of financial instruments is contingent on compliance with the Collective Investment (Mutual Fund) Institution Regulation (Royal Decree 1082/2012, of 13 July), which stipulates that Mutual Fund managing companies invest their own minimum required funds (in accordance with article 100.1.a) of the Regulation) in liquid or easily convertible short-term cash assets, and not include speculative positions. These assets may include those indicated in article 30.1.a) of Law 35/2003 of 4 November: deposits with credit institutions, sight deposits and stock or shares in Mutual Fund Institutions, including those that they manage, as long as such Mutual Fund Institutions comply with the conditions of article 48.1.c) and d), except for the prohibition on investing more than 10% of the equity of the Mutual Fund Institution in stock or shares of other Mutual Fund Institutions. The rest of the funds may be invested in any asset satisfactory for the performance of its corporate goal, which will include institutions provided in this regulation, Capital Risk Entities and Closed Mutual Fund Entities as long as the investment is made on a permanent basis.

The amounts under which the financial assets are recorded represent in all significant aspects the highest level of credit risk exposure of the Group on each date that the financial statements are presented.

The principal financial risks affecting the Group are indicated below:

e) Credit risk:

This is defined as the risk of financial loss that the Group faces if a client or party does not satisfy its contractual obligations.

In general, the group maintains its cash and equivalent liquid assets in financial institutions with high credit ratings.

Credit risk derives primarily from the risk of a third party's failing to meet its contractual obligations vis-à-vis the Group. Credit risk of the Group is primarily related to asset and property management activities. Additionally, and with regard to direct and controlling investment activities (Colón Viviendas SOCIMI, S.A.), the Group's credit risk arises from the possible non-payment of rentals contracted with tenants. Each company manages its risk by the selection of contractual parties, with the contracts that are signed with them predicating payment in advance of rents involved and requiring legal and other financial guarantees that cover potential non-payment of rent.

The Group possesses formal procedures for detecting impairment of commercial credits. Delays in payment are identified and methods to be followed for estimating impairment loss are established under these procedures and by individual analysis. Historically, no significant cases of insolvency have arisen.

f) Liquidity risk:

This is defined as the risk that the Group would have difficulties satisfying its obligations related to financial liabilities that are settled by the payment of cash or other financial assets.

As at 31 December 2017 and 2016, the Group's rolling fund is positive in the amount of 40,710 and 15,641 thousand euros, respectively.

The Group manages liquidity risk prudently, based on maintaining sufficient liquidity to satisfy its obligations when they are due, both under normal and stress conditions, without incurring unacceptable losses or risking the reputation of the Group.

g) Market risk and client concentration:

The Group has exposure to the evolution of the real estate markets of the geographies in which the assets of its controlled and associated entities are located.

Likewise, the Group has exposure to the evolution of the real estate market as the income generated by the Investment Management Activity of the Group is principally calculated using the gross asset value of the underlying real estate assets owned by the investment vehicles managed by the Group.

Some management contracts of the Group allow for the possibility of early termination in the event of substantial variations in the composition of the shareholders of the investor or Group. Hence, the contract signed with Hispania Activos Inmobiliarios, SOCIMI, S.A. includes the option of early termination in the event of loss of control of the shareholders of Azora Altus, S.A. (formerly Azora Altus, S.L.). However, the Management of the Parent Company believes that the waiver from Hispania will be obtained before any possible loss of control of the shareholders of Azora Altus. This contract contributes 20,173 thousand euros to the total figure for business of the Group as at 31 December 2017 (15,129 thousand euros as at 31 December 2016), representing 26% of that entry during the 2017 fiscal year (25% during 2016).

As at 31 December, 2017, the rest of the contracts that contribute more than 10% of the amount of the revenue, in addition to the aforementioned, are those signed with Lazora, S.I.I., S.A., whose amount contributed to the revenue of 10,490 thousand euros (9,044 thousand euros as at 31 December, 2016), representing 13.5% of this section (14.1% during 2016).

The income from the management contracts of Hispania Activos Inmobiliarios, SOCIMI, S.A. and Lazora, S.I.I., S.A. are spread over the Asset and Property Management segments.

Both the liquid assets and the financial debt of the Group are exposed to interest rate risk, which may have an adverse effect on financial results and cash flows. The Management of the Parent Company believes that this effect should not be significant, as there has been no activity of this sort in the 2017 and 2016 financial years.

h) Tax risk:

Tax risk is the risk associated with changes in the tax legislation applicable to the Group. In addition, one of the companies in the Azora Altus combine, Colón Viviendas Socimi, was eligible for the special tax regime for Listed Real Estate Investment Companies (SOCIMI) in the 2015 financial year. Under the provisions of article 6 of Law 11/2009 of 26 October 2009 modified by Law 16/2012 of 27 December regulating SOCIMIs, companies that have elected to apply this regime shall be required to distribute the income obtained in the financial year in the form of dividends to its shareholders after it has completed its applicable commercial obligations, and it is required to approve such distribution within six months from the completion of each financial year and make payment within one month of the date of the distribution resolution.

If the Shareholders' Meeting does not approve the distribution of dividends proposed by the Board of Directors that was calculated in accordance with the requirements stated in the law, it is not in compliance, and therefore shall be taxed under the general tax regime and not the regime that applies to SOCIMIs.

In the opinion of Management, the Group has mitigated these risks to acceptable levels.

7. Events subsequent to the close of the financial year

On 31 January, 2018, the General Shareholders' Meeting of the Parent Company approved the conversion of the company into a Public Limited Company, which was registered in the Commercial Registry on 7 March, 2018. On the same date, and as part of the reorganisation process to meet minimum share capital requirements for a Stock Corporation, the Shareholders approved a share capital increase in the amount of 29,940 against reserves.

On 1 February 2018, the Board of Directors of the Parent Company resolved to distribute a dividend based on the results of the 2017 financial year in the amount of 22m euros, which was completely disbursed on 2 February 2018.

The provisional accounting statement prepared in accordance with legal requirements that demonstrated the existence of sufficient liquidity at 31 December 2017 for the distribution of the dividend was as follows:

	Thousands of euros
	Provisional Accounting Statement Prepared on 31 December 2017
Profit before tax	**36,029**
Corporate income tax provision	(6,195)
Profit for the year from continuing operations	**29,884**
First interim dividend	(7,000)
Allocation to legal reserve	-
Maximum amount to be distributed	22,884
Amount proposed for distribution	22,000
Cash and cash equivalents (*)	**26,652**

(*) Includes existing balance available at credit institutions.

Also, on 1 February 2018, the Extraordinary and Universal General Shareholders' Meeting of the Parent Company resolved to distribute a dividend based on the unrestricted reserves in the amount of 3,000 thousand euros, which was completely disbursed on 2 February 2018.

Additionally, on 19 March 2018, the Extraordinary and Universal General Shareholders' Meeting of the Company approved an increase in share capital by 22,400 thousand euros, through the issuance of 22,400,000 new shares of 1 euro of nominal value each, decreasing voluntary reserves in the same amount.

The Parent Company's Directors have agreed on the approval of a roadmap for the application for admission to trading of the company's shares on the Spanish Continuous Market, that is, they are considering a potential IPO of the Parent Company. No expenses related to the transaction were incurred in 2017. The expenses accrued up to the reporting date of these consolidated financial statements are not significant.

8. Expected development of the entity

In the near future, the Group will concentrate its activities on defining new investment strategies that promote the development of new investment vehicles aimed at acquiring new funds from past, existing and/or future clients. The Group will consider the possibility of participating financially at any time in investment vehicles that it establishes for its clients, thus enabling the alignment of its interests with theirs.

Moreover, the Group will still contemplating to undertake direct investments with the aim to attain 100% stake in such investments or, at least, a controlling or joint controlling position..

Additionally, the Group will be focused on launching and finalizing partial or full shareholders' roll-over processes in a number of existing investment vehicles with the aim to implement new strategies in collaboration with existing or new clients. The implementation of these new strategies will directly imply the extension of the life of such investment vehicle, including its investment period, as well as the completion of capital increases.

At the same time, the Group will work on divesting itself of some of its investment vehicles existing as at 31 December 2017 in accordance with the business plans established for each of them.

The Group will also continue to monitor the size and variety of its human resources and operations with regard to the volume of business managed, and ultimately to the requirements of the obligations assumed, while continuing to implement and improve corporate governance policies, risk and financial information monitoring to satisfy the regulatory requirements that affect it.

9. R&D+I Activity

There are no significant research, development and innovation activities, given the lines of business of the Group.

10. Treasury shares

As of the close of financial years 2017 and 2017, the Parent Company of the Group has not performed any operations with treasury shares.

11. Alternative performance measures

As indicated in the attached consolidated financial statements, the Group prepares its financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In addition, it presents some Alternative Performance Measures ("APMs", from the abbreviation in English) to provide additional information that facilitates comparability and comprehension of its financial information and facilitates decision making and evaluation of the performance of the Group.

The most significant APMs are the following:

Net Asset Value (NAV)

The Group calculates NAV as Total Equity less non-controlling interests, plus deferred tax liabilities from investment properties under IAS 40.

The NAV for the financial years 2017 and 2016 is as follows:

	2017	2016
Total equity	**103,328**	**77,266**
Non-controlling interests	(18,266)	(19,410)
Deferred tax liabilities from investment properties under IAS 40	1,876	1,840
NAV Group Total	**86,938**	**59,696**

The NAV of the Group increased by 27,242 thousand euros in 2017 from 59,696 thousand euros in 2016 to 86,938 thousand euros in 2017, mainly due to the profit for the year from continuing operations partially compensating for the dividends distributed as at 31 December, 2017.

The Group considers that the NAV is a measure of the performance of its significant activity because it provides important information to measure the evolution of the Group's value at a specific moment and between periods.

Gross Asset Value (GAV)

The Group calculates the GAV in relation to the aggregate market value of the real estate assets in which the Groups holds a Direct and Controlling Investment. These market values are obtained through assessments made by independent experts, mainly. The calculation is the market value of the properties and is obtained from valuations normally performed by a third party.

The GAV for the financial years 2017 and 2016 is as follows:

	2017	2016
Colón Viviendas SOCIMI, S.A.	**22,460**	**22,420**
Travesera de les Corts	4,660	4,620
Sagrera	5,400	5,400
Urrutia	6,700	6,700
Manuel Sancho	5,700	5,700
GAV Beach Guadalmina Playa Parque del Sol, S.L.	**-**	**3,016**
Beach Guadalmina Playa Parque del Sol	-	3,016
GAV Group Total	**22,460**	**25,436**

The GAV of the Group decreased by 2,976 thousand euros in financial year 2017 from 25,436 thousand euros in financial year 2016 to 22,560 thousand euros in financial year 2017, primarily due to the disposal of the property of the company Beach Guadalmina Playa Parque del Sol, S.L.

The Group considers the GAV to be a measurement of performance because it provides information regarding the market value of investment property in the Direct and Controlling Investment Activity.

Assets under management

The Group calculates assets under management based on their gross asset value (GAV) managed under signed management contracts. The gross value of the assets is calculated primarily by independent experts in accordance with RICS (Royal Institute of Chartered Surveyors) and ECO (a Spanish property appraisal regulation) methodologies.

Assets under management during financial years 2017 and 2016 are the following:

Company	2017	2016
Lazora, S.I.I., S.A.	868,475	926,159
Azora Europa I, S.A.	246,600	260,700
Carey Value Added, S.L.	283,161	389,305
Colón Viviendas SOCIMI, S.A.	22,460	22,400
Encasa Cibeles, S.L.	155,001	171,441
Selección de Inmuebles, S.L.	28,756	147,276
Tempore Properties SOCIMI, S.A.	175,400	-
Student Residence Investment Companies	-	149,605
EnCampus Residencia de Estudiantes, S.A.	-	41,544
Hispania Activos Inmobiliarios SOCIMI, S.A.(1)	2,658,990	2,007,990
Total assets under management at end of period	**4,438,843**	**4,116,420**
Total assets under management at beginning of period	**4,116,420**	**3,594,967**
Average of assets under management during the period	**4,337,790**	**4,023,073**
Management fees as a percentage of the average of assets under management(2)	**1.07%**	**1.07%**

(1) Includes the amount of assets corresponding to the Alúa portfolio as well as to Hotel Barceló Marbella in the amount of 165 and 19 thousand euros respectively .
(2) Only base fees considered.

Management fees as a percentage of the average of the assets under management at the close of the financial year ending 31 December 2017 and 2016 were 1.07% and 1.07% respectively.

Management fees as a percentage of the assets under management at the close of the financial year ending 31 December 2017 and 2016 remain constant during both financial years due to the in-line increase in managed assets and base fees.

The Group considers assets under management as a measurement of the development of its business, as it provides the market value of the assets managed.

EBITDA

The Group calculates EBITDA as follows: profit from operations less the effect of: (i) changes in fair value of investment property, (ii) gain or losses on disposals of non-current assets, (iii) excessive provisions plus depreciation and amortization charge and impairment losses recognized.

The calculation of adjusted EBITDA for the financial years 2017 and 2016 is as follows:

	2017	2016
Profit from operations	**36,639**	**23,515**
Changes in fair value of investment property	36	(3,303)
Gains or losses on disposals of non-current assets	414	-
Depreciation and amortization charge and impairment losses recognized	(1,206)	(1,107)
EBITDA	**37,395**	**27,925**

The EBITDA of the Group increased by 9,470 thousand euros by the close of the 2017 financial year, from 27,925 thousand euros in financial year 2016 to 37,395 thousand euros in financial year 2017. The increase is primarily due to improvement in profit from operations resulting from the increase in base and incentive fees.

The Group considers EBITDA to be a measurement of the performance of its activity, as it provides an analysis of the operating results that generate cash flow. It is also an indicator widely used by investors when evaluating companies, as well as by rating agencies and creditors to evaluate the level of indebtedness, comparing the EBITDA with net debt.

Adjusted Performance Result

The Group calculates the Adjusted Performance Result as follows: EBITDA plus Alignment Capital Investment Activity profit for the year from continuing operations.

The calculation of adjusted operating result for the financial years 2017 and 2016 is as follows:

	2017	2016
EBITDA	**37,395**	**27,925**
Alignment Capital Investment Activity profit for the year from continuing operations	12,012	4,080
Adjusted Performance Result	**49,407**	**32,005**

The Adjusted Performance Result of the Group has increased by 17,402 thousand euros at the end of 2017, from 32,005 thousand euros in 2016 to 49,407 thousand euros in 2017. Basically, the increase is due to the improvement in profit from operations resulting from the increase in base and incentive fees and the income resulting from the divestment in 2017 of Encampus Residencias de Estudiantes, S.A.

The Group considers the Adjusted Performance Result to be a measurement of the performance of its activity, as it provides an analysis of the operating results (including the Alignment Capital Investment Activity) that generate cash flow.

EBITDA margin

The Group calculates the EBITDA Margin in the following way: EBITDA divided by total revenue.

The calculation of adjusted EBITDA margin for the financial years 2017 and 2016 is as follows:

	2017	2016
EBITDA	**37,395**	**27,925**
Revenue	77,612	63,940
EBITDA margin	**48.18%**	**43.67%**

The EBITDA margin of the Group increased by the end of 2017 by 4.51% to 48.18% in 2017. Fundamentally, the increase is due to the improvement in EBITDA.

The Group considers the EBITDA Margin as a measure of the performance of its activity since it allows the evaluation of the operational performance of the business and, in some cases, the comparison of the operating performance of the business with other previously defined comparables.

Adjusted Performance Result Margin

The Group calculates Adjusted Performance Result Margin as follows: Adjusted Performance Result divided by total revenue.

The calculation of Adjusted Performance Result Margin margin for the financial years 2017 and 2016 is as follows:

	2017	2016
Adjusted Performance Result	**49,407**	**32,005**
Revenue	77,612	63,940
Adjusted Performance Result Margin	**63.66%**	**50.05%**

The Group's Adjusted Performance Result Margin increased by 13.61%, to 63.66% in the year ended December 31, 2017 from 50.05% in the year ended December 31, 2016 mainly due to an increase in EBITDA, as explained above, which was slightly higher than the increase in revenue during the same year.

The Group considers Adjusted Performance Result Margin to be a meaningful measure to assess operational performance of the business, including the Alignment Capital Investment Activity segment and, in some instances, as a relative measure to compare the performance of the business to the performance of a set of comparators previously defined.

Revenues-like-for-like

The Group calculates revenues like-for-like to compare the revenue from all its segments between two periods in a way that is comparable, meaning by eliminating any income that was not recurring and uniform between the years being compared.

The calculation of revenues like-for-like for the financial years 2017 and 2016 is as follows:

	2017	2016
Revenue	**77,612**	**63,940**
"Operación Aneto" incentive fees	-	(20,134)
"Operación Residencias de Estudiantes" base fees[(a)]		(686)
"Operación Residencias de Estudiantes" incentive fees[(a)]	(30,283)	-
Revenues like-for-like	**47,329**	**43,120**

(a) Equalisation by the sale of the student residence platform on 1 December 2017. One month of income related to financial year 2016 has been eliminated so that in this way both period record eleven months of fees.

Revenues like-for-like has increased 4,209 thousand euros, from 43,120 thousand euros in financial year 2016 to 47,239 thousand euros in financial year 2017, mainly due to the increase in base fees.

The Group considers revenues like-for-like to be a measurement of performance of its activities because it measures the ability to generate income, considering a stable grouping of assets under management and management activity. Variation in the grouping between the financial years terminating on 31 December 2017 and 2016 relate to the sale of the student residence platform on 1 December 2017.

Funds from operations (FFO)

FFO is the indicator that shows the capacity of the Group to generate cash flow based on operating results. It is calculated as: EBITDA plus finance income, minus finance cost, plus or less Net exchange differences, plus cash generated by Alignment Capital Investment Activity (less finance income and cost), less income tax paid less current corporate tax:

The calculation of FFO for the financial years 2017 and 2016 is as follows:

	2017	2016
EBITDA	**37,395**	**29,925**
Finance income	1,402	300
Finance cost	(108)	(159)
Net exchange differences	(103)	81
Cash generated by Alignment Capital Investment Activity	9,501	-
Income tax paid	(4,720)	(6,698)
Current corporate tax	(3,233)	(766)
Funds from operations	**40,134**	**23,219**

The FFO of the Group increases in 2017 by 16,915 thousand euros from 23,219 thousand euros in financial year 2016 to 40,134 thousand euros in financial year 2017 due primarily to income from Asset Management related to the incentive fee from the sale of the student residence platform and the collection for the divestment of EnCampus Residencias de Estudiantes, S.A.

The Group considers that the FFO is a measure of the performance of its significant activity since it provides the detail of the net cashflows generated by the Group in a period.

Gross financial debt

The Group calculates gross financial debt as the total of the balance indicated in the consolidated statement of financial position related to bank loans plus credit policies.

The gross financial debt for the financial years 2017 and 2016 is as follows:

	2017	2016
Non-current bank borrowings	**5,233**	**6,381**
Bank loans	5,233	6,034
Credit policies	-	347
Current bank borrowings	**3,374**	**859**
Bank loans	375	365
Credit policies	2,999	494
Gross financial debt	**8,607**	**7,240**

The gross financial debt of the Group increased in 2017 by 1,367 thousand euros from 7,240 thousand euros in the 2016 financial year to 8,607 thousand euros in the 2017 financial year due to the placement of a credit policy in the amount of 2,999 thousand euros to cover immediate cash flow requirements.

The Group considers that gross financial debt is a measure of performance because it measures the financial position of the Group and is necessary for calculating the amount of indebtedness.

Adjusted net financial debt

The Group calculates adjusted net financial debt as the gross financial debt less cash and cash equivalents less dividends distributions not paid.

The adjusted net financial debt for the financial years 2017 and 2016 is as follows:

	2017	2016
Gross financial debt	**8,607**	**7,240**
Cash and cash equivalents	50,652	8,916
Net financial debt	*(42,045)*	*(1,676)*
Dividend distributions not paid	(25,000)	-
Adjusted net financial debt	**(17,045)**	**(1,676)**

The adjusted net financial debt of the Group increased in 2017 by 15,369 thousand euros from (1,676) thousand euros in financial year 2016 to (17,045) thousand euros in financial year 2017 due to the fact that the Group has an elevated cash balance at the end of the financial year, basically due to collecting the incentive fee from the sale of the student resident platform.

The Group considers that the adjusted net financial debt is a measure of performance because it measures the financial position of the Group. It is also an indicator widely used by investors when evaluating companies, as well as by rating agencies and creditors to evaluate the level of indebtedness.

Azora Altus, S.A (formerly Azora Altus, S.L.) and Subsidiaries

Consolidated Financial Statements for the years ended 31 December 2016 and 2015, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Azora Altus, S.A. (formerly Azora Altus, S.L.) at the request of the Board of Directors,

Opinion

We have audited the consolidated financial statements of Azora Altus, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2016 and 2015, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated cash flows statements and notes to the consolidated financial statements for the years then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2016 and 2015, and its consolidated results and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements for the years ended 31 December 2016 and 2015. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

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C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Recognition of revenue from the rendering of services

Description

The Group's revenue in 2016 and 2015 arose from the rendering of services and related mainly to fees earned in the management activity. This revenue is recognised by reference to the stage of completion of the service in question at the reporting date, provided the outcome of the transaction can be estimated reliably.

Certain management agreements establish the possibility of remunerating the Group through incentive fees when one or more profitability parameters are met at a given time. It is at this point that the Group recognises the incentive fees as revenue.

Although the revenue recognition process is not complex, it does involve the consideration of specific circumstances associated with the various terms and conditions agreed upon with the various clients and the type of property asset managed by the Group.

In this regard, in 2016 and 2015 25% and 27%, respectively, of consolidated revenue arose from agreements entered into by the Azora Group with Hispania Activos Inmobiliarios, SOCIMI, S.A. and subsidiaries ("Hispania"). Two of these agreements provide for a significant amount of incentive fees upon expiry or termination. Also, as indicated in Note 5, these agreements, expiring in 2020, provide for the option of early termination in the event of a loss of control of the shareholders of Azora Altus, S.A.

In view of all of the foregoing, these matters were considered to be an area of significant auditor attention in our audit.

Procedures applied in the audit

Our audit procedures for 2016 and 2015 included, among others, substantive analytical tests designed to assess the reasonableness of changes in revenue from the rendering of services.

We also performed substantive tests of details, analysing a significant sample of the agreements to assess whether the revenue was recognised in the appropriate accounting period in accordance with the terms and conditions of the agreements and the applicable recognition and measurement standards.

Also in connection with the agreements with Hispania, we performed an analysis of the following events after the reporting period taking into amount the available public information indicated below:

i) the Annual General Meeting of Hispania held on 4 April 2018 authorised the waiver of the early termination in the event of a loss of control of the shareholders of Azora Altus, S.A. described in Note 5 to the accompanying consolidated financial statements;

ii) on 5 April 2018, a relevant event communication was published by the Spanish National Securities Market Commission (CNMV) announcing that a third party had resolved to launch a voluntary tender offer for all the shares of Hispania, which has not yet been authorised by the CNMV.

We also analysed and concluded on the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Notes 4.11 and 16.1 to the consolidated financial statements for 2016 and 2015.

Valuation of investment property

Description

The Group controls certain residential investment property in Barcelona. These assets are recognised at fair value at the reporting date and are not depreciated. At 31 December 2016 and 2015, this investment property was valued at EUR 22,420 thousand and EUR 25,715 thousand, respectively.

The Group periodically uses third parties independent of the Group as experts to determine the fair value of its property assets. The aforementioned experts have substantial experience in the markets in which the Group operates and employ valuation methodologies and standards widely used in the market.

The valuation of the portfolio of investment property is one of the most significant audit matters, since it requires the use of estimates with a significant degree of uncertainty. Specifically, the discounted cash flow method is generally applied to the valuation of the rental property assets, which requires estimates of:

- the future net revenue from each property based on available historical information and market surveys;
- the internal rate of return or opportunity cost used when discounting;
- the residual value of the assets at the end of the projection period (exit yield).

In addition, small percentage changes in the key assumptions used for the valuation of the investment property could give rise to significant changes in the consolidated financial statements.

Procedures applied in the audit

Our audit procedures for 2016 and 2015 included, among others, obtaining the appraisals of the experts engaged by the Group to value the investment property in its entirety, and evaluating the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence.

In this connection, with the cooperation of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts engaged by Group management;
- performed an independent valuation of all the assets taking into consideration available industry information and transactions with real estate assets similar to those owned by the Group; and
- assessed the most significant risks, including the occupancy rates and expected returns on the investment property.

Lastly, we analysed the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Note 10 to the consolidated financial statements for 2016 and 2015.

Uniformity of accounting policies in the measurement of investments accounted for using the equity method

Description

The Group has investments accounted for using the equity method that account for 41% and 40% of consolidated total assets at 31 December 2016 and 2015, respectively.

As indicated in Note 4.14 to the consolidated financial statements for 2016 and 2015, investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, at each reporting date, they are measured at cost, plus or minus any change in the net assets of the associate on the basis of the related percentage of ownership.

In order to bring the accounting policies and practices of the associates into line with those of the Group, certain uniformity adjustments were made, principally in relation to the estimate of the fair value of their investment property.

This estimate requires that management make significant judgements, mainly to determine the gains associated with the real estate assets that constitute the core business of the investees, which are based mainly on appraisals by external experts.

As a result of the foregoing, and of the significance of the investments accounted for using the equity method by the Group, we consider the situation described to be a significant matter in our audit.

Procedures applied in the audit

Our audit procedures to address this matter in 2016 and 2015 included, among others, (i) the analysis of the methodology used by the Group as a basis for making the estimate; and (ii) the repetition of the calculation in order to verify the reasonableness of the uniformity adjustments made by the Group.

The main uniformity adjustment to the financial information of the associates relates to the valuation of investment property at its market value. In relation to this uniformity adjustment, our audit procedures included, among others, the following:

- we obtained the independent experts' appraisals that support the unrealised gains at those investees, where available;
- we assessed the competence, capability and objectivity of these experts, as well as the adequacy of their work for use as audit evidence; and
- in collaboration with our internal valuation experts, we analysed and concluded upon the reasonableness of the valuation methodology and procedures used by the experts engaged or by Group management, and analysed the reasonableness of the calculations made, verifying the consistency of the documentation supporting the aforementioned gains with the information obtained at the end of 2016 and 2015.

Lastly, in relation to this matter, we evaluated whether the disclosures provided in Notes 5.1 and 11 to the accompanying consolidated financial statements are in conformity with those required by the applicable accounting regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7 below, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pedro Luis Hernando
Registered in ROAC under no. 21339

5 April 2018

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements for 2016 and 2015 and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Azora Altus, S.A. (formerly Azora Altus, S.L.) and Subsidiaries

Consolidated Financial Statements for the years ended 31 December 2016 and 2015 prepared in accordance with International Financial Reporting Standards (IFRS) adopted in Europe

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016, 31 DECEMBER 2015, 31 DECEMBER 2014 AND 1 JANUARY 2014

(Thousands of euros)

ASSETS	Notes	31/12/2016	31/12/2015	31/12/2014	01/01/2014
NON-CURRENT ASSETS:					
Intangible assets	Note 8	4,304	3,306	3,593	3,217
Property, plant and equipment	Note 9	1,357	1,057	623	209
Investment Property	Note 10	25,436	28,791	25,340	26,170
Investments accounted by using the equity method	Note 11	41,356	36,122	22,865	14,511
Non-current financial assets	Note 12	693	1,770	2,976	110
Deferred tax assets	Note 15	800	692	833	595
Total non-current assets		73,946	71,738	56,230	44,812
CURRENT ASSETS:					
Inventories		186	67	56	63
Trade and other receivables	Note 12	8,655	5,425	4,445	7,295
Accounts receivable from public authorities	Note 15	436	503	237	325
Other current financial assets	Note 12	7,322	4,306	3,320	3,819
Other current assets		180	181	148	115
Cash and cash equivalents	Note 12	8,916	10,193	9,329	11,558
Total current assets		25,695	20,675	17,535	23,175
TOTAL ASSETS		99,641	92,413	73,765	67,987

EQUITY AND LIABILITIES	Notes	31/12/2016	31/12/2015	31/12/2014	01/01/2014
TOTAL EQUITY:					
Share capital	Note 14	30	30	30	30
Legal reserve		6	6	6	6
Other reserves		45,745	34,330	31,340	26,256
Profit for the year attributable to the Parent		16,984	14,044	6,054	9,054
Interim dividend		(4,800)	-	-	-
Valuation adjustments		(108)	(40)	(38)	3
Equity attributable to the owners of the Parent		57,856	48,370	37,392	35,349
Non-controlling interests		19,410	19,068	15,719	14,167
Total net equity		77,266	67,437	53,111	49,516
NON-CURRENT LIABILITIES:					
Non-current bank borrowings	Note 12	6,381	5,984	6,338	6,656
Other non-current financial liabilities	Note 12	3,012	3,008	381	291
Other non-current liabilities		-	49	-	-
Deferred tax liabilities	Note 15	2,928	3,558	3,336	3,732
Total non-current liabilities		12,321	12,599	10,055	10,679
CURRENT LIABILITIES:					
Short-term provisions		693	671	101	-
Current bank borrowings	Note 12	859	4,506	3,988	317
Trade and other payables	Note 12	7,467	6,226	5,768	6,789
Other current financial liabilities	Note 12	404	328	130	242
Other current liabilities		631	646	612	444
Total current liabilities		10,054	12,377	10,599	7,792
TOTAL EQUITY AND LIABILITIES		99,641	92,413	73,765	67,987

Notes 1 to 20 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of financial position as at 31 December 2016 and 31 December 2015.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR FINANCIAL YEARS 2016, 2015 AND 2014

(Thousands of euros)

	Notes	Financial year 2016	Financial year 2015	Financial year 2014
CONTINUING OPERATIONS:				
Revenue	Note 16	63,940	39,403	31,659
Procurements		-	-	(2)
Other operating income	Note 16	1,693	1,351	1,231
Staff costs	Note 16	(29,140)	(16,969)	(12,574)
Other operating expenses	Note 16	(8,568)	(8,866)	(9,076)
Depreciation and amortization charge and impairment losses recognized	Note 8, 9 and 10	(1,107)	(861)	(531)
Excessive provisions		-	37	-
Gains or losses on disposals of non-current assets		-	-	(16)
Changes in fair value of investment property	Note 10	(3,303)	363	(837)
PROFIT FROM OPERATIONS		23,515	14,458	9,854
Finance income	Note 12	300	264	274
Finance cost		(159)	(202)	(245)
Net exchange differences		81	(16)	31
Impairment and gains or losses on disposals of financial instruments		272	408	-
FINANCIAL RESULT		494	454	60
Income from companies carried by the equity method		3,518	6,107	(217)
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method		310	-	-
PROFIT/(LOSS) BEFORE TAX		27,837	21,019	9,697
Income tax	Note 15	(6,242)	(4,138)	(2,460)
PROFIT/(LOSS) FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS		21,595	16,881	7,237
Attributable to minority interest (non-controlling interests)		(4,612)	(2,837)	(1,183)
Attributable to owners of the Parent		16,984	14,044	6,054
BASIC EARNINGS PER SHARE (euros):		565	467	201
DILUTED EARNINGS PER SHARE (euros):		565	467	201

Notes 1 to 20 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of financial position for financial years 2016 and 2015.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR FINANCIAL YEARS 2016, 2015 AND 2014.

(Thousands of euros)

	Notes	Financial year 2016	Financial year 2015	Financial year 2014
INCOME FROM INCOME STATEMENT (I)		21,595	16,881	7,237
OTHER COMPREHENSIVE INCOME:				
Income and expenses recognised directly in equity-				
Available-for-sale financial instruments		-	-	-
Investments accounted by using the equity method		(57)	(30)	(10)
Tax effect		-	-	-
Adjustment of Tax rate		-	-	-
Conversion differences		(23)	1	(16)
OTHER COMPREHENSIVE INCOME DIRECTLY ATTRIBUTED TO EQUITY (II)		(80)	(29)	(26)
TOTAL COMPREHENSIVE RESULT		21,515	16,852	7,211
Attributable to owners of the Parent		16,916	14,021	6,031
Attributable to minority interest (non-controlling interests)		4,599	2,830	1,180

The total income and expenses attributed directly to equity may be transferred to the income statement.

Notes 1 to 20 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of financial position for financial years 2016 and 2015.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR FINANCIAL YEARS ENDING 31 DECEMBER 2016, 31 DECEMBER 2015 AND 31 DECEMBER 2014

(Thousands of euros)

	Share capital	Legal Reserve	Other reserves	Profit for the year attributable to the Parent	Interim dividend	Valuation Adjustments	Equity attributable to the owners of the Parent	Non-controlling Interests	Total equity
Balances at 1 January 2014	**30**	**6**	**26,256**	**9,054**	**-**	**3**	**35,349**	**14,167**	**49,516**
Consolidated comprehensive income for 2014	-	-	-	6,054	-	(23)	6,031	1,180	**7,211**
Transactions with shareholders-									
Dividends paid	-	-	(4,000)	-	-	-	(4,000)	(373)	**(4,373)**
Change in the scope of consolidation	-	-	-	-	-	-	-	1,104	**1,104**
Other changes in equity-									
Distribution of profit	-	-	9,054	(9,054)	-	-	-	-	**-**
Other changes	-	-	30	-	-	(18)	13	(359)	**(346)**
Balances at 31 December 2014	**30**	**6**	**31,340**	**6,054**	**-**	**(38)**	**37,392**	**15,719**	**53,111**
Consolidated comprehensive income for 2015	-	-	-	14,044	-	(22)	14,021	2,830	**16,852**
Transactions with shareholders-									
Dividends paid	-	-	-	-	-	-	-	(2,160)	**(2,160)**
Change in the scope of consolidation	-	-	-	-	-	-	-	449	**449**
Other changes in equity-									
Distribution of profit	-	-	5,254	(6,054)	-	-	(800)	-	**(800)**
Other changes	-	-	(2,265)	-	-	21	(2,244)	2,229	**(15)**
Balances at 31 December 2015	**30**	**6**	**34,330**	**14,044**	**-**	**(40)**	**48,370**	**19,068**	**67,437**
Consolidated comprehensive income for 2016	-	-	-	16,984	-	(68)	16,916	4,599	**21,515**
Transactions with shareholders-									
Dividends paid	-	-	(2,600)	-	(4,800)	-	(7,400)	(4,196)	**(11,596)**
Change in the scope of consolidation	-	-	-	-	-	-	-	(61)	**(61)**
Other changes in equity-									
Distribution of profit	-	-	14,044	(14,044)	-	-	-	-	**-**
Other changes	-	-	(29)	-	-	-	(29)	-	**(29)**
Balances at 31 December 2016	**30**	**6**	**45,745**	**16,984**	**(4,800)**	**(108)**	**57,856**	**19,410**	**77,266**

Notes 1 to 20 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of changes in changes to net equity as at 31 December 2016, 2015 and 2014.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

AZORA ALTUS, S.A.
AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR FINANCIAL YEARS ENDING 31 DECEMBER 2016, 31 DECEMBER 2015 AND 31 DECEMBER 2014

(Thousands of euros)

	Notes	Financial year 2016	Financial year 2015	Financial year 2014
CASH FLOW FROM OPERATING ACTIVITY		**19,358**	**11,658**	**10,144**
Profit / loss before tax		**27,837**	**21,019**	**9,697**
Profit adjustments-		**61**	**(5,580)**	**1,641**
Depreciation and amortization charge and impairment losses recognized	Note 8, 9 and 10	1,107	861	531
Changes in fair value of investment property		3,303	(363)	837
Changes in provisions		22	571	100
Finance income		(300)	(264)	(274)
Finance cost		159	202	245
Net exchange differences		(81)	16	(31)
Gains or losses on disposal of non-current assets		-	-	16
Impairment and gains or losses on disposals of financial instruments		(272)	(408)	-
Income from companies carried by the equity method		(3,518)	(6,107)	217
Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method		(310)	-	-
Other income and expenses		(49)	(88)	-
Changes in working capital-		**(2,197)**	**(168)**	**3,157**
Inventories		(119)	(11)	7
Trade and other receivables		(3,502)	(870)	2,850
Other current assets		1	(33)	(33)
Trade and other payables		1,362	513	91
Other current assets		61	233	242
Cash flow from operating activity-		**(6,343)**	**(3,613)**	**(4,351)**
Interest paid		(129)	(192)	(245)
Interest received		484	264	112
Income tax paid		(6,698)	(3,685)	(4,218)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		**(5,792)**	**(8,500)**	**(10,674)**
Payments due to investment-		**(8,440)**	**(8,908)**	**(13,960)**
Intangible assets	Note 8	(1,886)	(266)	(5)
Property, plant and equipment	Note 9	(617)	(775)	(537)
Investment Property	Note 10	(8)	(12)	(8)
Other payments related to investing activities	Note 12	(4,313)	(7,748)	(10,640)
Other financial assets	Note 12	(1,616)	(107)	-
Group companies and associates		-	-	(2,770)
Proceeds from disposals-		**2,648**	**408**	**3,286**
Other financial assets		-	408	1,000
Other proceeds related to investment activities		2,648	-	2,286
CASH FLOWS FROM FINANCING ACTIVITIES		**(14,843)**	**(2,294)**	**(1,700)**
Proceeds and payments relating to financial liability instruments		**(14,843)**	**(2,294)**	**(1,700)**
Issue/(Repayment) of bank borrowings	Note 12	(3,246)	235	3,985
Issue/(Repayment) of borrowings to/from Group companies and associates		(1)	(1)	(1,685)
Cash inflows (outflows) due to changes in the scope of consolidation		-	296	-
Dividends and returns on other equity instruments paid		(11,596)	(2,960)	(4,000)
Proceeds (Payments) of other borrowings		-	136	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(1,277)**	**864**	**(2,230)**
Cash and cash equivalents at the beginning of the period		10,193	9,329	11,559
Cash and cash equivalents at the end of the period	Note 12	8,916	10,193	9,329

Notes 1 to 20 described in the attached consolidated Report and Annex I are an integral part of the consolidated statement of cash flow for financial years 2016 , 2015 and 2014.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

Azora Altus, S.A. (formerly Azora Altus S.L.)

Notes to the consolidated financial statements for the years ended 31 December 2016 and 2015 prepared in accordance with EU-IFRS

1. General information about the Group

Azora Altus, S.A. (formerly Azora Altus, S.L. and Subsidiaries (hereinafter, the Group or Azora Altus Group) form a consolidated group of companies whose main activity is developed in the real estate sector. The Parent Company of the Group is Azora Altus, S.A., a company incorporated in Spain for an indefinite period by means of a public deed granted on 4 November 2003 in accordance with the Spanish Corporations Act. On 31 January 2018, the Shareholders of the Company resolved to reorganise as a stock corporation, which resolution was entered in the Commercial Registry on 7 March 2018.

The corporate purpose of the Parent Company includes the performance of the following activities:

a) The promotion and development of companies through temporary participation in their capital, to direct and manage the shares of companies engaged in activities of a business nature, providing the corresponding organisation of personal and material means for this purpose.

b) The possession, sale and operation of real estate, whether rural properties or urban farms, may be tapped into any form or under any title, as well as the land urbanisation activities and the construction of real estate.

c) The own acquisition, possession, enjoyment and sale of transferable securities of fixed or variable income of all types of companies.

d) The own management of securities, assets and shares in all types of entities.

e) The performance of third parties' studies and economic and market reports and the management and advice of businesses and goods. The registered office is located in Madrid, C/ Serrano 30.

In the year beginning on 1 January 2013, the Parent Company agreed to use the tax consolidation regime as Parent Company, in the terms defined in the Consolidated Text of the Spanish Corporation Tax Law, approved by Royal Legislative Decree 4/2004, of 5 March. The subsidiaries of this tax group are Azora Capital, S.L. and Azora Gestión S.G.I.I.C, S.A. and Beach Guadalmina Playa Parque, S.L. (an investee company that has joined the tax group in 2016).

2. Bases for the presentation of the financial statements and consolidation principles

a) Bases for the presentation

The consolidated financial statements for the years ended 31 December 2016 and 2015 have been obtained from the accounting records of the Parent Company and its Subsidiaries.

Such consolidated financial statements have been drafted in accordance with the provisions of the International Financial Reporting Standards (IFRS) adopted by the European Union (EU-IFRS) in line with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and in the Board of 19 July 2002, effective 28 February 2016 and other provisions of the regulatory framework applicable to the Group (Note 4), so that they display the true image of the equity and the consolidated statements of financial position of Azora Altus Group as at 31 December 2016 and 2015 and the consolidated statement of profit or loss, consolidated statements of changes in equity and consolidated cash flows statements that have occurred in the Group in the periods ended on those dates.

These consolidated financial statements for the years ended 31 December 2016 and 2015 are the first that the Directors prepare in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS). For more information on how the Group has adopted the EU-IFRS please refer to Note 2.b).

The consolidated financial statements have been prepared according to the historical cost basis, except in the case of certain assets that are valued at their fair value at the end of each year, as explained in Note 4, which summarises the accounting principles and most significant valuation criteria applied in the preparation of the Group's consolidated financial statements.

The Parent Company's Directors have drafted these consolidated financial statements under the financial information regulatory framework established in the EU-IFRS, for the purpose of inclusion in an admission and registration document of securities in the event of possible listing on the Spanish continuous stock exchange market.

b) First implementation of International Financial Reporting Standards (EU-IFRS)

These consolidated financial statements for the financial years ended 31 December 2016 and 2015 are the first that the Group has prepared in accordance with the EU-IFRS. For all the previous periods, as well as for the financial years ended 31 December 2016 and 2015, the Group has prepared its financial statements in accordance with generally accepted accounting principles in Spain (PGC/NOFCAC).

The Group has prepared these consolidated financial statements that comply with EU-IFRS regulations applicable to the financial years ended 31 December 2016 and 2015, together with the data for the comparative financial year ended 31 December 2014, as described in the summary of the main accounting policies of the Group. In drafting the consolidated financial statements, the opening statement of financial position has been prepared on 1 January 2014, the date of transition of the Group to the EU-IFRS. This Note explains the main adjustments made by the Group to prepare its consolidated financial statements previously expressed in accordance with the accounting principles generally accepted in Spain, including the statement of financial position as at 1 January 2014.

Exemptions applied

IFRS 1 “Adoption of the International Financial Reporting Standards for the first time" requires companies to adopt EU-IFRS for the first time, the retroactively implementation of all EU-IFRS that are in force on the date of the last closing presented (31 December 2016 in the case of the Group). However, optional exemptions are allowed for some EU-IFRS requirements in certain areas, as well as certain compulsory exceptions to the retroactive implementation of EU-IFRS.

The Group has applied the following exemptions:

- It has been decided not to reconstruct applying IFRS principles (IFRS 3 "Business Combinations") to the acquisitions of subsidiaries that are considered businesses, as well as to the acquisition of interests in associated companies or joint ventures before 1 January 2014. The use of this exemption implies that the carrying amounts of assets and liabilities under PGC/NOFCAC, which must be recognised in accordance with EU-IFRS, are considered to be the cost attributed to the acquisition date. After the date of acquisition, they shall be accounted for in accordance with IFRS. Assets and liabilities that should not be recognised under EU-IFRS shall be derecognised from the opening consolidated financial position statement. The Group has not recognised or derecognised any amount previously recognised as a result of the recognition requirements of the EU-IFRS.

Estimates

The estimates as at 31 December 2016, 2015 and 2014 and 1 January 2014 are consistent with those made for the same dates according to the Spanish PGC/NOFCAC.

Reconciliation of consolidated financial statements

The reconciliation of the Group's consolidated financial statements as of the date of first implementation (1 January 2014) and 31 December 2014 is shown below:

Reconciliation of consolidated net equity as at 1 January 2014

ASSETS	Consolidated Annual Accounts 01/01/2014	IFRS application (1)	Groupings for EU-IFRS presentation	FI Consolidated under EU-IFRS	
	Thousands of euros				
NON-CURRENT ASSETS	**27,885**	**16,927**	**-**	**44,812**	**NON-CURRENT ASSETS**
Intangible assets	3,217			3,217	Intangible assets
Property, plant and equipment	209			209	Property, plant and equipment
Investment Property	11,627	14,543		26,170	Property investment
Investments accounted by using the equity method	-	14,511		14,511	Investments accounted by using the equity method
Financial assets	12,793	(12,683)		110	Non-current financial assets
Deferred tax assets	39	556		595	Deferred tax assets
CURRENT ASSETS	**23,175**	**-**	**-**	**23,175**	**CURRENT ASSETS**
Inventories	63			63	Inventories
Trade debtors and other	7,620	-	(325)	7,295	Trade and other receivables
Customers from sales and provision of services	7,173			7,173	
Other credits with Public Administrations	325		(325)	-	
Other debtors	122			122	
	0		325	325	Accounts receivable form public authorities
Financial investments in group companies and short-term associated comp	1,400	-	(1,400)	0	
Credit to companies	1,400		(1,400)	0	
Short-term financial investments	2,419	-	1,400	3,819	Other current financial assets
Credit to companies	-		1,400	1,400	
Securities representing short-term debt	506			506	
Other short-term assets	1,913			1,913	
Short-term accruals	115			115	Other current assets
Cash and other liquid assets	11,558			11,558	Cash and cash equivalents
TOTAL ASSETS	**51,060**	**16,927**	**-**	**67,987**	
LIABILITIES AND NET EQUITY					
TOTAL EQUITY	**37,303**	**12,214**	**-**	**49,516**	**TOTAL EQUITY**
Subscribed capital	30			30	Share capital
Legal reserve	6			6	Legal reserve
Other Parent Company reserves	7,574	5,607	13,075	26,256	Other reserves
Consolidation reserves	13,075		(13,075)	-	
Profit of the financial year attributed to the Parent Company	7,226	1,828		9,054	Profit for the year attributable to the Parent
Consolidated result for the financial year	8,279			8,279	
Result attributed to External Partners	(1,053)			(1,053)	
ADJUSTMENTS FOR CHANGES IN VALUE	-	3	-	3	Valuations adjustments
Other adjustments for changes in value	3	(3)		-	
Net equity attributable to the partners of the Parent Company	27,914	7,435	-	35,349	Equity attributable to the owners of the Parent
External partners	9,389	4,779	-	14,168	Non- controlling interests
NON-CURRENT LIABILITIES	**7,820**	**2,859**	**-**	**10,679**	**NON-CURRENT LIABILITIES**
Long-term debts	6,947		(291)	6,656	Non-current bank borrowings
	-		291	291	Other non-current financial liabilities
	-				Other non-current liabilities
Deferred tax liabilities	873	2,859		3,732	Deferred tax liabilities
CURRENT LIABILITIES	**5,937**	**1,855**	**-**	**7,792**	**CURRENT LIABILITIES**
Short-term debts	371	-	(54)	317	
Debts to credit institutions	317			317	Current bank borrowings
Creditors by financial leasing	7		(7)	-	
Other financial liabilities	47		(47)	-	
Debts with associated companies	188		(188)	-	
Trade creditors	4,872	1,855	62	6,789	Trade and other payables
Providers	117			117	Providers
	0		62	62	Customer advances
Various creditors	900			900	
Personal	403	1,855	-	2,258	
Current tax liabilities	1,993			1,993	
Other debts with Public Administrations	1,459			1,459	
	-		242	242	Other current financial liabilities
Short-term accruals	444			444	Other current liabilities
Customer advances	62		(62)	-	
TOTAL LIABILITIES AND NET EQUITY	**51,058**	**16,928**	**-**	**67,987**	

Reconciliation of consolidated net equity as at 31 December 2014

	Thousands of euros				
ASSETS	Consolidated Annual Accounts 31/12/2014	IFRS application (1)	Groupings for EU-IFRS presentation	FI Consolidated under EU-IFRS	
NON-CURRENT ASSETS	**40,677**	**15,553**	**-**	**56,230**	**NON-CURRENT ASSETS**
Intangible assets	3,593			3,593	Intangible assets
Property, plant and equipment	623			623	Property, plant and equipment
Investment Property	11,448	13,892		25,340	Property investment
Investments accounted by using the equity method	-	22,865		22,865	Investments accounted by using the equity method
Financial assets	24,933	(21,957)		2,976	Non-current financial assets
Deferred tax assets	80	753		833	Deferred tax assets
CURRENT ASSETS	**17,535**	**-**	**-**	**17,535**	**CURRENT ASSETS**
Inventories	56			56	Inventories
Trade debtors and other	4,682	-	(237)	4,445	Trade and other receivables
Customers from sales and provision of services	4,321			4,321	
Other credits with Public Administrations	237		(237)	-	
Personal	9			9	
Other debtors	115			115	
	0		237	237	Accounts receivable form public authorities
Financial investments in group companies and short-term associated comp	409	-	(409)	-	
Credit to companies	408		(408)	-	
Other financial assets	1		(1)	-	
Short-term financial investments	2,911	-	409	3,320	Other current financial assets
Credit to companies	2,770		409	3,179	
Securities representing short-term debt	-			-	
Other short-term assets	141			141	
Short-term accruals	148			148	Other current assets
Cash and other liquid assets	9,329			9,329	Cash and cash equivalents
TOTAL ASSETS	**58,212**	**15,553**	**-**	**73,765**	
LIABILITIES AND NET EQUITY					
TOTAL EQUITY	**42,354**	**10,833**	**- 76**	**53,111**	
Subscribed capital	30			30	Share capital
Legal reserve	6			6	Legal reserve
Other Parent Company reserves	23,163	7,436	741	31,340	Other reserves
Consolidation reserves	741		(741)	-	
Profit of the financial year attributed to the Parent Company	6,672	(618)		6,054	Profit for the year attributable to the Parent
Consolidated result for the financial year	8,170	101		8,271	
Result attributed to External Partners	(1,498)			(1,498)	
ADJUSTMENTS FOR CHANGES IN VALUE	-	-	(38)	(38)	Valuations adjustments
Conversion difference	(16)	54	(38)	-	
Other adjustments for changes in value	499	(499)		-	
Net equity attributable to the partners of the Parent Company	31,095	6,373	(76)	37,392	Equity attributable to the owners of the Parent
External partners	11,259	4,460		15,719	Non- controlling interests
NON-CURRENT LIABILITIES	**7,901**	**2,154**	**-**	**10,055**	
Long-term debts	6,719		(381)	6,338	Non-current bank borrowings
	-		381	381	Other non-current financial liabilities
Deferred tax liabilities	1,182	2,154		3,336	Deferred tax liabilities
CURRENT LIABILITIES	**7,958**	**2,640**	**1**	**10,599**	
Short-term provisions	101			101	Short-term provisions
Short-term debts	4,115	-	(127)	3,988	
Debts to credit institutions	3,988			3,988	Current bank borrowings
Other financial liabilities	127		(127)	-	
Debts with associated companies	3		(3)	-	
Trade creditors	3,061	2,640	67	5,768	Trade and other payables
Providers	138			138	Providers
	-		67	67	Customer advances
Various creditors	1,089			1,089	
Personal	404	2,640	-	3,044	
Current tax liabilities	877			877	
Other debts with Public Administrations	553			553	
	-		130	130	Other current financial liabilities
Short-term accruals	612			612	Other current liabilities
Customer advances	66		(66)	-	
TOTAL LIABILITIES AND NET EQUITY	**58,213**	**15,627**	**- 75**	**73,765**	

Reconciliation of the other consolidated global result for the year 2014

	Thousands of euros				
	Consolidated Annual Accounts 31/12/2014	IFRS application (1)	Groupings for EU-IFRS presentation	FI Consolidated under EU-IFRS	
Revenue	31,937	(278)		31,659	Revenue
Procurements	(2)			(2)	Procurements
Other operating income	1,231			1,231	Other operating income
Staff costs	(11,965)	(609)		(12,574)	Staff costs
Other operating expenses	(9,177)	101		(9,076)	Other operating expenses
Amortisation	(716)	185		(531)	Depreciation and amortization charge and impairment losses recognized
Impairment and profit from disposal of property, plant and equipment	(16)			(16)	Gains or losses on disposals of non-current assets
Variation in fair value of property investment	-	(837)		(837)	Changes in value of investment property
PROFIT FROM OPERATIONS	**11,292**	**(1,438)**	-	**9,854**	
Finance income	274			274	Finance income
Finance cost	(245)			(245)	Finance cost
Net exchange differences	31			31	Net exchange differences
Income from companies carried by the equity method	-	(217)		(217)	Income from companies carried by the equity method
PROFIT/ (LOSS) BEFORE TAX	**11,352**	**(1,655)**	-	**9,697**	
Income tax	(3,182)	722		(2,460)	Income tax
PROFIT/(LOSS) FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS	**8,170**	**(933)**	-	**7,237**	
Attributable to minority interest (non-controlling interests)	(1,498)	315		(1,183)	Attributable to minority interest (non-controlling interests)
ATTRIBUTABLE TO OWNERS OF THE PARENT	**6,672**	**(618)**	-	**6,054**	Attributable to owners of the Parent

The main differences between the consolidated annual accounts of Azora Altus Group formulated in accordance with PGC/NOFCAC and these consolidated financial statements under EU-IFRS, as shown in the previous breakdowns, are as follows:

- In accordance with IAS 20 "Accounting for government grants and disclosures about government subsidies", the Group has reclassified the balance of the heading related to grants, donations and endowments, previously recorded in net equity under PGC/NOFCAC, on the heading Other non-current liabilities under non-current liabilities of the financial position statement with the subsequent financial impact in the Deferred tax liabilities heading.

- In accordance with IAS 40 "Investment properties", the Group has determined the fair value of the property investment elements so that, at the end of the year, the fair value reflects the market conditions of the investment property elements as of said date. This fair value is established annually, taking the valuations carried out by independent experts as reference values (see note 10).

- Pursuant to IAS 28, the Group has reassessed its capacity to significantly influence the companies in which it holds ownership interests of less than 20%, is represented on the Board of Directors of such companies by parties tied to the Group and, at the same time, has management agreements in place with said associates. As a result of this difference, all these associates are now consolidated according to the equity method, thus making the Group's valuation methods uniform.

The rest of the consolidated financial statements do not present significant changes arising from the implementation of the EU-IFRS.

In the context of the first implementation of the EU-IFRS, certain items have been grouped to facilitate their understanding.

c) International Financial Reporting Standards (EU-IFRS) and interpretations issued in force

The following rules, amendments of rules and interpretations have entered in force at the time of preparation of these consolidated financial statements, which have been used by the Group in the preparation of these consolidated financial statements, where applicable:

Rules, Modifications and Interpretations	**Description**	**Compulsory application in financial years starting from:**
Modification to IFRS 7 Disclosure initiative	It introduces additional disclosure requirements in relation to the reconciliation of the movement of financial liabilities with the cash flows of financing activities.	01 January 2017
Modification to IAS 12 Recognition of deferred tax assets for unrealised losses	Clarification of the principles established with respect to the recognition of deferred tax assets for unrealised losses in relation to debt instruments measured at fair value.	01 January 2017

Rules not in force in financial year 2017

The following rules were not in force in financial year 2017, either because their effective date is later than the date of the consolidated financial statements or because they were not adopted by the European Union:

Rules, Modifications and Interpretations	**Description**	**Compulsory application in financial years starting from:**
IFRS 16 Leases (published in January 2016)	It shall replace IAS 17 and the associated interpretations. The main novelty lies in a single accounting model for lessees, which shall include all leases in the consolidated statement of financial position (with limited exceptions) with an impact similar to that of current financial leases (there shall be a depreciation of the asset for the right of use and financial expenses due to the cost for the depreciated cost of the liability).	01 January 2019
IFRS 9 Financial instruments (published in July 2014)	This new standard shall replace the current IAS 39. IFRS 9 consists of three main sections: classification and valuation, hedges and impairment. It modifies the classification and valuation model for financial assets whose backbone shall be the business model and the characteristics of the financial asset. The hedge accounting model approach seeks to align more with economic risk management and require fewer regulations. And finally, the impairment model goes from the current incurred losses to an expected loss model.	01 January 2018
IFRS 15 Revenue from contracts with customers (published in May 2014) including the amendments to IFRS 15: effective date of IFRS 15 (published in September 2015) and clarifications to IFRS 15 (published in April 2016)	It shall replace all current regulations and current interpretations on revenue. The new IFRS 15 model is much more restrictive and based on regulations, in addition to having a very different conceptual approach, so that the implementation of the new requirements can lead to important changes in the income profile.	01 January 2018
Modification to IFRS 4 Insurance Contracts	It enables entities, within the scope of IFRS 4, the option to apply IFRS 9 ("overlay approach") or its temporary exemption.	01 January 2018

Rules, Modifications and Interpretations	Description	Compulsory application in financial years starting from:
IFRS 17 Insurance contracts (published in May 2017)	Replaces IFRS 4. It includes the principles of registration, valuation, presentation and disclosure of insurance contracts.	01 January 2021 (1)
Amendment to IFRS 9 Prepayment features with negative compensation (published in October 2017)	The amendment enables companies to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specific condition is met rather than doing so at fair value through profit or loss.	01 January 2019 (1)
Amendment to IAS 28 Long-Term Interests in Associates and Joint Ventures (published October 2017)	The amendment clarifies that companies account for long-term interests in a joint venture or associate to which the equity method is not applied using IFRS 9.	01 January 2019 (1)
IFRIC 23 Uncertainty over income tax treatments (published in June 2017)	This interpretation clarifies how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty about the acceptability by the tax authority of a particular tax treatment used by the entity.	01 January 2019 (1)
IFRIC 22 Foreign currency transactions and advances (published December 2016)	This interpretation establishes the "transaction date" for the purpose of determining the exchange rate applicable in with advances in foreign currency.	01 January 2018 (1)
Amendment to IFRS 2 Classification and measurement of share-based payments (published in June 2016)	These are narrow-scope amendments clarifying specific issues such as the effects of the conditions for accrual on share-based payments to be settled in cash, the classification of share-based payments when they have net settlement clauses and some aspects of changes in the type of share-based payment (cash or shares).	01 January 2018
Improvements to IFRS Standards 2014-2016 Cycle (published in December 2016)	Minor amendments to a number of rules (various effective dates, one of which is 1 January 2017).	01 January 2018 (1)
Amendment to IAS 40 Transfers of investment property (published December 2016)	The amendment clarifies that a transfer of an investment to or from an investment property is only permitted when there is evidence of a change in use.	01 January 2018 (1)

(1) Pending their adoption by the European Union

The Directors of the Parent Company have evaluated the potential impacts of the future application of these standards and estimate that the application of many of these standards, amendments and interpretations will not have a significant impact on the consolidated financial statements in the initial application period.

The effect of the application of IFRS 15, IFRS 9 and IFRS 16 is broken down below:

IFRS 15: Revenue from contracts with customers

IFRS 15 is the comprehensive standard for the recognition of revenue with customers, which shall replace the following regulations and interpretations currently in force: IAS 18 Revenue from ordinary activities, IAS 11 Construction contracts, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue-barter transactions involving advertising services.

The new requirements may give rise to changes in the Group's current revenue profile, since these must be recognised in such a way that the transfer of promised goods or services to customers is shown at an amount that reflects the compensation to which the Group expects to have the right to change said goods or services. Specifically, it establishes an income recognition approach based on five steps:

- Step 1: Identifying the contract or contracts with a customer
- Step 2: Identifying the obligations of the contract
- Step 3: Determining the price of the transaction
- Step 4: Distributing the price of the transaction among the obligations of the contract
- Step 5: Recognising income when (or as) the entity complies with each of the obligations

The Group recognises income derived primarily from the management and administration of real estate assets activity as described in Note 16.

The Group's management has assessed that the estate agency management and administration service represents a single performance obligation and the revenue shall be recognised when the control of the services described above is transferred to the client.

In accordance with IFRS 15, the Group requires that the transaction price be assigned to performance obligations based on their respective independent sales prices, instead of the current residual value. This situation shall not have any impact regarding the current revenue recognition when a single compliance obligation is identified, that is, the management and administration of real estate assets and, additionally, the price of the transaction shall be the same as the independent sale price of the service in question.

The time of revenue recognition of the single performance obligation is expected to be consistent with current practice.

The Group intends to retroactively apply IFRS 15, without restating comparative information.

In addition to providing more extensive disclosures about the Group's income transactions, the management team does not expect the application of IFRS 15 to have a significant impact on the Group's financial and performance situation.

<u>IFRS 9: Financial instruments</u>

IFRS 9 shall replace IAS 39 from the year beginning on 1 January 2018. There are very significant differences with the current recognition and valuation standard of financial instruments, the most significant being:

- Debt investments that are maintained within a business model whose objective is to obtain contractual cash flows that consist exclusively of principal and interest payments, in general, shall be valued at amortised cost. When such debt instruments are kept within a business model whose objective is achieved by obtaining contractual principal and interest cash flows and the sale of financial assets, in general, they shall be measured at fair value with changes in other comprehensive income. All other debt and equity investments shall be measured at their fair value with changes in profit or loss. Nevertheless, the Group may irrevocably choose to present in the "Other comprehensive income" the subsequent changes in the fair value of certain investments in equity instruments and, in general, - in this case - just the dividends shall be subsequently recognised in the result.
- With respect to the assessment of financial liabilities designated optionally in the fair value category with changes in results, the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk itself must be presented in the "Other comprehensive result", unless this creates or increases an accounting mismatch in the result, and it shall not be reclassified subsequently to the consolidated statements of profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires the application of a model based on the expected loss, against the model of IAS 39 structured on the loss incurred. Under this model, the Group shall account for the expected loss, as well as changes thereof at each presentation date, to reflect the changes in credit risk from the date of initial recognition. In other words, it is no longer necessary for an impairment event to occur before recognising a credit loss.

The Group's intention is to implement IFRS 9 retroactively without restating the comparative information. Based on an analysis of the financial assets and liabilities of the entity as at 31 December 2016, based on the facts and circumstances existing as of such date, the Group's management team has carried out a preliminary assessment of the effect of IFRS 9 on the consolidated financial statements, as indicated below:

Classification and valuation

Assets classified as held-to-maturity investments and accounts receivable at depreciated cost, the amounts of which are detailed in Note 12, are kept within a business model whose objective is to collect contractual cash flows that are only principal payments and interest on the outstanding principal. Thus, these financial assets shall continue to be valued at depreciated cost in accordance with the implementation of IFRS 9.

All other financial assets and financial liabilities shall continue to be measured on the same basis currently adopted with IAS 39.

Impairment

The amounts pending collection from customers shall be subject to the provisions of IFRS 9 regarding impairment.

The Group expects to apply the simplified approach to recognise the expected credit loss over the life of its outstanding amounts from customers resulting from transactions under IFRS 15.

The management team considers that credit risk is low since, historically, no significant insolvency situations that must be evidenced have been detected. Therefore, the management team, in its preliminary estimate, considers that there shall be no additional provisions required by the entry into force of the standard.

IFRS 16 Leases

IFRS 16 will enter in force in 2019 and will replace IAS 17 and its current related interpretations. The change involved in this rule is based in the fact that there will be a single accounting model for lessees that will include all leases on the consolidated statement of financial position (with limited exceptions) with an effect similar to that of current financial leases. Accounting by the lessor will continue to be similar to that under the current rule, meaning that the lessor continues classifying its leases as financial or operating leases.

IFRS 16 also includes a number of requirements for breakdowns that will be provided in one single separate note or section of the financial statements, designed to comply with the overall goal of providing sufficient information to determine the basis for evaluation of the effect that the leases have on the financial position of an entity, its results and cash flow.

The management of the Group is evaluating what the total effect of the application of IFRS 16 will be on the consolidated financial statements. IAS 17 does not require acknowledgement of any asset or liability by right of use for future payments on these leases; instead, certain information is indicated as operating lease agreements in note 13 of the consolidated notes. It is expected that the new IFRS 16 requirements will not entail a significant impact on the balances entered in the consolidated financial statements of the Group.

Management does not intend to apply this rule in advance, and as at this date has not decided on the option that it would apply on the transition date.

d) Functional and presentation currency

The euro is the currency in which the consolidated financial statements are presented, since it is the functional currency in the environment in which the Group operates.

The Group's consolidated financial statements are presented in thousands of euros, which is the Group's presentation and functional currency. Other transactions, in currencies other than the functional currency, are considered foreign currency transactions.

e) Data comparison

As required by IAS 1 "Presentation of Financial Statements", the information contained in these consolidated financial statements relating to 2016 and 2015 is presented for comparison purposes with the data relating to 2014. As described in Note 2.b), in preparing the consolidated financial statements, the opening statement of financial position was prepared on 1 January 2014, the Group's date of transition to the EU IFRS.

These are the first years in which the Parent Company voluntarily prepares consolidated financial statements under the IFRS. The 2014 consolidated financial statements are included for comparison purposes only, and have also been prepared in accordance with the EU IFRS in a manner consistent with those applied in 2016 and 2015. However, they were not prepared by the directors and were not audited.

There have been no changes in the accounting criteria affecting 2016 and 2015. In addition, there have been no corrections of errors relating to prior years, nor have there been any changes in the accounting estimates affecting those years or that may affect future years.

f) Responsibility for the information and estimates made

The information in these consolidated financial statements is the responsibility of the Parent Company's Directors.

In the Group's consolidated financial statements for 2016 and 2015, estimates made by management and subsequently ratified by its directors have occasionally been used to quantify some of the assets, liabilities, income, expenses and commitments recorded therein. Basically, these estimates relate to:

1. The market value of the net assets acquired in business combinations (see Note 4.1).
2. The market value of the Group's an associates' real estate assets (see Note 4.5). The Group obtained valuations from independent experts at 31 December 2016, 2015 and 2014.
3. Market value of certain assets and financial instruments (see Note 4.7).
4. Useful life and amortisation of tangible and intangible assets (see Notes 4.2 and 4.3).
5. Impairment of tangible and intangible assets (see Note 4.4).
6. Calculation of provisions and contingencies (see Note 4.10).
7. Financial risk management (see Note 5).

Changes in estimates:

Although these estimates have been made on the basis of the best information available at 31 December 2016 and 2015 on the events analysed, it is possible that future events may require them to be modified (upwards or downwards) in future years; this would be done, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", that is, by prospectively recognising the effects of the change in estimates on the corresponding consolidated statements of profit or loss for the years concerned.

g) Consolidation principles applied

Consolidation has been carried out by the global integration method for all those companies over which there is the capacity to exercise effective control by having a majority of votes on their representative and decision-making bodies and the power to direct the financial and operating policies of the entity; and by applying the equity method, in the applicable cases, when a significant influence is exercised but the majority of votes are not held, the participation being greater than 20%,or less that 20% but that presupposes that there is significant influence due to have representation on the Boards and to be involved in the associate's management. (See Note 11). For investments in which the Group's interests are higher than 20%, the degree of control exercised by the Group over such investments shall be assessed, given that the ownership interest percentage is not deemed relevant, but rather the degree of control over such entities.

In order to standardise the accounting principles and criteria of the Group companies and those associated with those of the Parent Company, certain standardisation adjustments have been made, including the application of the International Financial Reporting Standards criteria to all Group companies an associates.

No temporary standardisation adjustment was necessary since the closing date of all Group an associated companies is 31 December of each year.

h) Subsidiary enterprises

Subsidiary entities are deemed to be those where the Parent exercises control, directly or indirectly through subsidiary ones. The Parent controls a subsidiary entity when its involvement in it exposes it or entitles it to variable returns and has the ability to influence such returns by virtue of the power that it exercises over it. The Parent has such power when it holds substantive rights in force that provide it with the ability to direct the relevant activities. The Parent is exposed to or is entitled to variable returns from its involvement in the subsidiary entity when the returns it obtains from such involvement may vary depending on the economic development of the entity.

The financial statements of subsidiary companies are consolidated with those of the Parent by applying the full consolidation method. Consequently, all significant balances and effects of transactions carried out between consolidated companies have been eliminated in the consolidation process.

The shares of third parties in the Group's equity and income are presented in the "Non-controlling interests" chapters in the consolidated statement of financial position, in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income, respectively.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated statements of profit or loss from the effective date of acquisition or up to the effective date of disposal, as the case may be.

i) Associated companies

Associated entities are those over which the Parent Company has the capacity to exercise significant influence without effective control or joint management. Usually, this capacity is manifested in a stake (direct or indirect) equal to or greater than 20% of the voting rights of the investee.

Likewise, it is considered that there is significant influence in the investments held by the Group with a percentage of participation of less than 20% based on the following:

- Representation on the Boards of Directors of these companies of people linked to it, and
- The Group maintains active Management Contracts with these investees.

In the consolidated financial statements, the associates are valued by the "equity method"; that is, by the fraction of their equity that represents the Group's share in its capital, once the dividends received from them and other equity eliminations are considered. In the case of transactions with an associate, the corresponding losses or gains are eliminated in the percentage of the Group's participation in its capital, less any impairment of the value of the individual shares.

Any excess of the acquisition cost with respect to the part of the fair values of the identifiable net assets of the associated company attributable to the Group at the acquisition date is recognized as goodwill. Any deficiency in the acquisition cost with respect to the portion of the fair values of the identifiable net assets of the associated company that the Group owns on the date of acquisition is recognized in profit or loss in the acquisition period.

If, as a result of the losses incurred by an associated entity, its equity is negative, it would be shown as a zero in the consolidated financial statement sheet of the Group, unless there is an obligation on the part of the Group to support it financially.

Note 11 of these consolidated financial statements details the associated companies included in the consolidation, as well as the relevant information related thereto.

j) Transactions between Group companies

In transactions between consolidated companies, the results from internal transactions are eliminated and deferred until realised vis-à-vis third parties outside of the Group. The work done by the Group for its own fixed assets is recognised at production cost and intragroup gain or loss is eliminated. The consolidated financial statements have eliminated the debits and credits between companies included in the consolidated whole, as well as the internal income and expenses in that whole.

k) Conversion of currency other than the euro

The conversion to thousands of euros for foreign businesses was done applying the following criteria:

1. Assets and liabilities, including goodwill and adjustments to net assets arising from the acquisition of businesses, including comparative balances, are converted at the closing exchange rate on the date of each consolidated statement of financial position;

2. The consolidated statement of profit or loss has been converted by applying the average exchange rate for the year; and

3. Exchange differences resulting from the application of the above criteria are recognised as equity conversion differences.

In the presentation of the consolidated statement of cash flows, the cash flows, including comparative balances, of the subsidiary entities are converted into thousands of euros at the exchange rates prevailing on the date when they occurred.

Conversion differences related to foreign businesses, recognised in equity, are recognised in the consolidated statements of profit or loss when these businesses are disposed of or when the Group ceases to have control over them.

l) First-time consolidation differences

At the date of an acquisition, the assets and liabilities of a subsidiary company are measured at their fair values at the acquisition date. Any excess cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. When there is a discrepancy between the acquisition cost and the fair values of the identifiable net assets acquired (that is, a discount on the acquisition), the valuations of the net assets are reviewed and, as the case may be, such discrepancy is allocated to income in the acquisition period.

m) Consolidation perimeter

The following changes in the Group's scope of consolidation occurred during 2016, 2015 and 2014.

Changes in the scope of consolidation during 2016

In 2016 there have been no changes in the scope of consolidation. However, on 18 March 2016, the management bodies of Residencias de Estudiantes, S. A. and RESA Bail, S.L.U., drafted a merger plan for Residencias de Estudiantes, S. A. (absorbing company) and RESA Bail, S.L.U. (absorbed company) that was approved in the respective General and Universal Shareholders' Meetings of 16 June 2016. As a result of the merger, the entire assets of the absorbed company were transferred, as a block, to Residencias de Estudiantes, S.A. (absorbing company) by way of universal succession, and Residencias de Estudiantes, S.A. was subrogated to all of the rights and obligations of the absorbed company. The Merger Plan established 1 January 2016 as the date as of which the transactions carried out by the absorbed company would be deemed to have been carried out for accounting purposes for the company Residencias de Estudiantes, S.A.

Regarding the share held in Residencias de Estudiantes, S.A., the company Lazora Sociedad de Inversión Inmobiliaria, S.A. has an option to buy signed on 16 December 2011, with its value being zero as at the close of financial years 2016 and 2015.

At 31 December 2016, the group's scope of consolidation is as follows:

Company	Address	% shareholding Direct	% shareholding Indirect (*)	Consolidation Method
Azora Altus, S.A.	Spain	-	-	Parent
Azora Capital, S.L.	Spain	75%	-	Global
Colón Viviendas, SOCIMI, S.A.	Spain	65%	-	Global
Azora Inversiones Uno, S.L.	Spain	100%	-	Global
Azora Inversiones Dos, S.L.	Spain	100%	-	Global
Beach Guadalmina Playa Parque Sol, S.L.	Spain	88.63%	-	Global
Azzam Gestión Inmobiliaria, S.L.U.	Spain	-	51%	Global
Azzam Vivienda, S.L.U.	Spain	-	100%	Global
Azora Gestión S.G.I.I.C., S.A.	Spain	-	100%	Global
Sazora Investments AB.	Sweden	-	66.7%	Global
Azora International Management, SP Z.o.o.	Poland	-	100%	Global
Minaya, SP Z.o.o.	Poland	-	100%	Global
Residencias de Estudiantes, S.A.	Spain	-	75%	Global
Lazora S.I.I, S.A.	Spain	1.26%	-	Stake
Azora Europa I, S.A.	Spain	1.25%	-	Stake
EnCampus Residencia de Estudiantes, S.A.	Spain	7.65%	-	Stake
Carey Cologne Value Added GmbH & CO	Germany	5.10%	-	Stake
Encasa Cibeles, S.L.	Spain	2.05%	-	Stake
Hispania Activos Inmobiliarios, SOCIMI, S.A.	Spain	1.072%	-	Stake
Carey Value Added, S.L.	Spain	7.23%	-	Stake

(*) % of direct shareholding through subsidiaries (see Annex I)

Changes in the scope of consolidation during 2015

On 21 May 2015, the subsidiary company Azzam Gestión Inmobiliaria, S.L., acquired from Confide Estudiantes, S.L., 160 shares with a par value of 150 euros each, corresponding to 8% of the share capital of the subsidiary Residencias de Estudiantes, S.A., to hold 75% of the share capital of Residencias de Estudiantes, S.A. The aforementioned transaction led to a reduction of 203 thousand euros in external shareholders.

On 29 December 2015, the Parent acquired 714 shares of Beach Guadalmina Playa Parque del Sol, S.L., corresponding to 86.85% of its share capital, for a total amount of 2,558 thousand euros. The corporate purpose of this company is to own and operate the facilities of a beach club located in Guadalmina (Malaga).

Without taking into account the change in the scope of consolidation, in 2015, the Extraordinary Universal General Shareholders' Meeting of Azzam Gestión Inmobiliaria, S.L., approved an increase in share capital of 4 thousand euros by creating 4,000 new shares with a par value of 1 euro each and a share premium of 546 thousand euros. This capital increase was subscribed in its entirety by means of a monetary contribution from the shareholders. Azora Capital, S.L., paid out 280 thousand euros for 2,040 shares with a par value of one euro and 278 thousand euros as share premium. Larcovi Alquila, S.L. paid out 270 thousand euros for 1,960 shares with a par value of one euro and 268 thousand euros as share premium. This transaction resulted in an increase of 270 thousand euros in external shareholders.

At 31 December 2015, the scope of consolidation of the group was as follows:

Company	Address	% shareholding Direct	% shareholding Indirect (*)	Consolidation Method
Azora Altus, S.A.	Spain	-	-	Parent
Azora Capital, S.L.	Spain	75%	-	Global
Colón Viviendas, SOCIMI, S.A.	Spain	65%	-	Global
Azora Inversiones Uno, S.L.	Spain	100%	-	Global
Azora Inversiones Dos, S.L.	Spain	100%	-	Global
Beach Guadalmina Playa Parque Sol, S.L.	Spain	86.85%	-	Global
Azzam Gestión Inmobiliaria, S.L.U.	Spain	-	51%	Global
Azzam Vivienda, S.L.U.	Spain	-	100%	Global
Azora Gestión S.G.I.I.C., S.A.	Spain	-	100%	Global
Sazora Investments AB.	Sweden	-	66.7%	Global
Azora International Management, SP Z.o.o.	Poland	-	100%	Global
Minaya, SP Z.o.o.	Poland	-	100%	Global
Residencias de Estudiantes, S.A.	Spain	-	75%	Global
Resa Bail, S.L.U.	Spain	-	100%	Global
Lazora S.I.I, S.A.	Spain	1.26%	-	Stake
Azora Europa I, S.A.	Spain	1.25%	-	Stake
EnCampus Residencia de Estudiantes, S.A.	Spain	7.65%	-	Stake
Carey Cologne Value Added GmbH & CO	Germany	5.10%	-	Stake
Encasa Cibeles, S.L.	Spain	2.05%	-	Stake
Hispania Activos Inmobiliarios, SOCIMI, S.A.	Spain	0.999%	-	Stake
Carey Value Added, S.L.	Spain	10.79%	-	Stake

(*) % of direct shareholding through subsidiaries (see Annex I)

Changes in the scope of consolidation during 2014

In 2014 the companies Azora Inversiones Uno, S.L.U., and Azora Inversiones Dos, S.L.U., were formed with share capital of 3 thousand euros each fully paid in by the Parent. The corporate purpose of both is the promotion and development of enterprises through temporary participation in their capital.

In 2014 Azzam Gestión Inmobiliaria, S.L., was formed with a share capital of 3thousand euros fully paid in by Azora Capital, S.L. Its corporate purpose is the holding and management of stakes in other companies.

On 23 December 2014 Azzam Gestión Inmobiliaria, S.L., carried out the following capital increases:

a) An increase in the share capital in the amount of 60 euros by the creation of 60 new corporate shares with a par value of one euro each and a share premium of 1,420 thousand euros. The majority shareholder, Azora Capital, S.L., took part in the capital increase by contributing the 1,020 shares it held in Residencias de Estudiantes, S.A., representing 51% of its share capital.

b) An increase in the share capital in the amount of 2,940 euros by the creation of 2,940 new corporate shares with a par value of one euro each and a share premium of 1,364 thousand euros. This capital increase was subscribed to in its entirety by Larcovi Alquila, S.L.U., through two non-monetary contributions:

    - One of the 1,800 shares that it held in the company Azzam Vivienda, S.L. (formerly "Campo de Bidasoa, S.L.U."), representing 100% of its share capital;

    - Another of 320 shares that Larcovi Alquila, S.L.U., held in the company Residencias de Estudiantes, S.A., representing 16% of the share capital of the latter company.

Thus, at 31 December 2014, Azora Capital, S.L., held 51% of the share capital of Azzam Gestión Inmobiliaria, S.L., and 67% of the share capital of Residencias de Estudiantes, S.A. This change in the scope of consolidation led to an increase of 782 thousand euros in external shareholders.

During 2014 Azora Gestión América, S. de R.L. de C.V., and Siresa Sapientiae, S.A., were liquidated and removed from the scope of consolidation.

At 31 December 2014, the scope of consolidation of the group was as follows:

Company	Address	% shareholding Direct	% shareholding Indirect (*)	Consolidation Method
Azora Altus, S.A.	Spain	-	-	Parent
Azora Capital, S.L.	Spain	75%	-	Global
Colón Viviendas, SOCIMI, S.A.	Spain	65%	-	Global
Azora Inversiones Uno, S.L.	Spain	100%	-	Global
Azora Inversiones Dos, S.L.	Spain	100%	-	Global
Azzam Gestión Inmobiliaria, S.L.U.	Spain	-	51%	Global
Azzam Vivienda, S.L.U.	Spain	-	100%	Global
Azora Gestión S.G.I.I.C., S.A.	Spain	-	100%	Global
Sazora Investments AB.	Sweden	-	66.7%	Global
Azora International Management, SP Z.o.o.	Poland	-	100%	Global
Minaya, SP Z.o.o.	Poland	-	100%	Global
Residencias de Estudiantes, S.A.	Spain	-	51%	Global
Resa Bail, S.L.U.	Spain	-	100%	Global
Lazora S.I.I, S.A.	Spain	1.23%	-	Stake
Azora Europa I, S.A.	Spain	1.35%	-	Stake
EnCampus Residencia de Estudiantes, S.A.	Spain	7.65%	-	Stake
Carey Cologne Value Added GmbH & CO	Germany	5.10%	-	Stake
Encasa Cibeles, S.L.	Spain	2.05%	-	Stake
Hispania Activos Inmobiliarios, SOCIMI, S.A.	Spain	1.5%	-	Stake

(*) % of direct shareholding through subsidiaries (see Annex I)

n) Remuneration on shares

At the end of the year of 31 December, 2017 there is no action plan on shares of Azora Altus, S.A.

o) Remuneration of Senior Management

The remuneration of the members of Senior Management of the Parent Company and persons performing assimilated functions (Note 17.3) is charged on an accrual basis, with the corresponding provision being recorded at the end of the year if the amount had not been paid.

3. Distribution of the income of the Parent

The proposals for the distribution of income for 2016, 2015 and 2014 made by the Parent's directors and approved by the General Shareholders' Meeting are as follows:

	Thousands of euros		
	2016	**2015**	**2014**
Interim dividend	4,800	-	-
Supplementary dividend	2,000	-	-
Dividends	-	2,600	800
Voluntary reserves	5,104	2,725	855
Total	**11,904**	**5,325**	**1,655**

During 2016 the Board of Directors of the Company resolved to distribute an interim dividend at its meeting held on 27 December 2016, amounting to 4,800,000 euros, which is recorded under the "Interim dividend" heading in the accompanying consolidated statement of financial position. This dividend had been fully paid as of the end of 2016.

The provisional accounting statement prepared in accordance with legal requirements that demonstrated the existence of sufficient liquidity at 23 December 2016 for the distribution of the dividend was as follows:

	Thousands of euros
	Provisional Accounting Statement Prepared on 23 December 2016
Profit before tax	**11,484**
Corporate income tax provision	(60)
Profit after tax	**11,424**
Allocation to legal reserve	-
Maximum amount to be distributed	11,424
Amount proposed for distribution	4,800
Cash and cash equivalents (*)	**7,962**

(*) Includes existing balance available at credit institutions.

4. Valuation rules

The main valuation rules, principles and accounting policies applied in preparing the consolidated financial statements for 2016 and 2015, which comply with the IFRS currently in force, are as follows:

4.1 Goodwill and business combinations

The acquisition by the Parent of the control of a subsidiary constitutes a combination of businesses to which the acquisition method will be applied. In subsequent consolidations, the elimination of the investment-net equity of the subsidiaries will generally be carried out based on the values resulting from applying the acquisition method described below on the control date.

The business combinations are accounted for by applying the acquisition method for which the acquisition date is determined and the cost of the combination is calculated, recording the identifiable assets acquired and the liabilities assumed at their fair value referenced on that date.

The goodwill or the negative difference of the combination is determined by the difference between the fair values of the recorded assets acquired and liabilities assumed and the cost of the combination, all applicable to the acquisition date.

The cost of the combination is determined by the aggregation of:

- the fair values on the date of acquisition of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued;

- the fair value of any contingent consideration that depends on future events or on compliance with predetermined conditions.

Expenses related to the issue of equity instruments or financial liabilities provided in exchange for the acquired elements are not part of the cost of the combination.

Also not part of the cost of the combination are the fees paid to legal advisers or other professionals who have been a party to the combination or, of course, the expenses incurred internally by these items. These amounts are directly allocated to the consolidated statements of profit or loss.

If the business combination is carried out in stages, such that prior to the acquisition date (date of takeover) there was a prior investment, the goodwill or negative difference is obtained by the difference between:

- the cost of the business combination, plus the fair value on the acquisition date of any prior investment of the purchasing company in the acquired company, and,

- the value of the identifiable assets acquired minus the value of the liabilities assumed, determined in accordance with that indicated above.

Any profit or loss that arises as a result of the valuation at fair value on the date on which control is obtained of the prior investment existing in the acquired company, will be recorded on the consolidated statements of profit or loss . If, prior to the investment in this invested company, it has been valued at its fair value, the valuation adjustments pending allocation to the profits of the financial year will be transferred to the consolidated statements of profit or loss. Additionally, it is presumed that the cost of the business combination is the best point of reference to estimate the fair value on the acquisition date of any prior investment.

The goodwill arising from the acquisition of companies with a functional currency other than the euro will be valued in the functional currency of the acquired company, carrying out the conversion to euros at the exchange rate in force on the date of the consolidated statement of financial position.

Goodwill is not amortised. However, with an annual frequency or as soon as there are signs of a potential loss of asset value, we analyse whether there is value impairment of those cash-generating units and, if there is, it undergoes an impairment test in accordance with the methodology indicated hereafter. As a result, where appropriate, the corresponding value correction is then recorded.

Valuation adjustments due to impairment recognised in the goodwill are not subject to reversal in subsequent financial years.

In the exceptional event that there is a negative different in the combination, it will be allocated to the consolidated statements of profit or loss as income.

If, on the date of the end of the year in which the combination takes place, it is not possible to conclude the valuation processes necessary to apply the acquisition method described above, this posting will be considered provisional, it being possible to adjust these provisional values in the period necessary in order to obtain the required information that, under no circumstances, will be greater than one year. The effects of the adjustments made in this period will be accounted for retroactively by modifying the comparative information should the need arise.

The subsequent changes in the fair value of the contingent consideration are adjusted against profits, unless that consideration has been classified as equity, in which case the subsequent changes to its fair value are not recognised.

If, subsequent to obtaining control, there are share sales or purchase transactions of a subsidiary without loss thereof, the impacts of these transactions with no change in control will be recorded as equity and the amount of consolidated goodwill will not be modified.

4.2 *Intangible assets*

Intangible assets are recorded at their acquisition price or production cost. Subsequently, they are valued at their cost minus the corresponding accumulated amortisation and, where appropriate, minus the impairment losses it experiences in accordance with the criterion indicated previously in this section.

Intangible asset

The section "Intangible assets" includes the valuation of current management contracts acquired in business combinations, which include the estimates of net future cash flows discounted at a market discount rate (see Note 8). The amortisation period is 8 years.

In addition, the amount related to an administrative concession accorded to the subsidiary Residencias de Estudiantes, S.A. is included, which is valued at cost. The amortisation is performed linearly throughout the contractual term. The Group amortises the administrative concession in 15 years.

IT Applications

In this account, the Group records the costs incurred in the acquisition and development of computer programs, including the website development costs. The maintenance costs of the computer applications are recorded in the consolidated statements of profit or loss for the financial year in which they are incurred. The amortisation of the computer applications is carried out by applying the lineal method during a period of three years.

The Group recognises any impairment loss that may be incurred in the recorded value of the intangible assets, with charge to the heading 'Impairment Losses' of the attached consolidated statements of profit or loss. The criteria for the recognition of impairment losses of these assets and, where appropriate, of the recoveries of the impairment losses recorded in previous financial years, are similar to those applied for material assets (see Note 4.4).

An intangible asset is derecognised at the time of its alienation or when no future financial benefit is expected to be obtained from its use or sale. The earnings or losses derived from the derecognition of an intangible asset, measures such as the difference between the net profit of the sale and the book value of the asset and are recognised in the consolidated statements of profit or loss when the asset is derecognised.

4.3 *Property, plant and equipment*

Property, plant and equipment is initially valued by its acquisition price or production cost, and subsequently it is reduced by the corresponding accumulated amortisation and the impairment losses, if any.

The expenses of conservation and maintenance of the different elements that compose the property, plant and equipment are allocated to the consolidated statements of profit or loss of the financial year in which they are incurred. By contrast, the amounts invested in improvements that contribute to increasing the capacity or efficiency or to extend the useful life of these goods are capitalised.

The amortisation of the property, plant and equipment elements is calculated systematically by following the lineal method, applying percentages of annual amortisation calculated according to the estimated years of useful life of the respective goods, as follows:

	Estimated Years of Useful Life
Furniture and fixtures	4 – 8
Communication processes equipment	4
Other Fixed Assets	10

A property, plant and equipment item is derecognised when it is sold or when no future financial benefit is expected to be obtained from the continuous use of the asset. The earnings or losses derived from the alienation or derecognition of a property, plant and equipment item are determined as the difference between the profit of the sale and the book value of the asset and are recognised in the consolidated statements of profit or loss.

4.4 Impairment losses of the value of intangible assets and property, plant and equipment

At the end of each financial year, or as long as there are signs of a loss of value, the Group revises the book values of its property, plant and equipment and intangible assets in order to determine whether there are signs that these assets have suffered a loss due to value impairment. If there is any sign, the recoverable amount of the asset is calculated for the purpose of determining the extent of the loss due to value impairment, if any. In the event that the asset does not generate cash flows itself that are independent of other assets, the Group will calculate the recoverable amount of each cash-generating unit.

The recoverable amount is determined as the largest amount between the fair value minus the sales costs and the value in use.

In order to estimate the value in use, the Group will prepare the future cash flow predictions before tax from the budgets most recently approved by the Directors of the Parent that, in accordance with the activity of the Parent, correspond to those included in the up-to-date economic and financial model.

These budgets include the best available estimates of income and expenditure using past experience and future expectations. When evaluating the value of use, the estimated future cash flows are discounted at their current updated value using a market interest rate plus a risk premium.

If it is estimated that the recoverable amount of an asset is less than its book value, the book value of the asset is reduced at its recoverable value. A loss due to impairment of value is immediately recognised as an expense.

Should the need arise to recognise an impairment loss of a cash-generating unit to which all or part of the Goodwill would have been assigned, firstly the book value of the Goodwill corresponding to each unit is reduced. If the impairment exceeds that amount, secondly, that of the rest of the assets of the cash-generating unit is reduced in proportion to its book value, up to the limit of the greater value between the following: its fair value minus the sales costs, its value in use and zero.

When a loss due to impairment of value subsequently reverses (a circumstance disallowed in the specific case of Goodwill), the book value of the assessor of the cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined if no impairment loss had been recognised in previous financial years. This reversal of a loss due to value impairment is recognised as income.

As at 31 December 2016 and 2015, the Group has not recorded impairment losses of intangible assets and material elements, there not being any additional signs of impairment.

4.5 *Investment property*

Investment property constitute real estate, including those that are ongoing or in development for future use as investment property, which are totally or partially held in order to obtain revenue, gains or both, instead of for its use in the production or supply of goods or services, or for administrative ends of the Group or its sale in the ordinary course of business.

All assets classified as investment property are in use with various tenants. The purpose of these properties is to lease them to third parties. The Directors of the Parent have no intention to alienate these assets in the time horizon, so it has decided to hold these assets as investment property in the consolidated statement of financial position.

The investment property is presented at its fair value on the date of the end of the year and are not subject to amortisation. They correspond to the land, buildings, rights in rem and other constructions that are held either to use for rent, or to obtain a capital gain on their sale as a result of any possible future increases in their respective market prices.

The profits or losses derived from variations in the fair value of the investment properties are included in the results of the period in which they are incurred.

During the works implementation period, the implementation costs and financial expenses are capitalised. At the time this asset comes into operation, it is recorded at fair value.

In accordance with IAS 40 and taking into account that the purpose of the Group is to obtain income derived from the lease of real estate and that it does not intend to sell it in the ordinary course of operations, it is determined that these are considered as investment property . Additionally, and in accordance with the provisions of the contracts, in two of the properties presented as "Other Rights in rem" and classified under that heading, the income derived from the lease after 25 years is not regulated and, in the other two, after that term has elapsed, the rent becomes concerted income, which is currently similar to that of the market.

The Group periodically determines the fair value of the investment property elements, in such a way that at year-end, the fair value reflects the market conditions of the investment property elements at said date. This fair value is determined on an annual basis by taking the valuations carried out by independent experts as the reference values.

The market value of the classified surface right in investment property at 31 December 2016 and 2015 calculated according to the valuations carried out by CBRE and TINSA, independent valuers not related to the Group, amounts to 22,420 thousand euros and 25,715 thousand euros respectively (see Note 10). These properties correspond to surface rights conferred by the property of the building built during the period of the right (75 years).

4.6 *Leases*

The leases are classified as financial leases provided that it is deduced from the conditions thereof that the risks and rewards inherent in the property of the asset subject to the contract are transferred substantially to the lessee. The other leases are classified as operating leases.

Financial lease

In the financial lease transactions in which the Group acts as lessee, the cost of the leased assets is presented in the consolidated statement of financial position according to the nature of the asset referred to in the contract and, simultaneously, a liability for the same amount. This amount will be the lessor amount between the fair value of the leased asset and the current value at the start of the lease of the minimum agreed amounts, including the purchase option, when there are no reasonable doubts about it being exercised. Neither the contingent lease payments, nor the cost of the services or the taxes applicable to the lessor will be included in its calculation. The total financial burden of the contract is charged to the consolidated statements of profit or loss of the financial year in which it is accrued, applying the effective interest rate method. The contingent lease payments are recognised as an expense for the financial year in which they are incurred.

The assets recorded by this type of transaction are amortised with similar criteria to those applied to all of the material assets, owing to their nature.

Operating lease

The revenue and expenditure derived from the operating lease agreements are charged to the consolidated statements of profit or loss in the financial year in which they are accrued.

Any charge or payment that may be carried out upon arranging an operating lease will be treated as an advance charge or payment that will be allocated to results throughout the lease period, as profits from the leased asset are provided or received.

4.7 *Financial instruments*

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in compliance with the underlying economic value of the contractual agreement and the definitions of the financial asset, financial liability or equity instrument developed in IAS 32 'Financial instruments: Presentation".

4.7.1 Financial assets

Classification

The financial assets that the Group possesses are classified in the following categories:

a) Loans and receivables: financial assets arising from the sale of goods or the provision of services from trade provisions of the company, or those that, with no commercial origin, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b) Held-to-maturity investments: debt securities, with a fixed maturity date and determinable payments, which are traded in an active market and which the Group demonstrates its intention and capacity to keep in its possession until the maturity date.

c) Guarantees: the Group presents deposits and guarantees at the acquisition cost and/or the amounts paid.

d) Cash and cash equivalents: this includes cash, sight deposits and other high-liquidity short-term investments with an original maturity of three months or less that is held for the purpose of covering short-term payment commitments.

Initial valuation

Broadly speaking, financial assets are initially recorded at the fair value of the consideration provided plus the costs of the transaction that are directly attributable.

In the case of investments in the equity of businesses of the group that grant control over the subsidiary company, the fees paid to legal advisers or other professionals related to the acquisition of the investment are directly allocated to the consolidated statements of profit or loss.

Subsequent valuation

Loans, receivables and held-to-maturity investments are valued at their amortised cost.

The Group conducts an impairment test at a minimum at the close of the financial year for financial assets that are not recorded at fair value. Objective evidence of impairment is considered to exist if the recoverable value of the financial asset is less than its book value. When this occurs, this impairment is recorded in the consolidated statement of profit or loss.

The Group retires financial assets when they expire or the cash flow rights to the corresponding financial asset have been ceded and the risks and benefits involved in their ownership have been substantially transferred.

On the other hand, the Group does not retire financial assets of cessions of financial assets in which the risks and benefits involved in their ownership have been substantially retained, and instead acknowledges a financial liability equal to the consideration received.

4.7.2 Financial liabilities

Financial liabilities, including trade and other payables, that are not classified at reasonable value with changes in profit or loss are initially acknowledged at their fair value less transaction costs that are directly attributable to their issue. Liabilities classified under this category are valued at amortised cost using the effective interest rate method after their initial acknowledgement. This effective interest rate is the capitalisation rate equal to the book value of the instrument with the current expectation of future payments projected to the maturity of the liability.

All the same, payables from commercial operations expiring no later than in one year and that have no contractual interest rate are valued at their nominal value initially as well as subsequently, when the effect of not discounting cash flow is insignificant.

Should existing payables be renegotiated, substantial modifications of financial liability are not considered to exist if the creditor of the new loan is the same as the one that provided the initial loan and the current cash flow value, including net commissions, does not vary by more than 10% from the actual value of pending cash flow for the original liabilities calculated under this method.

Financial liabilities are retired when they expire; in other words, when the obligation under the liability has been paid or cancelled or has lapsed.

4.8 *Classification of balances between current and non-current*

Assets related to the normal operating cycle, which is normally considered one year, are considered current, as well as other assets whose maturity, disposal or realisation is expected to occur in the short term from the closing date of the financial year; financial assets held for sale, with the exception of financial derivatives whose expiry is in more than one year; and cash and other equivalent liquid assets. Assets that do not meet these prerequisites are classified as non-current.

In the same manner, liabilities related to the normal operating cycles; financial liabilities held for sale, with the exception of financial derivatives whose expiry is in more than one year; and in general all obligations whose maturity or expiry will occur in the short term are considered current. Any other cases are classified as non-current.

4.9 *Income tax*

Expense or income subject to Income Tax includes the part related to the expense or income for current taxes and the part corresponding to the expense or income for deferred income.

The current tax is the amount for which the Group is liable as a result of Income Tax-related tax assessments for a given financial year. Deductions and other tax benefits, excluding retentions and prepayments, as well as tax losses that can be offset from previous financial years and actually applied in this year, result in a lower current tax payment due.

Deferred tax expense or income refers to the acknowledgement and cancellation of deferred tax assets and liabilities. These include temporary differences identified as those balances that are payable or recoverable arising in relation to differences between the book value of assets and liabilities and their tax value, as well as negative taxable bases pending compensation and credits for unapplied tax deductions. These balances are recorded applying the tax rate at which it is expected they will be recovered or settled to the applicable temporary difference or credit.

All temporary taxable differences other than those resulting from the initial recognition of goodwill or other assets or liabilities for an operation that do not affect either the fiscal results or the accounting results and is not a business combination are recorded as deferred tax assets.

For their part, deferred tax assets are only recorded to the extent that it is considered likely that the Group is likely to realise future tax gains against them that may activate them.

Deferred tax assets and liabilities related to operations involving direct charges or credits to equity accounts are also accounted for with an offsetting entry in equity.

Deferred tax assets are considered recorded at each accounting close, with the appropriate corrections being made to them if there is any question regarding their future recovery. Likewise, deferred tax assets not recorded in the consolidated statement of financial position are evaluated at each accounting close, and these are acknowledged if their recovery with future taxable income is likely.

Royal Decree Law 3/2016 of 2 December regarding Corporate Taxation was approved during the 2014 financial year, entering in force for financial years on or after 1 January 2015. As a result of this, the Management of the Parent Company has analysed the impact that this Law has on the Group, recognising them in the attached consolidated financial statements in accordance with current fiscal regulations.

The Parent Company is subject to Corporate Taxation under the Fiscal Consolidation tax regime as per Chapter VII of Title VII of Royal Legislative Decree 4/2004 of 5 March, whereby the Revised Text of the Corporate Taxation Act was approved. The companies of which this group is composed for the 2016 financial year are: Azora Altus, S.A. (formerly Azora Altus, S.L.), Azora Capital, S.L., Azora Gestión S.G.I.I.C., S.A. and Beach Guadalmina Playa Parque del Sol, S.L. with Azora Altus, S.L. acting as the ultimate parent company of the tax group.

4.10 *Provisions and contingencies*

In preparing the consolidated financial statements, the Management of the Parent Company has distinguished between:

a) Provisions: balances payable that cover current obligations related to past events whose settlement is probable, resulting in an outflow of funds but whose amount and/or time of settlement remain uncertain.

b) Contingent liabilities: possible obligations resulting from past events whose future realisation is conditional on whether or not one or more future events beyond the control of the Group occur.

The attached consolidated financial statements record all provisions with respect to which the probability of the obligation occurring is considered to be greater than the opposite. Unless considered remote, contingent liabilities are not recorded in the consolidated financial statements unless information is provided on them in the consolidated notes.

Provisions are assessed at the current value of the best possible estimate of the amount required to settle or transfer the obligation, making use of the information available regarding the event and its consequences, and entering such adjustments as may result from the updating of the provisions as a financial expense as they are accrued.

As long as there is no question regarding whether the reimbursement will be paid out, the compensation to be received by a third party at the time of settlement of the obligation is recorded as an asset, unless there is a related legal situation involving a part of the risk, and as a result of which the Group is not held liable; in this case, the compensation will be taken into consideration in estimating the amount of the corresponding provision, if applicable.

4.11 *Income and expenses*

Income and expenses are determined on an accrual basis; that is, when the actual flow of the goods and services that they represent occurs, regardless of the time at which the resulting related monetary or financial flow occurs. Income is assessed at fair value for the compensation received, less expenses and taxes.

Income from sales is recorded at the time at which the significant risks and benefits inherent in the ownership of the sold goods are transferred to the buyer, with no management of the goods in question maintained or effective control retained.

As regards income from the provision of services, essentially management fees, these are recorded considering the extent of completion of services as of the date of the consolidated statement of financial position, as long as the results of the transaction can be reliably estimated.

In addition, some contracts provide for the possibility of compensating the Group with various incentive fees when one or several profitability parameters are reached at a given time. As the corresponding amount cannot be reliably estimated until the time at which parameters are reached, the Group will proceed to record it as income at that time.

In general, asset management contracts are structured in three phases: an investment period, a management period and a divestment period. The term of these contracts is set between six and ten years. For those contracts in which the main activity is property management of the assets, the average duration is established between 2 and 3 years, and can be extended annually.

The specifics of the expiry dates of the main contracts maintained by the Group are presented below:

Contract	Initial year	Expiry year
Hispania Activos Inmobiliarios, SOCIMI, S.A.	2014	2020
Lazora, S.I.I., S.A.	2004 – 2007	Until the liquidation of the company;
Azora Europa, S.A.	2007	Until the finalisation of the shareholder contract
Encasa Cibeles, S.L.	2013	2023
Selección de Inmuebles	2015	2018 - renewable annually
Carey Value Added, S.L.	2011	2019 - renewable annually
Tempore Properties SOCIMI, S.A.	2017	2019 - renewable annually

Interest received on financial assets is recorded using the effective interest rate method, and the dividends when the right of the shareholder to receive them is declared. In any event, interest and dividends on financial assets accrued after the time of acquisition are recorded as assets in the consolidated statement of profit or loss.

On the other hand, personnel expenses are recognized in the accompanying consolidated financial statements based on the accrual basis. In this way, fixed and variable remunerations are recorded in the year in which they accrue. On the other hand, those extraordinary discretionary remunerations that could be approved, especially in the framework of obtaining incentive fees, are accrued in the year in which they are approved.

4.12 ***Transactions with affiliates***

The Group performs all its transactions with affiliates at market cost. Also, transfer prices are adequately supported, for which reason the Management of the Parent Company deems that there are no significant risks in this regard that may result in liabilities in the future. The principal balances and transactions with affiliated companies are itemised in Note 17.

4.13 ***Earnings per share***

Basic earnings per share are calculated as the ratio between the net earnings for the financial year attributable to the Parent Company and the average weighted number of common shares in circulation during that financial year, without including the average number of shares of the Parent Company in the portfolio of Group companies.

4.14 ***Investments accounted by using the equity method***

The companies over which the Group maintains significant influence are consolidated using the equity method.

Investments in associates are measured by applying the "equity method", meaning the proportion of their net equity represented by the Group's interests in their capital, after accounting for dividends received and other amounts deleted from equity. In transactions with an associate, the corresponding profits or losses are eliminated at the percentage of the Group's interests in its capital, less any impairment of the individual interests.

Any amount of the acquisition cost that exceeds the part of the fair value of the identifiable net assets of the associate that can be attributed to the Group on the acquisition date is recognised as goodwill. Any amount of the acquisition cost that falls below the part of the fair value of the identifiable net assets of the associate held by the Group on the acquisition date is recognised in the consolidated statements of profit or loss in the period in which the purchase takes place.

If, as a result of the losses incurred by an associated entity, its equity is negative, it would be shown as a zero in the consolidated financial statements of the Group, unless there is an obligation on the part of the Group to support it financially.

4.15 ***Assets of an environmental nature***

Assets used on a permanent basis in the activities of the Group whose primary purpose is the reduction of environmental impact and the protection and improvement of the environment, including the reduction or elimination of future contamination, are considered assets of an environmental nature.

By their nature, the activities of the Group have had no significant environmental impact during the 2016 and 2015 financial years.

Furthermore, the Group has not recorded any provision for possible environmental risks as at 31 December 2016 or 2015, as the Management believes that there are no significant contingencies related to possible litigation, compensation or other areas related to the environment.

4.16 ***Consolidated cash flows statement***

The following expressions are used in the following senses in the consolidated cash flows statements, prepared using the indirect method:

1. Cash flows: incoming and outgoing cash and cash equivalents; these being understood as short term, highly liquid investments with low risk of alteration in value.

2. Operating activities: normal activities of the entities of the Group as well as other activities that cannot be classified as investing or financing.

3. Investing activities: activities involving acquisition, sale or disposal by other means of long term assets and other investments not included under cash and cash equivalents.

4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of operating activities.

4.17 Valuation techniques and applicable hypotheses for measurement of fair value

Fair value of financial assets and liabilities are determined as follows:

- Fair values of assets and liabilities with standard terms and conditions and that are transacted in active and liquid markets are determined by reference to the prices quoted by the market.

- The fair value of other assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted valuation models based on discounted cash flows using transaction prices observable in the market and contributor quotes for similar instruments.

Financial instruments and other assets valued after their initial recording at fair value are classified at levels 1 to 3 based on the extent to which their fair value is observable.

- Level 1: refers to prices quoted (without adjustments) on active markets for assets or liabilities identical with those that the entity can find on the date of measurement.

  A price quoted on an active market provides the most reliable evidence of fair value, and will be used without adjustment to measure fair value whenever available.

- Level 2: refers to other inputs (that are not quoted prices included in level 1) observable for the asset or liability, whether directly (i.e., prices) or indirectly (i.e., derived from prices).

- Level 3: refers to valuation methods that include inputs for the asset or liability that are not based on observable market data (not observable inputs).

The assets of the Group as at 31 December 2016, 2015 and 2014 and as at 1 January 2014 assessed at fair value are as follows:

2016

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	22,420	22,420
	-	-	**22,420**	**22,420**

2015

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	25,715	25,715
	-	-	**25,715**	**25,715**

2014

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	25,340	25,340
	-	-	**25,340**	**25,340**

01 January 2014

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Investment Property	-	-	26,170	26,170
	-	**-**	**26,170**	**26,170**

Note 10 includes information related to the determination of fair value for investment property based on the valuation methods described in that Note.

5. Financial risk management

Risk exposure

The financial risk management policies within the sector in which the Parent Company and its subsidiaries operate are basically determined by analysis of the management projects and the condition of the financial markets.

Given the activities of one of the companies of the Group, Azora Gestión, S.G.I.I.C., S.A., the use of financial instruments is contingent on compliance with the Collective Investment (Mutual Fund) Institution Regulation (Royal Decree 1082/2012, of 13 July), which stipulates that Mutual Fund managing companies invest their own minimum required funds (in accordance with article 100.1.a) of the Regulation) in liquid or easily convertible short-term cash assets, and not include speculative positions. These assets may include those indicated in article 30.1.a) of Law 35/2003 of 4 November: deposits with credit institutions, sight deposits and stock or shares in Mutual Fund Institutions, including those that they manage, as long as such Mutual Fund Institutions comply with the conditions of article 48.1.c) and d), except for the prohibition on investing more than 10% of the equity of the Mutual Fund Institution in stock or shares of other Mutual Fund Institutions. The rest of the funds may be invested in any asset satisfactory for the performance of its corporate goal, which will include institutions provided in this regulation, Capital Risk Entities and Closed Mutual Fund Entities as long as the investment is made on a permanent basis.

The amounts under which the financial assets are recorded represent in all significant aspects the highest level of credit risk exposure of the Group on each date that the financial statements are presented.

The principal financial risks affecting the Group are indicated below:

a) Credit risk:

   This is defined as the risk of financial loss that the Group faces if a client or party does not satisfy its contractual obligations.

   In general, the group maintains its cash and equivalent liquid assets in financial institutions with high credit ratings.

   Credit risk derives primarily from the risk of a third party's failing to meet its contractual obligations vis-à-vis the Group. Credit risk of the Group is primarily related to asset and property management activities. Additionally, and with regard to direct and controlling investment activities and controlling interests (Colón Viviendas SOCIMI, S.A.), the Group's credit risk arises from the possible non-payment of rentals contracted with tenants. Each company manages its risk by the selection of contractual parties, with the contracts that are signed with them predicating payment in advance of rents involved and requiring legal and other financial guarantees that cover potential non-payment of rent.

The Group possesses formal procedures for detecting impairment of commercial credits. Delays in payment are identified and methods to be followed for estimating impairment loss are established under these procedures and by individual analysis. Historically, no significant cases of insolvency have arisen.

Cash and cash equivalents

As at 31 December 2016 and 2015, the Group maintains cash and cash equivalents of 8,916 thousand and 10,193 thousand euros respectively, which represent its maximum risk exposure for these assets.

Cash and cash equivalents are maintained with banks and financial institutions.

b) Liquidity risk:

This is defined as the risk that the Group would have difficulties satisfying its obligations related to financial liabilities that are settled by the payment of cash or other financial assets.

As at 31 December 2016 and 2015, the rolling fund of the Group was positive, with balances of 15,641 thousand and 8,298 thousand euros respectively.

The Group manages liquidity risk prudently, based on maintaining sufficient liquidity to satisfy its obligations when they are due, both under normal and stress conditions, without incurring unacceptable losses or risking the reputation of the Group.

c) Market risk and number of customers:

The Group has exposure to the evolution of the real estate markets of the geographies in which the assets of its controlled an associated entities are located.

Some management contracts of the Group allow for the possibility of early termination in the event of substantial variations in the composition of the shareholders of the investor or Group. Hence, the contract signed with Hispania Activos Inmobiliarios, SOCIMI, S.A. includes the option of early termination in the event of loss of control of the shareholders of Azora Altus, S.A. (formerly Azora Altus, S.L.). However, the Management of the Parent Company believes that the waiver from Hispania will be obtained before any possible loss of control of the shareholders of Azora Altus. This contract contributes 15,922 thousand euros to the total figure for business of the Group as at 31 December 2016 (10,514 thousand euros as at 31 December 2015 and 4,372 thousand euros as at 31 December 2014), representing 25% of that entry during the 2016 fiscal year (27% during 2015 and 14% during 2014).

As at 31 December, 2016, the rest of the contracts that contribute more than 10% of the amount of the revenue, in addition to the aforementioned, are those signed with Lazora, S.I.I., S.A., whose amount contributed to the revenue of 9,044 thousand euros (9,288 thousand euros as at 31 December, 2015), representing 14.1% of this section (24% during 2015).

The income from the management contracts of Hispania Activos Inmobiliarios, SOCIMI, S.A. and Lazora, S.I.I., S.A. are spread over the Asset and Property Management segments.

Both the liquid assets and the financial debt of the Group are exposed to interest rate risk, which may have an adverse effect on financial results and cash flows. The Management of the Parent Company believes that this effect should not be significant, as there has been no activity of this sort in the 2016 and 2015 financial years.

d) Tax risk:

Tax risk is the risk associated with changes in the tax legislation applicable to the Group. In addition, one of the companies in the Azora Altus combine, Colón Viviendas SOCIMI, S.A., was eligible for the special tax regime for Listed Real Estate Investment Companies (SOCIMI) in the 2015 financial year. Under the provisions of article 6 of Law 11/2009 of 26 October 2009 modified by Law 16/2012 of 27 December regulating SOCIMIs, companies that have elected to apply this regime shall be required to distribute the income obtained in the financial year in the form of dividends to its shareholders after it has completed its applicable commercial obligations, and it is required to approve such distribution within six months from the completion of each financial year and make payment within one month of the date of the distribution resolution.

If the Shareholders' Meeting does not approve the distribution of dividends proposed by the Board of Directors that was calculated in accordance with the requirements stated in the law, it is not in compliance, and therefore shall be taxed under the general tax regime and not the regime that applies to SOCIMIs.

In the opinion of Management, the Group has mitigated these risks to acceptable levels.

6. Information by segment

6.1 Segmentation criteria

Information by segment is structured based on the different areas of business of the Group (operational segments). The Group identifies these segments based on internal information and its organisational structure, and they are the basis for review, discussion and periodic evaluation in the decision-making process by the Company's Directors.

The segments identified are those related to services offered by the companies of the Group, grouped as:

- Investment Management Activity:
    - Asset Management Services: specifically include services related to: (i) the identification, access and performance of investment opportunities; (ii) designing and structuring investment vehicles through which to implement investments; (iii) access to sources of financing; (iv) daily monitoring of the progress in property management services, completion of the business plan provided designed primarily to enhance the value of and optimise assets; (v) provision of general administrative services; and (vi) defining and executing plans for the divestment of assets or investment vehicles based on market conditions at a given time, the investment expectations and requirements of our clients and the nature and size of the investment to be divested. As at 31 December 2016, 2015 and 2014, these services were provided by the companies of Azora Group Azora Gestión S.G.I.I.C., S.A.U., Azora Capital, S.L. and Azora International Management S.p. Z.o.o.
    - Property Management Services: include services related to the daily management of administration of the properties. Thus, the following can be cited among other services: rental management, supply and insurance management, collection and invoice issuing and management of technical services. These services were provided by the companies of the Group Residencias de Estudiantes, S.A. and Azzam Vivienda, S.L.U.
- Alignment Capital Investment Activity: mainly includes investments made in companies managed by the Group.
    - Direct and Controlling Investment Activity: includes investments in companies in which the Group holds control.

Income and expenses that cannot be assigned to one line of business or that affect the Group overall would be assigned as applicable to the "Other" segment, along with reconciling items appearing after comparing the results of combining the financial statements of the various lines of business (which are prepared with management criteria) with the consolidated financial statement of the Group.

Income from each segment and each asset within each segment is used as a measure of performance, for which reason the Group considers such information more relevant in evaluating results for segments in relation to other groups operating in these businesses.

The Group engaged in activities primarily in Spain, Poland, Ireland, Belgium, Switzerland, Germany, England and the United States in the financial years ending on 31 December 2016 and 2015.

6.2 Bases and information by business segment

Segment data that is expressed below are based on internal reports prepared by the managers of the Group and generated through the same IT application used to obtain all the accounting data for the Group.

For the purposes of reviewing performance by segment, and assigning funds among them:

- Ordinary income of each segment corresponds to the ordinary income directly attributable to the segment as well as profits resulting from the sale of investment property.

- Expenses for each segment are determined based on the expenses incurred from the operating activities of the segment that are directly attributable to it and the loss resulting from the sale of investment property, if any. These shared expenses do not include interest, income tax expenses or general administrative expenses corresponding to general services that are not directly attributed to each business segment, and therefore cannot be distributed on a reasonable basis.

- Assets and liabilities of the segments are those directly related to their activity and operations plus those that can be directly attributable in accordance with the distribution criteria indicated above, net of consolidation adjustments.

Information on these activities broken down by segment is provided below:

2016

Thousands of euros	**Asset Management Services**	**Property Management Services**	**Alignment Capital Investment Activity**	**Direct and Controlling Investment Activity**	**Group Total**
Revenue	48,799 (a)	14,379	-	762	63,940
Other operating income	-	1,548	-	145	1,693
Staff costs	(19,178)	(9,962)	-	-	(29,140)
Other operating expenses	(3,668)	(4,683)	-	(217)	(8,568)
Depreciation and amortization charge and impairment losses recognized	(558)	(489)	-	(60)	(1,107)
Changes in fair value of investment property	-	-	-	(3,303)	(3,303)
Finance income	33	2	253	12	300
Finance cost	(67)	(17)	(1)	(74)	(159)
Net exchange differences	81	-	-	-	81
Impairment and gains or losses on disposals of financial instruments	272	-	-	-	272
Income from companies carried by equity method					
Impairment and gains or losses on	-	-	3,518	-	3,518
significant influence loss over an associate consolidated by the equity method	-	-	310	-	310
Income tax	(6,112)	(130)	-	-	(6,242)
Total as at 31 December 2016	**19,602**	**648**	**4,080**	**(2,735)**	**21,595**

(a) Includes 20,134 thousand euros for incentive fees related to the contract signed with CF Aneto Limited (see Note 16.1).

Thousands of euros	**Asset Management Services**	**Property Management Services**	**Alignment Capital Investment Activity**	**Direct and Controlling Investment Activity**	**Group Total**
Assets					
Intangible assets	24	4,280	-	-	4,304
Property, plant and equipment	250	1,068	-	39	1,357
Investment property	-	-	-	25,436	25,436
Investments accounted by using the equity method	-	-	41,356	-	41,356
Non-current financial assets	599	74	20	-	693
Deferred tax assets	786	14	-	-	800
Inventories	139	46	-	1	186
Trade and other receivables	7,101	1,947	-	43	9,091
Other current financial assets	1,556	-	4,794	972	7,322
Other current assets	39	141	-	-	180
Cash and cash equivalents	7,106	1,397	-	413	8,916
Total as at 31 December 2016	**17,600**	**8,967**	**46,170**	**26,904**	**99,641**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Liabilities					
Non-current and current bank borrowings	601	665	-	5,974	7,240
Other non-current financial liabilities	-	-	2,626	386	3,012
Other non-current liabilities	-	-	-	-	-
Deferred tax liabilities	2,436	492	-	-	2,928
Short-term provisions	400	293	-	-	693
Trade and other payables	4,463	2,903	-	101	7,467
Other current financial liabilities	284	119	-	1	404
Other current liabilities	631	-	-	-	631
Total as at 31 December 2016	**8,815**	**4,472**	**2,626**	**6,462**	**22,375**

2015

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Revenue	24,901	13,752	-	750	39,403
Other operating income	117	1,100	-	134	1,351
Staff costs	(7,560)	(9,409)	-	-	(16,969)
Other operating expenses	(4,265)	(4,378)	-	(223)	(8,866)
Excessive provisions	-	37	-	-	37
Depreciation and amortization charge and impairment losses recognized	(542)	(319)	-	-	(861)
Changes in fair value of investment property	-	-	-	363	363
Finance income	-	27	223	14	264
Finance cost	(99)	(3)	-	(100)	(202)
Net exchange differences	(16)	-	-	-	(16)
Impairment and gains or losses on disposals of financial instruments	408	-	-	-	408
Income from companies carried by the equity method	-	-	6,107	-	6,107
Income tax	(3,888)	(250)	-	-	(4,138)
Total as at 31 December 2015	**9,056**	**557**	**6,330**	**938**	**16,881**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Assets					
Intangible assets	158	3,148	-	-	3,306
Property, plant & equipment	43	983	-	31	1,057
Investment Property	-	-	-	28,791	28,791
Investments accounted by using the equity method	-	-	36,122	-	36,122
Non-current financial assets	1,707	63	-	-	1,770
Deferred tax assets	676	16	-	-	692
Inventories	34	33	-	-	67
Trade and other receivables	4,444	1,457	-	27	5,928
Other current financial assets	256	2	2,925	1,123	4,306
Other current assets	45	136	-	-	181
Cash and cash equivalents	8,410	1,666	-	117	10,193
Total as at 31 December 2015	**15,773**	**7,504**	**39,047**	**30,089**	**92,413**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Liabilities					
Non-current and current bank borrowings	4,162	-		6,328	10,490
Other non-current financial liabilities	-	-	2,556	452	3,008
Other non-current liabilities	49	-	-	-	49
Deferred tax liabilities	2,929	629	-	-	3,558
Short-term provisions	400	271	-	-	671
Trade and other receivables	3,990	2,127	-	109	6,226
Other current financial liabilities	143	185	-	-	328
Other current liabilities	646	-	-	-	646
Total as at 31 December 2015	**12,319**	**3,212**	**2,556**	**6,889**	**24,976**

2014

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Revenue	22,988	7,923	-	748	31,659
Procurements	(2)	-	-	-	(2)
Other operating income	34	1,069	-	128	1,231
Staff costs	(6,734)	(5,840)	-	-	(12,574)
Other operating expenses	(5,854)	(3,078)	-	(144)	(9,076)
Depreciation and amortization charge and impairment losses recognized	(54)	(477)	-	-	(531)
Gains or losses on disposals of non-current assets	(13)	-	-	(3)	(16)
Changes in fair value of investment property	-	-	-	(837)	(837)
Finance income	108	2	152	12	274
Finance cost	(129)	-	-	(116)	(245)
Net exchange differences	31	-	-	-	31
Income from companies carried by the equity method	-	-	(217)	-	(217)
Income tax	(2,557)	101	-	(4)	(2,460)
Total as at 31 December 2014	**7,818**	**(300)**	**(65)**	**(216)**	**7,237**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Assets					
Intangible assets	40	3,553	-	-	3,593
Property, plant & equipment	164	446	-	13	623
Investment property	-	-	-	25,340	25,340
Investments accounted by using the equity method	-	-	22,865	-	22,865
Non-current financial assets	2,950	26	-	-	2,976
Deferred tax assets	802	31	-	-	833
Inventory	56	-	-	-	56
Trade and other receivables	3,905	757	-	20	4,682
Other current financial assets	537	2	2,773	8	3,320
Other current assets	34	113	-	1	148
Cash and cash equivalents	8,017	1,080	-	232	9,329
Total as at 31 December 2014	**16,505**	**6,008**	**25,638**	**25,614**	**73,765**

Thousands of euros	Asset Management Services	Property Management Services	Alignment Capital Investment Activity	Direct and Controlling Investment Activity	Group Total
Liabilities					
Non-current and current bank borrowings	3,667	-	-	6,659	10,326
Other non-current financial liabilities	-	-	-	381	381
Deferred tax liabilities	2,602	734	-	-	3,336
Short-term provisions	101	-	-	-	101
Trade and other payables	4,025	1,696	-	47	5,768
Other current financial liabilities	3	126	-	1	130
Other current liabilities	612	-	-	-	612
Total as at 31 December 2014	**11,010**	**2,556**	**-**	**7,088**	**20,654**

6.4 Segments based on geographic information

When presenting information based on geographic segments, the segment income is determined using the geographic location of the assets as the criterion.

Distribution of income by geographic market for the 2017 and 2016 financial years is as follows:

Geographic markets	2016	2015	2014
Spain	39,859	34,922	25,737
Poland	1,908	1,941	2,031
Ireland	20,134	-	1,304
Belgium	147	318	345
Switzerland	106	190	172
Germany	963	1,095	1,024
England	186	212	368
United States	637	725	678
Total	**63,940**	**39,403**	**31,659**

7. Goodwill and business combinations

Beach Guadalmina Playa Parque Sol, S.L.

On 29 December 2015, the Parent Company, Azora Altus, S.L. acquired 86.85% of the ownership of Beach Guadalmina Playa Parque Sol, S.L., for 2,555 thousand euros. The principal activity of the acquired company is the holding and operation of the facilities of a beach club located in Guadalmina (Málaga).

	Principal Activity	Date of acquisition	Percentage of ownership (voting rights) Acquired	Consideration Transferred (thousands of euros)
Beach Guadalmina Playa Parque Sol, S.L.	Hotel industry	20/12/2015	86.85%	2,555

The assignment to identifiable assets and liabilities of the existing difference between the fair value of the corporate shares and its fair value appearing in the financial statement of the acquired company was arrived at in accordance with the following breakdown:

	Thousands of euros		
	Book Value	Adjustment of Value	Value Value
Property, plant and equipment	8	-	8
Investment property	1,980	1,096	3,076
Current assets	323	-	323
Non-current liabilities	-	(274)	(274)
Current liabilities	(469)	-	(469)
Total net assets	**1,842**	**822**	**2,664**
Consideration transferred			2,555
Assignment of value to non-controlling interests			109

The value adjustment corresponds primarily to the fair value attributed to the investment property (See Note 10). The acquired asset refers to a building to be restored located in Guadalmina, Málaga.

The fair value of the accounts receivable in the business combinations in the amount of 27 thousand euros corresponds in full to the balances with public agencies and does not vary from their gross contracted amounts. Management of the Parent Company does not believe that there were indications that it would not be collected in full as of the acquisition date.

The transaction costs associated with this operation are recorded under the item “Other operating expenses” of the consolidated statements of profit or loss for financial year 2015.

The adjustment of liabilities in the amount of 274 thousand euros corresponds primarily to the deferred liability associated with the value adjustments.

No amount has been included for the incorporated business in the statement of profit or loss for the 2015 financial year, as it was acquired 29 December 2015.

If the acquisition had taken place on 1 January 2015, the net income would have been decreased by 170 thousand euros, and the income assigned to the Group would have been increased by approximately 6 thousand euros in comparison with the figures presented in this consolidated financial statements In determining these amounts, Management has considered that the rents received and the expenses incurred since 1 January 2015 to the date of acquisition and the acquisition expenses do not vary.

Net cash flow in the acquisition-

	Thousands of Euros
Cash paid	2,555
Less: cash and other equivalent liquid assets	(296)
Total	**2,259**

Azzam Vivienda, S.L.U.

The Company Azzam Gestión Inmobiliaria, S.L., was organised in financial year 2014 with a share capital of 3 thousand euros, totally paid up by the company Azora Capital, S.L. Its corporate purpose is the holding and management of shares in other companies.

Azzam Gestión Inmobiliaria, S.L. Implemented the following capital increases on 23 December 2014:

a) An increase in the share capital in the amount of 60 euros by the creation of 60 new corporate shares with a par value of one euro each and a share premium of 1,420 thousand euros. The majority shareholder, Azora Capital, S.L. confirmed the capital increase, contributing the 1,020 shares it held in the company Residencias de Estudiantes, S.A., representing 51% of the share capital.

b) An increase in the share capital in the amount of 2,940 euros by the creation of 2,940 new corporate shares with a par value of one euro each and a share premium of 1,364 thousand euros. This increase is totally subscribed by Larcovi Alquila, S.L.U. via two contributions in kind:

- one of 1800 corporate shares held in the company Azzam Vivienda, S.L. (formerly "Campo de Bidasoa, S.L.U.), representing 100% of its share capital;

- and another of 320 shares that Larcovi Alquila S.L.U. held in the company Residencias de Estudiantes, S.A. representing 16% of the share capital of that company.

	Principal Activity	Date of acquisition	Percentage of ownership (voting rights) Acquired	Consideration Transferred (thousands of euros)
Azzam Vivienda, S.L.U.	Provision of estate agency services	23/12/2014	100%	922 (a)

(a) Compensation transferred by contribution in kind described above. Does not include any sort of contingent compensation.

The definitive assignment to the identifiable assets and liabilities of the existing difference between the fair value of the corporate shares and the value that appears in the financial statement of Azzam Vivienda, S.L.U. was made in 2015 in accordance with the following breakdown:

	Thousands of euros		
	Book Value	Adjustment of Value	Value Value
Intangible assets	332	770	1,102
Property, plant and equipment	26	-	26
Current assets	473	-	473
Non-current liabilities	-	(195)	(195)
Current liabilities	(484)	-	(484)
Total net assets	**347**	**575**	**922**
Consideration transferred			922

The value adjustment corresponds principally to the attribution of fair value to the management concessions associated with the management contracts of the Company. The purpose of this business combination is to increase the business of the Company related to the management and provision of estate agency services.

The transaction costs associated with this operation are recorded under the item "Other operating expenses" of the consolidated statements of profit or loss for financial year 2014.

The value adjustment of liabilities in the amount of 195 thousand euros corresponds primarily to the deferred tax liability associated with the value adjustments.

No amount was included in the statement of profit or loss for financial year 2014 for the incorporated business, as it was incorporated right at the time of consolidation, on 23 December 2014.

If the acquisition had taken place on 1 January 2014, the net income would have been decreased by 300 thousand euros, and the income contributed to the group would have increased by approximately 2,581 thousand euros compared to the figures indicated in the consolidated financial statements. In determining these amounts, Management has considered that the rents received and the expenses incurred since 01 January 2014 to the date of acquisition and the acquisition expenses do not vary.

Net cash flow in the acquisition-

	Thousands of Euros
Cash paid	-
Less: cash and other equivalent liquid assets	(30)
Total	**(30)**

8. Intangible assets

The breakdown and change in various entries under intangible assets as at 31 December 2016, 31 December 2015, 31 December 2014 and 1 January 2014 are shown below:

2016

	Thousands of euros				
	Balance at 31/12/2015	**Additions and Allocations**	**Others**	**Transfers**	**Balance at 31/12/2016**
Cost:					
Intangible assets	4,219	-	-	-	4,219
Patents, licences and trademarks	67	-	-	-	67
IT Applications	618	52	(2)	(23)	645
Advance payments for intangible assets	129	1,831	-	(80)	1,880
Total cost	**5,033**	**1,883**	**(2)**	**(103)**	**6,811**
Depreciation:					
Intangible assets	(1,409)	(475)	-	-	(1,884)
Patents, licences and trademarks	(16)	(6)	-	-	(22)
IT Applications	(302)	(301)	2	-	(601)
Total Write-offs	**(1,727)**	**(782)**	**2**	**-**	**(2,507)**
Total intangible asset	**3,306**	**1,101**	**-**	**(103)**	**4,304**

2015

	Thousands of euros				
	Balance at 31/12/2014	**Reassignment (Note 7)**	**Additions and Allocations**	**Transfers**	**Balance at 31/12/2015**
Cost:					
Intangible assets	4,252	(33)	-	-	4,219
Patents, licences and trademarks	67	-	-	-	67
IT Applications	340	-	137	141	618
Advance payments for intangible assets	-	-	129	-	129
Total cost	**4,659**	**(33)**	**266**	**141**	**5,033**
Depreciation:					
Intangible assets	(832)	-	(577)	-	(1,409)
Patents, licences and trademarks	(9)	-	(7)	-	(16)
IT Applications	(225)	-	(77)	-	(302)
Total Write-offs	**(1,066)**	**-**	**(661)**	**-**	**(1,727)**
Total intangible asset	**3,593**	**(33)**	**(395)**	**141**	**3,306**

2014

	Thousands of euros				
	Balance at 01/01/2014	Changes in scope (Assignment) (Note 7)	Additions and Allocations	Transfers	Balance at 31/12/2014
Cost:					
Intangible assets	3,117	1,135	-	-	4,252
Patents, licences and trademarks	67	-	-	-	67
IT Applications	280	-	10	50	340
Advance payments for intangible assets	50	-	-	(50)	-
Total cost	**3,514**	**1,135**	**10**	**-**	**4,659**
Depreciation:					
Intangible assets	(117)	(347)	(368)	-	(832)
Patents, licences and trademarks	(3)	-	(6)	-	(9)
IT Applications	(177)	-	(48)	-	(225)
Total Write-offs	**(297)**	**(347)**	**(422)**	**-**	**(1,066)**
Total intangible asset	**3,217**	**788**	**(412)**	**-**	**3,593**

2016 -

The entry for financial year 2016 under the heading “Advance payments for intangible assets” refers to the acquisition of licences and installation of software for the implementation and development of IT applications that were not in use at the end of the period.

2015 -

The reassignment of management concessions recorded in financial year 2015 refers to the best estimate by the Group of the Azzam Vivienda, S.L.U. management contracts. (See Note 7).

The entry for financial year 2015 refers primarily to the activations of IT applications in the investee company Residencias de Estudiantes, S.A.

2014 -

The variations indicated in financial year 2014 for changes in scope of consolidation refer to:

- The contribution of the comprehensive property operations management contract of the company Lazora, S.I.I., S.A. is recorded under the entry “Intangible asset” for a net book value of 332 thousand euros after the incorporation of the company Azzam Vivienda, S.L.U. (formerly Campo de Bidasoa, S.L.) into the Group.

- Also, the assignment of fair value of future capital gains associated with the Azzam Vivienda, S.LU. management contracts is recorded under the same heading. (See Note 7). The amortisation period is 8 years.

The entry “Management Concessions” as at 31 December 2016 and 2015 includes the assignment of fair value of future capital gains associated with the concession contracts for the company Residencias de Estudiantes, S.A. as well as a concession that the company maintains for operating a student residence.

The Group evaluated the recoverability of the intangible asset by performing an asset impairment test. In order to perform this test, the Group calculated the current value of cash flow that would be obtained from the implementation of the indicated management contracts.

The resulting cash flow from the management of the projects was discounted at a reasonable rate of financial and market risk. The sensitivity of the cited tests to variations in the key hypotheses was evaluated. The

Management of the Parent Company believes that the sensitivity of the test allows for deviations that are sufficiently important not to identify any impairment of the asset.

As of the close of financial years 2016, 2015 and 2014 and as at 1 January 2014, the Group had totally written off tangible asset elements that were continuing in use in the amount of:

	Thousands of euros			
	31.12.2016	31.12.2015	31.12.2014	01.01.2014
Patents, licences, trademarks and similar	2	2	2	2
IT Applications	356	333	156	155
Total	**358**	**335**	**158**	**157**

Also, the Group maintained no intangible asset elements subject to guarantees as of the end of financial years 2016, 2015 and 2014 and as at 1 January 2014.

The Group has firm commitments for the purchase of intangible assets in the amount of 270 thousand euros as of the close of financial year 2016.

The Group did not capitalise financial expenses under the "Intangible Assets" entry during financial year 2016.

9. Property, plant and equipment

The breakdown and change in various entries under property, plant and equipment as at 31 December 2016, 31 December 2015, 31 December 2014 and 1 January 2014 are as follows:

2016

	Thousands of euros				
	Balance at 31/12/2015	**Additions and allocations**	**Discounts**	**Transfers (Note 8)**	**Balance at 31/12/2016**
Cost:					
Structures	1	-	-	-	1
Furnishings	449	170	(2)	63	680
Computer equipment	207	108	(5)	40	350
Plant and Other Items of Property	1,227	290	-	-	1,517
Assets under construction	154	48	(154)	-	48
Total cost	**2,038**	**616**	**(161)**	**103**	**2,596**
Depreciation:					
Furnishings	(239)	(82)	2	-	(319)
Computer equipment	(127)	(90)	5	-	(212)
Plant and Other Items of Property	(615)	(93)	-	-	(708)
Total depreciation	**(981)**	**(265)**	**7**	**-**	**(1,239)**
Net total	**1,057**	**351**	**(154)**	**103**	**1,357**

2015

	Thousands of euros				
	Balance at 31/12/2014	**Changes in scope**	**Additions and allocations**	**Disposals**	**Balance at 31/12/2015**
Cost:					
Structures	-	-	1	-	1
Furnishings	250	21	178	-	449
Computer equipment	119	-	88	-	207
Plant and Other Items of Property	911	-	320	(4)	1,227
Assets under construction	112	-	179	(137)	154
Total cost	**1,392**	**21**	**766**	**(141)**	**2,038**
Depreciation:					
Furnishings	(153)	(12)	(74)	-	(239)
Computer equipment	(64)	-	(63)	-	(127)
Plant and Other Items of Property	(552)	-	(63)	-	(615)
Total depreciation	**(769)**	**(12)**	**(200)**	**-**	**(981)**
Net total	**623**	**9**	**566**	**(141)**	**1,057**

2014

	Thousands of euros			
	Balance at 01/01/2014	**Additions and allocations**	**Disposals**	**Balance at 31/12/2014**
Cost:				
Furnishings	193	74	(17)	250
Computer equipment	87	41	(9)	119
Plant and Other Items of Property	609	310	(8)	911
Assets under construction	-	112	-	112
Total cost	**889**	**537**	**(34)**	**1,392**
Depreciation:				
Furnishings	(130)	(31)	8	(153)
Computer equipment	(45)	(23)	4	(64)
Plant and Other Items of Property	(505)	(55)	8	(552)
Total depreciation	**(680)**	**(109)**	**20**	**(769)**
Net total	**209**	**428**	**(14)**	**623**

2016 -

The additions recognised in 2016 correspond mainly to property increases for offices leased by the investee companies Azzam Vivienda, S.L.U. and Residencias de Estudiantes, S.A.

2015 -

The additions recognised in 2015 mainly correspond to the additions of fixed assets related to offices leased by the investee company Azzam Vivienda, S.L.U. (see Note 10). In addition, 196 thousand euros of additions of fixed assets carried out by the investee company Residencias de Estudiantes, S.A.

2014 -

The 2014 additions mainly corresponded to the purchase of data processing equipment and the works carried out by the investee company Residencias de Estudiantes, S.A. in their offices. On the other hand, they also included approximately 74 thousand euros, corresponding to the purchase of the estate agency office by Azora Capital, S.L.

At year-end of 2016, 2015 and 2014 and at 1 January 2014, the Group had elements of property, plant & equipment totally amortised that continued in use for an amount of:

	Thousands of euros			
	31.12.2016	31.12.2015	31.12.2014	1.01.2014
Computer equipment	14	14	14	12
Plant and Other Items of Property	706	523	408	338
Total	**720**	**537**	**422**	**350**

At year-end of 2016 and 2015, the Group did not hold any elements of property, plant and equipment subject to guarantees. In addition, at 31 December 2016, the Group did not have any purchase commitments for property, plant and equipment.

The Group's policy is to formalise insurance policies to cover the possible risks that the diverse elements of property, plant and equipment are subject to. At 2016 year-end, there was no coverage deficit related to said risks.

There are no significant elements of tangible fixed assets outside of the country.

10. Investment Property

The activity listed in the Group's "Investment Property" in the years ending 31 December 2016, 2015 and 2014, was the following:

	Thousands of euros			
	Investment Property	Other Rights in rem	Additional and complementary investments and redevelopments in progress	Total investment property portfolio
Balances at 1 January 2014	**-**	**26,021**	**149**	**26,170**
Additions	-	-	7	7
Transfers	-	156	(156)	-
Changes of fair value of investment property	-	(837)	-	(837)
Balances at 31 December 2014	**-**	**25,340**	**-**	**25,340**
Additions	-	12	-	12
Additions by change in scope of consolidation (Note 7)	3,076	-	-	3,076
Changes of fair value of investment property	-	363	-	363
Balances at 31 December 2015	**3,076**	**25,715**	**-**	**28,791**
Additions	-	8	-	8
Changes of fair value of investment property and others	(60)	(3,303)	-	(3,363)
Balances at 31 December 2016	**3,016**	**22,420**	**-**	**25,436**

The investment properties are presented valued at their fair value. The revenue amount recognised on the profit or loss accounts for 2016, 2015 and 2014 by valuing the investment properties at their fair value amounted to -3,303, 363 and -837 thousand euros, respectively.

"Other Rights in rem" are recognised as assets purchased as surface rights, of which the Group owns the use and enjoys it for a period of 75 years, with 61 years remaining until their termination. Said assets correspond to the investee company Colón Viviendas, SOCIMI, S.A., located in the city of Barcelona.

Asset name	Location	Date of acquisition	Maturity date	Surface (Square metres)
Manuel Sancho	Barcelona	02/08/2013	24/10/2077	4,631
Paseo Urrutia	Barcelona	02/08/2013	20/03/2077	3,708
Sagrera	Barcelona	02/08/2013	02/05/2077	3,408
Travesia de les Corts	Barcelona	02/08/2013	02/05/2077	2,622

The subsidiary company that maintains said assets on site is compliant with the SOCIMI regime. By virtue of said regime, the capital gains that are obtained from the sale of assets will be taxed at a rate of 0% as long as they comply with certain requirements (basically that the assets have remained at least 3 years owned by SOCIMI). For assets purchased prior to the incorporation into the SOCIMI regime, the capital gains that are obtained from the sale shall be distributed linearly (unless there is proof otherwise) during the years in which the asset has remained in the ownership of SOCIMI. The capital gains corresponding to the years prior to the incorporation into the SOCIMI regime shall be subject to a general tax rate, while for the other years, the general rate will be 0% (previously, the investee company Colón Viviendas, S.A. was a property investment company, whose applicable tax rate was 1%).

On 29 December 2015, the company Beach Guadalmina Playa Parque del Sol, S.L. entered into the scope of consolidation after the purchase of 714 shares by the Parent Company (see Note 2.m and Note 7). Investment properties correspond to a property to be restored in Guadalmina (Málaga), which is rented.

At 31 December 2016, 2015 and 2014, the revenue from said leasing contracts amounted to 762, 750 and 748 thousand euros, respectively.

At 31 December 2016, 2015 and 2014 the Group's property assets amounted to 22,420, 25,715 and 25,340 thousand euros, respectively, securing the diverse loans, whose balances at 31 December 2016, 2015 and 2014 amounted to 5,947, 6,329 and 6,658 thousand euros, respectively (see Note 11). The Group did not have usufructs, liens or similar situations with respect to investment properties.

At 31 December 2016, 2015 and 2014, all properties recognised in "Investment Property" were secured.

At 31 December 2016, 2015 and 2014, the Group did not have purchase commitments for investment property beyond their needs for maintaining them in conditions of use. In 2016, 2015 and 2014, no financial costs were capitalised on the costs of constructing the properties.

There were no investment properties abroad.

Measuring fair value and sensitivity

All investment properties rented or that are expected to be rented for operating leasing are classified as investment properties.

In accordance with NIC 40, the Group periodically determines the fair value of the investment property elements, in such a way that at year-end, the fair value reflects the market conditions of the investment property elements at said date. Said fair value is determined each year by taking as a reference the valuations made by independent experts.

The market value of the Group's investment property at 31 December 2016, 2015 and 2014, estimated as a function of valuations made by CBRE Valuation Advisory, S.A. (for 2016) and Tasaciones Inmobiliarias, S.A. (for 2015 and 2014) valued independently not connected to the Group, amounted to 22,420, 25,715 and 25,340 thousand euros, respectively. This valuation does not include the additions made during the years, nor Guadalmina Beach property, which is valued at approximately the price at which it was sold in December 2017.

The valuation for 2016 was carried out in accordance with the RICS Valuation - Professional Standards of Great Britain, and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC). Valuation of the assets performed by the appraisers as of 31 December 2016, with no measurement being made in situ or regarding plans to scale of the properties being appraised, regarding which the surface areas indicated in the simple registry entry are considered correct.

The methodology used to calculate the market value of "Other Rights in rem" consisted of the preparation of ten-year income and expense projections for each property, considering 98% occupancy from the first year for residences, with occupancy set at 96% for fiscal year 2017, while occupancy of the car parks is set at 80%. Projected income was in line with the actual rents as of the date of valuation and corresponds to the updated amounts that appear in the definitive asset rating, considering annual increases of 2%, in line with inflation. A rate of inflation of 2% in perpetuity is considered for the purposes of valuation. In addition, it was considered that occupancy will remain at 98%.

It was also considered that the average exit yield in year 10 will be 4.89%, which has been adjusted upwards to reflect those years for which surface rights remain. The market yield is considered to be 4%. A market rate of about 5.42%-5.59% was considered in arriving at the exit yield rate.

The valuation of 2015 and 2014 was done in accordance with the order ECO/805/2003, of 27 March on immovable property and certain rights for certain financial purposes, amended by order EHA/3011/2017 of 4 October and EHA/564/2008 of 28 February (by which taxes are charged through different methods, based on the urban development and type of asset at hand). To calculate said market value, the comparison method, update method and residual method have been used for the value of the lot.

Through the comparison method, the value of the asset subject to the valuation is obtained through an analysis of the property market of comparables based on specific information about recent real transactions and firm offers of a comparable lot equal to that of the subject of analysis and valuation.

Through the update method, the taxation value issued corresponds to the update value calculated based on the cash flows of future properties, as established in order ECO/805/2003, that is, by calculating based on future rents in which it is legally permitted to lease the property. In the elements not currently leased, the value is calculated considering the rent until finishing the period related to the rents of homes (March 2030), considering that later, the surface right is sold for the concession value of the remaining years until terminating the right, when the full ownership of the properties is returned to the Town Hall of Barcelona.

Through the residual method, today's lot value is calculated, considering the future flow associated with said lot, both charges and payments, based on the hypothesis of prices and periods of development and construction.

In any case, considering the situation of the asset market, significant differences may emerge between the fair value of the Group's investment properties and their effective fair value.

Investment properties are classified as level 3 according to the inputs used for their valuation.

In 2016, 2015 and 2014, no asset transfers between the different levels occurred.

The main hypotheses used in calculating the fair value of the property assets have been the following:

	2016	**2015**	**2014**
Exit Yield average	4.89%	4.25%	4.25%
Discount rate	5.42%-5.59%	5.42%-5.59%	5.42%-5.59%

The effect of the change of one fourth of a point and half of a point on the yield rates required, calculated as the rent above the market value of assets, consolidated asset and consolidated statement of profit or loss, with respect to investment properties would be as follows:

	Thousands of euros					
	2016		2015		2014	
	Assets	Results before tax	Assets	Results before tax	Assets	Results before tax
Exit Yield increase by one quarter of a point	(800)	(800)	(905)	(905)	(840)	(840)
Exit Yield decrease by one quarter of a point	800	800	895	895	910	910
Exit Yield increase by half of a point	(1,600)	(1,600)	(1,880)	(1,880)	(1,740)	(1,740)
Exit Yield decrease by half of a point	1,700	1,700	1,820	1,820	2,060	2,060

The effect of the change of 10% on the rent increases considered has the following impact on the consolidated statement of financial position and consolidated statement of profit or loss, with respect to investment properties:

	Thousands of euros					
	2016		2015		2014	
	Assets	Results before tax	Assets	Results before tax	Assets	Results before tax
10% market rent increase	2,000	2,000	2,245	2,245	2,360	2,360
10% market rent decrease	(2,200)	(2,200)	(2,505)	(2,505)	(2,490)	(2,490)

11. Investments accounted by using the equity method

The movement in the years 2015 and 2016 by the investments accounted by the equity method is as follows:

	Thousands of euros		
	2016	2015	2014
Initial balance	36,122	22,865	14,511
Additions	4,651	15,399	8,713
Disposals	(2,694)	(8,219)	(132)
Dividends	(184)	-	-
Profit/loss for the period	3,518	6,107	(217)
Others	(57)	(30)	(10)
Final balance	**41,356**	**36,122**	**22,865**

The movements in the years 2015 and 2016, broken down by associate, are detailed below:

- Lazora, S.I.I., S.A.:

  On 2 March 2015, the Group purchased 529,856 shares of Lazora, S.I.I., S.A. to a financial institution amounting to 4,280 thousand euros, included in the sale contract of the concession of the purchase option in favour of Lazora, S.I.I, S.A. On 9 September 2015, Lazora, S.I.I, S.A. exercised the right to purchase its shares.

  On 22 September 2015, Lazora, S.I.I, S.A.'s Extraordinary General Shareholders' Meeting approved reducing its social capital to 29,913 thousand euros. The Group received 378 thousand euros for the refund of contributions.

On 22 December 2015, the Group purchased 11,818 shares of a financial institution of Lazora, S.I.I, S.A. for 76 thousand euros.

On 15 March 2016, Lazora, S.I.I, S.A.'s Extraordinary General Shareholders' Meeting approved a reduction of share capital through the reduction of the nominal value of all of the shares that the share capital is divided into. This reduction decreased Lazora, S.I.I, S.A.'s stake by 134 thousand euros.

- Azora Europa I, S.A.:

  On 17 December 2014, Azora Europa I, S.A.'s Extraordinary General Shareholders' Meeting approved the reduction of its share capital by 5,574 thousand euros, through the purchase by Azora Europa I, S.A.'s shareholders of 557,437,200 shares at a price of 0.01 euros each, which were later redeemed. The reduction of business capital was registered in the Commercial Registry on 22 May 2015. The Group received 266 thousand euros for a refund of contributions.

  On 30 December 2014, the Parent Company signed a contract with a financial entity that was notarised 11 February 2015, by which the Parent Company purchased 476,202,000 shares of Azora Europa I, S.A. amounting to 3,259 thousand euros, whereby the contract includes the concession of a purchase option in favour of Azora Europa I, S.A. Later, on 24 June 2015, the General Meeting of Shareholders of Azora Europa I, S.A. approved the purchase of said treasury shares, and the agreement was later notarised in 2016.

  On 19 April 2016, Azora Europa I, S.A.'s Extraordinary General Shareholders' Meeting approved the reduction of its share capital by 62 thousand euros, through the purchase by Azora Europa I, S.A.'s shareholders of shares at a price of 0.01 euros each, which were later redeemed.

- EnCampus Residencia de Estudiantes, S.A.:

  In 2015, EnCampus Residencia de Estudiantes, S.A. carried out two capital increases. The Parent Company made both increases by subscribing a total of 65,052 shares of 5 euros of nominal value each and a share premium of 5 euros per share. The shares have been totally disbursed.

- Encasa Cibeles, S.L.:

  On 23 December 2016, Encasa Cibeles, S.L.'s Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary dividend amounting to 8,000 thousand euros with charge to the share premium. Of the aforementioned distribution, 163 thousand euros corresponded to the Group according to the percentage stake it has, recognised as a reduction of the investment cost.

- Hispania Activos Inmobiliarios, SOCIMI, S.A.:

  On 11 May 2016, the agreement of the Board of Directors within the scope of the authorisation conferred by Hispania Activos Inmobiliarios, SOCIMI, S.A.'s General Shareholders' Meeting was notarised, by which it was agreed to raise this company's share capital. The Group assumes 257,820 new shares, disbursed through a financial contribution of 2,308 thousand euros.

  In 2016, the agreement of the Board of Directors within the scope of the authorisation conferred by Hispania Activos Inmobiliarios, SOCIMI, S.A.'s General Shareholders' Meeting was notarised, by which it was agreed to carry out an extraordinary share premium distribution. Said distribution has represented a reduction of the Group's stake in Hispania Activos Inmobiliarios, SOCIMI, S.A. by 112 thousand euros.

  In 2016, the Parent Company acquired 87,527 shares of Hispania Activos Inmobiliarios, SOCIMI, S.A. for an amount of 999 thousand euros.

  At 31 December 2016, the Company had 1,170,347 shares, which constituted 1.07% of Hispania Activos Inmobiliarios, SOCIMI, S.A.'s social capital.

- Carey Value Added, S.L.:

In 2015, the Group acquired a total of 211,874 shares of Carey Value Added, S.L. for a total amount of 7,097 thousand euros.

At 31 December 2015, the Group had 211,874 shares, which constituted 10.79% of Carey Value Added, S.L.'s social capital.

On 26 July 2016, the Parent Company acquired 42,206 shares of Carey Value Added, S.L. for an amount of 1,345 thousand euros.

On 16 December 2016, the Parent Company transferred 66,914 shares of Carey Value Added, S.L. for an amount of 2,536 thousand euros. The aforementioned transfer generated a profit amounting to 310 thousand euros, recognised as "Impairment and gains or losses on significant influence loss over an associate consolidated by the equity method" on the accompanying consolidated statements of profit or loss.

With the aim of standardising the accounting principles and criteria of the companies associated with those of the Group, according to what was established in IAS 28, certain standardisation adjustments have been made, among which should be noted the valuation at fair value of the real estate investments that hold the shares mentioned above . The determination of the fair value of the real estate assets that constitute the main activity of the investee companies is mainly based on appraisals carried out by normally external experts. These experts have substantial experience in the markets in which the companies operate and use methods and valuation standards widely used on the market—there are no limitations in such valuations that could significantly alter the value.

Valuations for financial years 2016, 2015 and 2014 of the real estate property capital gains from the assets of the subsidiaries Azora Europa I, S.A., Carey Value Added, S.L. and Hispania Activos Inmobiliarios SOCIMI, S.A. were performed by Jones Lang LaSalle Sp.Z.o.o. and CBRE Real Estate S.A. in accordance with the valuation and assessment standards published by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and in accordance with the International Valuation Standards Council (IVSC).

In the case of Lazora, S.I.I.S.A., the market value of the investment portfolio that the subsidiary maintains was assessed by "Tinsa, Sociedad de Tasación", in accordance with Order ECO/805/2003 of 27 March on immovable property and certain rights for certain financial purposes, amended by order EHA/3011/2017 and EHA/564/2008.

If third-party appraisals are not available, the Group makes internal assessments based on market studies.

The valuation methods used by the independent experts primarily consist of discounting of future cash flows received by a market discount rate.

The main parameters used in the valuation models of the real estate property of the main associates are the following:

Hispania Activos Inmobiliarios, SOCIMI, S.A.:

	31 December 2016	31 December 2015	31 December 2014
Offices (Exit Yield)	5.00% -7.50%	5.30% - 7.50%	5.30% - 7.50%
Offices (Discount rate)	7.00% - 9.00%	7.91% - 12.46%	7.91% - 12.46%
Hotels (Exit Yield)	5.75% - 8.75%	6.00% - 8.25%	6.50% - 8.50%
Hotels (Discount rate)	7.25% - 9.26%	8.00% - 10.75%	8.00% - 10.75%
Housing (Exit Yield)	5.00%	N/A	N/A
Housing (Discount rate)	6.44%	7.08%	7.08%

Carey Value Added, S.L:

	31 December 2016	31 December 2015	31 December 2014
Hotels (Exit Yield)	5.25% -7,00%	5.75% - 7.00%	5,75% -7,00%
Hotels (Discount rate)	6.509% - 9.00%	8.00% - 9.50%	7.50% - 9.75%

Lazora, S.I.I., S.A.:

	31 December 2016	31 December 2015	31 December 2014
Housing (Discount rate)	3.80% - 5.50%	3.70% - 5.50%	3.70% - 5.50%

These parameters depend on the type of property (residential, office, hotel) and the location and current property market trend in the country in which each of them are located.

If the property market or the general economic situation is trending downwards, adjustments to the valuations of such holdings may be made.

As a result, a negative change in the sector in which these assets are active would produce risk in the valuations that would have to be adjusted. The following sensitivity analysis shows how the cost of the associates would have been affected if the value of the real estate assets of each associate increased or decreased by 5% and 10% as a result of changes in the valuation hypotheses.

Name	**Asset Rating**	**Asset Rating**	**Investment Rating**	**Asset Rating**	**Asset Rating**
	+10%	**+5%**	**31 -12 -2016**	**(5%)**	**(10%)**
Lazora, S.I.I, S.A.	8,303	7,730	7,173	6,584	6,011
Azora Europa I, S.A.	2,013	1,863	1,713	1,563	1,413
EnCampus Residencia de Estudiantes, S.A. (*)	-	-	2,106	-	-
Carey Cologne Value Added GmbH & CO	-	-	12	-	-
Encasa Cibeles, S.L.	17,516	16,455	15,394	14,333	13,272
Carey Value Added, S.L.	4,204	4,056	3,909	3,762	3,615
Hispania Activos Inmobiliarios, SOCIMI, S.A.	12,819	11,934	11,049	10,164	9,279

Name	Asset Rating +10%	Asset Rating +5%	Investment Rating 31 -12 -2015	Asset Rating (5%)	Asset Rating (10%)
Lazora, S.I.I, S.A.	8,251	7,692	7,157	6,573	6,011
Azora Europa I, S.A.	2,060	1,918	1,776	1,563	1,413
EnCampus Residencia de Estudiantes, S.A. (*)	-	-	2,106	-	-
Carey Cologne Value Added GmbH & CO	-	-	10	-	-
Encasa Cibeles, S.L.	4,313	4,162	4,011	3,859	3,708
Carey Value Added, S.L.	13,809	12,869	11,929	10,989	10,049
Hispania Activos Inmobiliarios, SOCIMI, S.A.	10,536	9,834	9,133	8,431	7.729

Name	Asset Rating +10%	Asset Rating +5%	Investment Rating 31 -12 -2014	Asset Rating (5%)	Asset Rating (10%)
Lazora, S.I.I, S.A.	7,986	7,497	7,061	6,519	6,030
Azora Europa I, S.A.	2,140	1,991	1,841	1,692	1,542
EnCampus Residencia de Estudiantes, S.A. (*)	-	-	1,455	-	-
Carey Cologne Value Added GmbH & CO	-	-	11	-	-
Encasa Cibeles, S.L.	4,324	4,162	4,000	3,839	3,677
Hispania Activos Inmobiliarios, SOCIMI, S.A.	9,108	8,802	8,497	8,191	7,886

(*) Considering that the best estimate of the fair value is the cost given that corresponds to an ongoing project, and there are no comparables available with which to make a reasonable estimate of their market value.

At year-end of 2015 and 2016, the Group had the following percentage stake in the following companies:

Name	2016 % Stake	2015 % Stake
Lazora S.I.I, S.A.	1.26%	1.26%
Azora Europa I, S.A.	1.25%	1.25%
EnCampus Residencia de Estudiantes, S.A.	7.65%	7.65%
Carey Cologne Value Added GmbH & CO	5.10%	5.10%
Encasa Cibeles, S.L.	2.05%	2.05%
Hispania Activos Inmobiliarios, SOCIMI, S.A.	1.072%	0.999%
Carey Value Added, S.L.	7.23%	10.79%

Lazora, S.I.I., S.A.

The company's exclusive corporate purpose is to invest in any type of urban property for lease, which is compatible with investment in securities and liquid assets in accordance with the provisions of the applicable regulations.

Azora Europa I, S.A.

The company’s corporate purpose is owning, managing and selling properties, whether or not they are promoted by the company, both in Spain and abroad, and can carry out its co-investment activities with other Spanish or foreign companies, as well as indirectly, by participating in other companies with a similar purpose.

EnCampus Residencia de Estudiantes, S.A.

The company’s corporate purpose is the construction, acquisition, owning, management, operation and disposal of student housing and concessional titles or of any other nature that give the right to owning, management or operation of student housing.

Carey Cologne Value Added GmbH & CO

The company's corporate purpose is the promotion, acquisition, transfer, lease to third parties and administration of hotels, residences and in general any property or establishment dedicated to the hotel business.

Encasa Cibeles, S.L.

The company's corporate purpose is the purchase and sale or provision of urban immovable property, in addition to the owning, management and promotion of works, reforms and improvements of said immovable property.

Hispania Activos Inmobiliarios, SOCIMI, S.A.

The company's corporate purpose is the purchase and promotion of urban immovable property for their lease; owning shares in the capital of investment companies listed on the property market (SOCIMI) or in that of other institutions not residing in Spain that have the same.

This company is listed on the Madrid Stock Exchange.

Carey Value Added, S.L.

The company's corporate purpose is the promotion, construction, acquisition, transfer, lease to third parties, operation and administration of hotels, apartment hotels, residences, restaurants, and in general any property or establishment dedicated to hotel, accommodation and restaurant businesses.

The detail as of 31 December, 2016, 2015 and 2014 of investments accounted by using the equity method, as well as the result attributable to the Group is as follows:

2016

	Thousands of euros	
Associated company	Investment accounted by using the equity method	Result attributable to the group
Lazora, S.I.I, S.A.	7,173	150
Azora Europa I, S.A.	1,713	(1)
EnCampus Residencia de Estudiantes, S.A.	2,106	-
Carey Cologne Value Added, GmbH & CO	12	2
Encasa Cibeles, S.L.	3,909	61
Hispania Activos Inmobiliarios, SOCIMI, S.A.	15,394	3,308
Carey Value Added, S.L.	11,049	(2)
Total	**41.356**	**3,518**

2015

Associated company	Thousands of euros	
	Investment accounted by using the equity method	Result attributable to the group
Lazora, S.I.I, S.A.	7,157	399
Azora Europa I, S.A.	1,776	200
EnCampus Residencia de Estudiantes, S.A.	2,106	-
Carey Cologne Value Added, GmbH & CO	10	(1)
Encasa Cibeles, S.L.	4,011	11
Hispania Activos Inmobiliarios, SOCIMI, S.A.	9,133	666
Carey Value Added, S.L.	11,929	4,832
Total	**36,122**	**6,107**

2014

Associated company	Thousands of euros	
	Investment accounted by using the equity method	Result attributable to the group
Lazora, S.I.I, S.A.	7,061	(102)
Azora Europa I, S.A.	1,841	(353)
EnCampus Residencia de Estudiantes, S.A.	1,455	-
Carey Cologne Value Added, GmbH & CO	11	(19)
Encasa Cibeles, S.L.	4,000	-
Hispania Activos Inmobiliarios, SOCIMI,S.A.	8,497	257
Total	**22,865**	**(217)**

The amounts of the main companies associated to the Group (standardised to the regulatory framework applicable to the Group) are the following:

2016

	Thousands of euros			
	Lazora, SII, SA	Hispania Activos Inmobiliarios, SOCIMI, SA	Carey Value Added, S.L.	Others
Non-current assets	966,562	2,059,692	378,068	455,313
Current assets	50,104	325,896	28,410	57,235
Non-current liabilities	396,034	735,019	207,854	152,224
Current liabilities	71,820	86,689	50,504	58,789
Business figures	42,827	111,113	39,583	52,340
Profit/(loss) for the year from continuing operations adjusted	252	311,880	(963)	(5,106)

2015

	Thousands of euros			
	Lazora, SII, SA	Hispania Activos Inmobiliarios, SOCIMI, SA	Carey Value Added, S.L.	Others
Non-current assets	981,020	1,472,085	267,164	473,828
Current assets	49,418	251,381	164,771	64,303
Non-current liabilities	440,136	632,823	223,511	165,018
Current liabilities	42,439	71,529	69,901	45,515
Business figures	42,402	33,769	41,129	37,092
Profit/(loss) for the year from continuing operations adjusted	(1,306)	67,347	22,892	(4,621)

2014

	Thousands of euros			
	Lazora, SII, SA	Hispania Activos Inmobiliarios, SOCIMI, SA	Carey Value Added, S.L.	Others
Non-current assets	985,377	438,772	486,170	985,377
Current assets	30,362	211,449	67,349	30,362
Non-current liabilities	403,010	76,105	152,071	403,010
Current liabilities	38,725	13,621	68,419	38,725
Business figures	42,581	9,021	44,338	42,581
Profit/(loss) for the year from continuing operations adjusted	3,789	17,389	(8,773)	3,789

12. Financial instruments

Categories of financial instruments

	Thousands of euros			
Financial assets	**31/12/2016**	**31/12/2015**	**31/12/2014**	**01/01/2014**
Available-for-sale financial instruments	20	-	-	-
Long-term loans	492	1,500	1,500	-
Long-term deposits	-	-	1,200	-
Others	181	270	276	110
Non-current financial assets	**693**	**1,770**	**2,976**	**110**
Trade and other receivables	8,655	5,425	4,445	7,295
Other current financial assets	7,322	4,306	3,320	3,819
Cash and cash equivalents	8,916	10,193	9,329	11,558
Current financial assets	**24,893**	**19,924**	**17,094**	**22,672**

Financial liabilities	Thousands of euros			
	31/12/2016	31/12/2015	31/12/2014	01/01/2014
Non-current bank borrowings	6,381	5,984	6,338	6,656
Other non-current financial liabilities	3,012	3,008	381	291
Non-current financial liabilities (amortised cost)	**9,393**	**8,992**	**6,719**	**6,947**
Current bank borrowings	859	4,506	3,988	317
Trade and other payables	7,467	6,226	5,768	6,789
Other current financial liabilities	404	328	130	242
Current financial liabilities (amortised cost)	**8,730**	**11,060**	**9,886**	**7,348**

Financial assets

Non-current

The breakdown of the balance of this entry on the consolidated statement of financial position at 31 December 2016, 2015, 2014 and at 1 January 2014 was as follows:

	Thousands of euros				
	Available-for-sale financial instruments	Long-term loans	Long-term deposits	Others	Total
Balance at 1 January 2014	**-**	**-**	**-**	**110**	**110**
Additions, transfers or disposals (net)	-	1,500	1,200	166	2,866
Balance at 31 December 2014	**-**	**1,500**	**1,200**	**276**	**2,976**
Additions, transfers or disposals (net)	-	-	(1,200)	(6)	(1,206)
Balance at 31 December 2015	**-**	**1,500**	**-**	**270**	**1,770**
Additions, transfers or disposals (net)	20	(1,008)	-	(89)	(1,077)
Balance at 31 December 2016	**20**	**492**	**-**	**181**	**693**

Long-term loans

“Long-term loans to third parties” correspond to loans granted in 2014 to administrative staff of Azora Group with a maturity of 39 months from their drawdown date and a market interest rate (see Note 16.2).

1,500 thousand euros of loans accorded to third parties in previous financial years and due in 2017, subsequently renewed to 2018, were transferred to short term during the 2016 financial year. These loans had accrued interests at 31 December 2016, 2015 and 2014 amounting to 5, 19 and 31 thousand euros, respectively, which are recognised as “Finance income” on the accompanying consolidated statements of profit or loss.

In addition, loans have been granted for an amount of 490 thousand euros with a maturity of 36 months from their drawdown date and a market interest rate.

Current

The breakdown of the balance of this entry on the consolidated statement of financial position at 31 December 2016, 2015, 2014 and at 1 January 2014 was as follows:

	Balance at 1 January 2014	Additions, transfers or disposals (net)	Balance at 31 December 2014	Additions, transfers or disposals (net)	Balance at 31 December 2015	Additions, transfers or disposals (net)	Balance at 31 December 2016
Trade and other receivables	**7,295**	(2,850)	**4,445**	980	**5,425**	3,230	**8,655**
Credit to companies	**-**	2,770	**2,770**	182	**2,952**	1,870	**4,822**
Other financial assets	**-**	-	**-**	196	**196**	(196)	**-**
Short term deposits and guarantees	**205**	(72)	**133**	(107)	**26**	-	**26**
Short-term deposits	**1,708**	(1,708)	**-**	1,100	**1,100**	(130)	**970**
Interests Time deposits	**-**	8	**8**	24	**32**	(28)	**4**
Debt securities	**506**	(506)	**-**	-	**-**	-	**-**
Short-term loans	**-**	-	**-**	-	**-**	1,500	**1,500**
Investments in group an associated companies	**1,400**	(991)	**409**	(409)	**-**	-	**-**
Cash and cash equivalents	**11,558**	(2,229)	**9,329**	864	**10,193**	(1,277)	**8,916**
Total	**22,672**	**(5,578)**	**17,094**	**2,830**	**19,924**	**4,969**	**24,893**

Trade and other receivables

As at 31 December 2016, 2015 and 2014 and 1 January 2014, the balance under the item "Trade and other receivables" referred primarily to receivables for the management commission for the fourth quarter from Hispania Activos Inmobiliarios SOCIMI, S.A., to be collected in the opening days of the following month.

The Administrators of the Parent Company consider that the carrying amount of the trade and other receivables is close to their fair value.

The accounts included in "Trade and other receivables" have not suffered impairment loss and correspond to non-matured debts.

Credit to companies

Carey Credit 2014

A group of financial institutions transferred their creditor position to the Parent Company on a syndicate loan made to Carey Value Added, S.L. with a discount on its face value. The income accrued in 2016, 2015 and 2014 amounted to 182 thousand euros, 182 thousand euros and 152 thousand euros respectively, and was recognised in "Finance income" on the accompanying consolidated statements of profit or loss.

Carey convertible credit

On 28 July 2016, the Parent Company acquired a loan convertible into share capital of Carey Value Added, S.L. for an amount of 1,616 thousand euros. The income accrued in 2016 amounted to 72 thousand euros, and was recognised in "Finance income" on the accompanying consolidated statements of profit or loss.

Short-term deposits with credit institutions

At 31 December 2016, 2015 and 2014 the entire balance of "Short-term deposits with credit institutions" of the current asset of the accompanying consolidated statement of financial position corresponded to fixed-term deposits that accrue a market interest rate.

The income accrued in 2016, 2015 and 2014 for the fixed-term deposits amounted to 12 thousand, 14 thousand euros and 8 thousand euros that were included as "Finance income" on the accompanying consolidated statements of profit or loss.

Other financial assets

At 31 December 2015, 196 thousand euros were recognised in "Other financial assets" corresponding to part of the price pending payment by Azora Europa I, S.A. for the acquisition by this company of its treasury shares from the Parent Company. In 2016, said account receivable was paid by Azora Europa I, S.A.

Cash and cash equivalents

The composition of this entry on the accompanying consolidated statement of financial position at 31 December 2016, 2015, 2014 and at 1 January 2014 was as follows (in thousands of euros):

	Thousands of euros			
	31.12.2016	**31.12.2015**	**31.12.2014**	**1.01.2014**
Cash — Current accounts	8,916	10,193	6,329	8,558
Other cash equivalents	-	-	3,000	3,000
Total	**8,916**	**10,193**	**9,329**	**11,558**

The balance recognised in cash corresponds to current account balances at 31 December 2016, 2015, 2014 and at 1 January 2014, which does not have restrictions in terms of its availability. "Cash and cash equivalents" is considered to be the Group's cash and the short-term bank deposits with an initial maturity of 3 months or a shorter term. The carrying amount of these assets is close to their fair value.

At 1 January 2014, the Group had formalised a fixed-term disposal with a financial entity for an amount of 3,000 thousand euros, and that has matured in the first quarter of 2015. This disposal was remunerated at a market interest rate.

Financial liabilities

Below, there is a breakdown of the current and non-current financial liabilities at 31 December 2016, 2015, 2014 and at 1 January 2014 (in thousands of euros):

	Thousands of euros			
	31.12.2016	**31.12.2015**	**31.12.2014**	**1.01.2014**
Non-current bank borrowings	6,381	5,984	6,338	6,656
Other non-current financial liabilities	3,012	3,008	381	291
Debts to related parties	*2,555*	*2,555*	-	-
Deposits received	*457*	*453*	*381*	*291*
Non-current financial liabilities	**9,393**	**8,992**	**6,719**	**6,947**
Current bank borrowings	859	4,506	3,988	317
Trade and other payables	7,467	6,226	5,768	6,789
Other current financial liabilities	404	328	130	242
Current financial liabilities	**8,730**	**11,060**	**9,886**	**7,348**
Total financial liabilities	**18,123**	**20,052**	**16,605**	**14,295**

Bank borrowings

The detail of non-current and current bank borrowings is as follows:

	Thousands of euros		
	2016	**2015**	**2014**
Credit policies	347	-	-
Bank loans	6,034	5,984	6,338
Non-current bank borrowings	**6,381**	**5,984**	**6,338**
Credit policies	494	4,161	3,668
Bank loans	365	345	320
Current bank borrowings	**859**	**4,506**	**3,988**

Type	Maturity	Limit	Available 2016 Current	2016 Non-current	2015 Current	2015 Non-current	2014 Current	2014 Non-current
Credit policy	23/06/2015	2,000	-	-	1,979	-	1,714	-
Credit policy	25/04/2016	2,800	-	-	-	-	1,954	-
Credit policy	16/07/2019	4,000	-	122	430	-	-	-
Credit policy	23/06/2017	3,000	1	-	1,502	-	-	-
Credit policy	28/05/2018	500	-	-	-	-	-	-
Credit policy	31/05/2019	250	-	225	-	-	-	-
Credit policy	24/06/2017	3,000	254	-	-	-	-	-
Bank loans	11/07/2019	720	239	425	250	-	-	-
Mortgage loans (Note 10)	04/07/2033	-	365	5,609	345	5,984	320	6,338
		16,270	**859**	**6,381**	**4,506**	**5,984**	**3,988**	**6,338**

In 2013, the Group through the investee company Colón Viviendas, SOCIMI, S.A. acquired the right of use and enjoyment of four promotions that it maintains in the portfolio of investment properties in "Investment Property" of the asset of the consolidated statement of financial position, and is subrogated in the loans the selling party had contracted with a financial entity. At 31 December 2016, 2015 and 2014, the balance with credit institutions amounted to 5,974, 6,329 and 6,658 thousand euros, respectively, of which 5,609 thousand euros were classified as non-current liabilities on the consolidated statement of financial position and 365 thousand euros as current liabilities on the consolidated statement of financial position, according to its maturity in 2016. This Group company received operational subsidies to pay for the interests of the loans intended to finance the homes under the public protection regime and were credited as the costs financed accrued. In 2016, bonuses were recognised for an amount of 49 thousand euros (67 thousand euros in 2015 and 78 thousand euros in 2014) that were presented as a lower financial cost on the consolidated statement of profit or loss.

In addition, the subsidies received an associated with financing the principal of debts with credit institutions also originated from the qualified loans intended to develop homes amounted to 142, 132 and 126 thousand euros in 2016, 2015 and 2014, respectively, and were recognised in "Other operational income" on the consolidated statement of profit or loss.

The maturity calendar of the debts of bank borrowings at 31 December 2016, 2015, 2014 and 1 January 2014 is as follows:

Year	Thousands of euros			
	31/12/2016	**31.12.2015**	**31.12.2014**	**1.01.2014**
At 1 year	859	4,506	3,988	317
At 2 years	372	353	330	326
At 3 years	1,151	361	340	335
More than 3 years	4,858	5,270	5,668	5,995
Total	**7,240**	**10,490**	**10,326**	**6,973**

In 2016, the Group renewed two credit policies it had formalised with two financial entities, establishing new limits and maturities.

All credit policies the Group had at the year-end of 2016, 2015, 2014 and at 1 January 2014 accrue a market interest rate.

In 2016, the group signed a bank loan through the company Residencias de Estudiantes, S.A. for an amount of 720 thousand euros and maturity established on 11 July 2019. At 31 December 2016, 239 thousand euros were classified as current liabilities on the consolidated statement of financial position according to the payment calendar established.

The costs accrued from bank borrowings in 2016, 2015 and 2014 amounted to 56, 99 and 73 thousand euros, respectively, and were recognised as "Financecost" on the accompanying consolidated statement of profit or loss.

Other financial liabilities

Debts to related parties

In July 2015, the Parent Company received a mandate from an associate to acquire shares of the company Beach Guadalmina Playa Parque del Sol, S.L. In relation to this mandate, the associate advanced the Parent Company 2,556 thousand euros for the acquisition of the share capital, which was to be concluded during the 2018 financial year.

In accordance with the mandate described in the previous paragraph, the Parent Company acquired 86.85% of the shares of the company Beach Guadalmina Playa Parque Sol, S.L. in 2015, increasing to 88.63% at the close of the 2016.

Deposits received

At 31 December 2016, 2015, 2014 and at 1 January 2014, the balance of "Other financial liabilities" of the consolidated statement of financial position included the deposits and guarantees received from the lessees of the properties owned by the Group and deposited in the legal amount established in the corresponding Public Bodies.

Trade and other payables

The detail of this entry at 31 December 2016, 2015, 2014 and at 1 January 2014 was as follows (in thousands of euros):

	Thousands of euros			
	31.12.2016	**31.12.2015**	**31.12.2014**	**1.01.2014**
Providers	228	157	138	117
Various creditors	1,183	987	1,089	900
Personal	3,839	3,221	3,045	2,258
Other debts with Public Administrations (Note 15)	2,075	1,787	1,430	3,452
Customer advances	142	74	66	62
Total trade and other payables	**7.467**	**6,226**	**5,768**	**6,789**

<u>Information about the payment deferments made to suppliers. Additional third provision "Duty of disclosure" of Law 15/2010 of 5 July:</u>

In compliance with the duty to report average payment period to suppliers, established by Law 15/2010 and the Eighth Additional Provision of the Law on Corporations (in accordance with the new working provided by the Second Final Provision of Law 31/2014 reforming the Law on Corporations).

The detail required by Article 6 of the Resolution of 29 January 2016 from the Spanish Accounting and Account Auditing Institute regarding the information to provide is shown below:

	2016	2015
	Days	Days
Average payment period to suppliers	13	14
Ratio of paid transactions	13	9
Ratio of transactions pending payment	9	22
	Thousands of euros	
Total payments made	9,527	8,314
Total pending payments	424	290

The previous information is prepared for the companies that form part of the scope of consolidation residing in Spain. Therefore, they do not include information about the payments to suppliers deferred by foreign companies included in the scope of consolidation and whose activity is outside Spain.

The information presented in the previous table about the payments to suppliers refer to those that by their nature are trade creditors due to debts with suppliers of goods and services, such that they include the data related to the "Trade and other payables — Suppliers" of the current liabilities on the accompanying consolidated statement of financial position. In addition, as permitted in the First Temporary Provision of the aforementioned project of the Spanish Accounting and Account Auditing Institute's Resolution, for the year of applying the Resolution, no comparative information for 2014 was presented.

"Average payment period to suppliers" shall be understood as the expression of the time of payment or delay in paying the trade debt. This "Average payment period to suppliers" is calculated as the quotient comprised of a numerator that is the addition of the ratio of transactions paid, the total amount of payments made, plus the ratio of operations pending payment by the total amount of pending payments; and the denominator is the total amount of payments made and pending payments.

The ratio of paid transactions is calculated as the quotient comprised of a numerator that is the sum of the products corresponding to the amounts paid divided by the number of days of payment (difference between calculating the period until the material payment of the transaction); and the denominator is the total amount of payments made.

In addition, the ratio of pending payment transactions corresponds to the quotient formulated in the numerator by the sum of the products corresponding to the amounts pending payment, by the number of days of payment (difference between calculating the period until the close of the consolidated financial statements); and the denominator is the total amount of payments pending.

The maximum legal payment period applicable to the companies in 2014/15 according to Law 3/2004, of 29 December, which established measures fighting against default in trade operations and in accordance with the temporary provisions established in Law 15/2010 of 5 July, is for 60 days until the publication of Law 11/2013 of 26 July and for 30 days after the publication of the aforementioned Law, and to the present day (unless the conditions established therein are met, which would allow increasing the maximum payment period to 60 days).

13. Leasing

At year-end of 2016, 2015 and 2014, the Group committed with the lessors to the following minimum lease payments in accordance with the current contracts in force, without taking into account any repercussion of common expenses, future increases for IPC, or future rent updates contractually agreed upon:

Operating leases	Thousands of euros			
Minimum rates	31.12.2016	31.12.2015	31.12.2014	1.01.2014
Less than one year	644	964	267	186
Between one and five years	506	979	312	35
Total	**1,150**	**1,943**	**579**	**221**

The most significant operating lease rates correspond to rental contracts that the Group companies have subscribed to lease their offices.

At year-end of 2016, 2015 and 2014, the Group had committed with the lessees to the following minimum lease payments in accordance with the current contracts in force, without taking into account any repercussion of common expenses, future increases for IPC, or future rent updates contractually agreed upon:

Operating leases	Thousands of euros			
Minimum rates	**31.12.2016**	**31.12.2015**	**31.12.2014**	**1.01.2014**
Less than one year	747	857	605	548
Between one and five years	972	1,207	736	693
More than 5 years	868	1,016	1	-
Total	**2,587**	**3,080**	**1,342**	**1,241**

In its position as lessor, the most significant operating lease contracts the Group has at year-end of 2016, 2015 and 2014 corresponded to the home rental contracts, formalised by the investee company Colón Viviendas, SOCIMI, S.A., and to the administrative concession on the CSIC-Generalitat de Catalunya Researcher Housing, both located in the city of Barcelona.

14. Total Equity

The compositions and movement of net equity is presented on the consolidated statement of changes in equity.

At the year-end of 2016, 2015, 2014 and at 1 January 2014, the share capital of the Parent Company amounted to 30,060 euros, represented by 30,060 company shares of 1 euro of nominal value each, all of them the same time, totally subscribed and disbursed.

At 31 December 2016, 2015, 2014 and at 1 January 2014, the Parent Company's share capital was formed as it appears in the following table:

	Stake	Percentage
Baztán Consultores, S.L.	15,030	50%
Hermanos Bécquer 10, S.L.	15,030	50%
Total	**30,060**	**100%**

Legal reserve

In accordance with the Law on Corporations, the limited liability company must send a figure equal to 10% of the year's profit to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may only be used to increase the share capital. Except for the purpose mentioned earlier, and as long as 20% of the share capital is not exceeded, this reserve shall only be able to be sent to compensate for losses, and as long as there are no other sufficient reserves available for this purpose.

At the close of 2016, 2015 and 2014, the Parent Company's legal reserve was totally constituted, as indicated in the previous paragraph.

The Group's Subsidiaries included legal reserves in their individual equity for an amount of 805 thousand euros at 31 December 2016 and 768 thousand euros at 31 December 2015 (482 thousand euros at 2014 year-end).

Other reserves

The detail of the reserves at 31 December 2016, 2015 and 2014 was as follows:

	Thousands of euros		
	2016	2015	2014
Reserves in companies consolidated by global integration	11,497	8,760	6,349
Other voluntary reserves of the Parent Company	26,744	24,018	23,163
Reserves in companies by the equity method	7,504	1,552	1,828
Total	**45,745**	**34,330**	**31,340**

Reserves in companies consolidated by the equity method

The breakdown of balances under the heading "Reserves in companies consolidated by global integration" of the consolidated statement of financial position as of 31 December 2016, 2015 and 2014 is as follows (thousands of euros):

Company	2016	2015	2014
Azora Altus, S.A.	1,405	(141)	(2,591)
Azora Capital, S.L. and subsidiaries	3,170	2,198	2,269
Azora Inversiones Uno, S.L.U.	(6)	(2)	-
Azora Inversiones Dos, S.L.U	(6)	(2)	-
Colón Viviendas, SOCIMI, S.A.	6,959	6,707	6,671
Beach Guadalmina Playa Parque Sol, S.L.	(25)	-	-
Total	**11,497**	**8,760**	**6,349**

Contribution from the consolidated companies to the year’s result

The contribution of each one of the consolidated companies to the result of the years-ended on 31 December 2016, 2015 and 2014 was as follows:

2016

Company	Thousands of euros		
	Attributable to the owners of the Parent	**Attributable to minority interest (non-controlling interests)**	**Profit/Loss for the year from continuing operations**
Parent Company:			
Azora Altus, S.A.	2,594	-	2,594
Companies consolidated by global integration:			
Azora Capital, S.L. and subsidiaries	13,022	4,886	17,908
Colón Viviendas, SOCIMI, S.A.	(1,282)	(965)	(2,247)
Beach Guadalmina Playa Parque Sol, S.L.	(151)	(19)	(170)
Azora Inversiones Uno, S.L.U.	(4)	-	(4)
Azora Inversiones Dos, S.L.U	(4)	-	(4)
Income from companies carried by the equity method	2,808	710	3,518
	16,984	**4,612**	**21,595**

2015

Company	Thousands of euros		
	Attributable to the owners of the Parent	**Attributab le to minority interest (non-controlling interests)**	**Profit/Loss for the year from continuing operations**
Parent Company:			
Azora Altus, S.A.	1,987	-	1,987
Companies consolidated by global integration:			
Azora Capital, S.L. and subsidiaries	5,695	2,384	8,079
Colón Viviendas, SOCIMI, S.A.	417	299	716
Azora Inversiones Uno, S.L.U.	(4)	-	(4)
Azora Inversiones Dos, S.L.U	(4)	-	(4)
Income from companies carried by the equity method	5,953	154	6,107
	14,044	**2,837**	**16,881**

2014

Company	Thousands of euros		
	Attributable to the owners of the Parent	**Attributable to minority interest (non-controlling interests)**	**Profit/Loss for the year from continuing operations**
Parent Company:			
Azora Altus, S.A.	2,861	-	2,861
Companies consolidated by global integration:			
Azora Capital, S.L. and subsidiaries	3,141	1,227	4,368
Colón Viviendas, Sociedad de Inversión Inmobiliaria, S.A.	331	(104)	227
Azora Inversiones Uno, S.L.U.	(1)	-	(1)
Azora Inversiones Dos, S.L.U	(1)	-	(1)
Income from companies carried by the equity method	(277)	60	(217)
	6,054	**1,183**	**7,237**

Non-controlling interests

The balance of this chapter of the consolidated statement of financial position contains the share value of the partners or minority shareholders in the consolidated companies by the "global integration method."

In addition, the balance that is shown in "Profit/loss for the year from continuing operations attributable to minority interests (non-controlling interest) on the consolidated income statement represents the participation of said partners or minority shareholders on year's profit/loss.

At year-end of 31 December 2016, 2015 and 2014, the composition of this entry of the consolidated statement of financial position is as follows:

2016

Company	% non-controlling interests	Thousands of euros					
		Initial balance	**Dividends**	**Others**	**Valuation adjustments**	**Profit/loss of the year attributed to non-controlling interests**	**Final balance**
Azora Capital, S.L.	25.00%	7,651	(3,800)	-	(13)	5,055	8,893
Colón Viviendas, SOCIMI, S.A.	35.00%	8,316	(86)	-	-	(965)	7,265
Residencias de Estudiantes, S.A. (a)	25.00%	630	-	1	-	63	694
Azzam Gestión Inmobiliaria, S.L. (a)	49.00%	1,661	-	1	-	103	1,765
Sazora Investments A.B. (a)	33.30%	423	(310)	-	-	375	488
Beach Guadalmina Playa Parque Sol, S.L.	13.15%	387	-	(63)	-	(19)	305
Total		**19,068**	**(4,196)**	**(61)**	**(13)**	**4,612**	**19,410**

(a) Subsidiaries of Azora Capital, S.L.

2015

Company	% non-controlling interests	Thousands of euros							
		Initial balance	**Variations Scope (Note 2.2)**	**Dividends**	**Others**	**Valuation adjustments**	**Capital gains**	**Profit/loss of the year attributed to non-controlling interests**	**Final balance**
Azora Capital, S.L.	25.00%	5,048	(5)	(1,690)	(1)	(6)	2,250	2,055	7,651
Colón Viviendas, SOCIMI, S.A.	35.00%	8,177	-	(161)	1	-	-	299	8,316
Residencias de Estudiantes, S.A. (a)	25.00%	836	(203)	-	-	-	-	(3)	630
Azzam Gestión Inmobiliaria, S.L. (a)	49.00%	1,271	270	-	(21)	-	-	141	1,661
Sazora Investments A.B. (a)	33.30%	387	-	(309)	-	-	-	345	423
Beach Guadalmina Playa Parque Sol, S.L.	13.15%	-	387	-	-	-	-	-	387
Total		**15,719**	**449**	**(2,160)**	**(21)**	**(6)**	**2,250**	**2,837**	**19,068**

(a) Subsidiaries of Azora Capital, S.L.

2014

Company	% non-controlling interests	Thousands of euros						
		Initial balance	**Variations Scope (Note 2.2)**	**Dividends**	**Others**	**Valuation adjustments**	**Profit/loss of the year attributed to non-controlling interests**	**Final balance**
Azora Capital, S.L.	25.00%	3,984	-	-	(40)	(3)	1,107	5,048
Colón Viviendas, S.I.I, S.A.	35.00%	8,267	-	-	14	-	(104)	8,177
Residencias de Estudiantes, S.A. (a)	33.00%	1,475	(489)	-	-	-	(150)	836
Azzam Gestión Inmobiliaria, S.L. (a)	49.00%	-	1,271	-	-	-	-	1,271
Sazora Investments A.B. (a)	33.30%	441	-	(373)	(11)	-	330	387
Azora Gestión América, S de RL de CV	0.01%	-	-	-	-	-	-	-
Total		**14,167**	**782**	**(373)**	**(37)**	**(3)**	**1,183**	**15,719**

(a) Subsidiaries of Azora Capital, S.L.

The balances of the more significant minority shareholders are primarily related to Azora Capital, S.L. and Colón Viviendas, SOCIMI, S.A. The more significant information is as follows:

Azora Capital, S.L. and subsidiaries	Thousands of euros		
	2016	**2015**	**2014**
Non-current assets	29,042	30,738	31,746
Current assets	18,974	15,913	12,397
Non-current liabilities	1,840	1,397	1,136
Current liabilities	5,993	7,134	7,402
Net Equity	**40,183**	**38,120**	**35,605**
of which minorities	2,936	2,714	2,491
Minority holdings including the net equity of the Azora Altus Group	**11,840**	**10,365**	**7,542**
Business figures	63,259	38,735	29,572
Results before tax	**24,273**	**11,256**	**6,912**
Corporate income tax	(6,031)	(3,049)	(1,955)
Fiscal year results from continuing activities	**18,242**	**8,207**	**4,957**
Result after taxes from discontinued activities	-	-	-
Profit/loss for the period	**18,242**	**8,207**	**4,957**
of which minorities	*(542)*	*(483)*	*(179)*
Parent Company profit/loss	**17,700**	**7,724**	**4,778**
Minority interests including profit/loss for fiscal year	**5,596**	**2,583**	**1,287**
Cash flow from operating activity	19,612	12,381	8,586
Cash flow from investment activity	(4,760)	1,792	(7,454)
Cash flow from financing activity	(16,469)	(8,878)	(1,773)

Colón Viviendas, SOCIMI, S.A.	Thousands of euros		
	2016	**2015**	**2014**
Non-current assets	14,586	14,945	16,302
Current assets	1,431	1,268	261
Non-current liabilities	6,066	6,436	6,720
Current liabilities	467	454	369
Net Equity	**9,484**	**9,323**	**9,474**
of which minorities	-	-	-
Minority holdings including the net equity of the Azora Altus Group	**7,265**	**8,316**	**8,177**
Business figures	762	750	748
Results before tax	**358**	**308**	**360**
Corporate income tax	-	-	(4)
Fiscal year results from continuing activities	**358**	**308**	**356**
Result after taxes from discontinued activities	-	-	-
Profit/loss for the period	**358**	**308**	**356**
of which minorities	-	-	-
Minority interests including profit/loss for fiscal year	**(965)**	**299**	**(104)**
Cash flow from operating activity	523	551	288
Cash flow from investment activity	368	53	(1,166)
Cash flow from financing activity	(596)	(224)	(1,102)

Capital Management

The Group is financed by its own funds and debt. It is Group policy to safeguard capital management to maintain the confidence of investors, creditors and the market and to support ongoing development and growth so as to provide profits to shareholders, benefit other interest groups and maintain an optimal capital structure to reduce capital costs.

The Group may adjust the amount of dividends to be paid to shareholders, return capital, issue stock or sell assets to reduce indebtedness in order to maintain and adjust the capital structure.

There have been no changes in capital goals, policies or management during fiscal years 2016, 2015 and 2014.

15. Public administrations and tax situation

Consolidated tax group

The Group's Parent Company is subject to the Corporate Tax under the taxation regime of Tax Consolidation according to Chapter VII of Title VII of the Royal Legislative Decree 4/2004 of 5 March, by which the Redacted Text of the Corporate Income Tax Law is approved (the companies that constitute said group for tax purposes are detailed in Note 4.9).

In this regard, the scope of the aforementioned tax group does not coincide with the trade scope that comprises the consolidated Group of which Azora Altus, S.L. is the Parent Company.

Current and non-current balances with Public Administrations

The detail of the credits and debts at 31 December 2016, 2015 and 2014, with the Public Administrations is as follows:

	Thousands of euros					
	2016		2015		2014	
	Debtors	Creditors	Debtors	Creditors	Debtors	Creditors
Public Finance						
For current Corporate Tax	48	625	68	814	1	877
For VAT	331	343	335	214	208	108
For IRPF	-	435	-	254	-	186
Social Security Bodies	-	506	-	432	-	259
Other balances with Public Administrations	57	166	100	73	28	-
Total	**436**	**2,075**	**503**	**1,787**	**237**	**1,430**

Conciliation between accounting result and the taxable base

The conciliation between the accounting result and taxable base of the Corporate Tax is as follows:

	Thousands of euros		
	2016	2015	2014
Results before tax	27,837	21,019	9,697
Permanent differences	(3,507)	(10,998)	247
Temporary differences	4,735	8,129	(1,679)
Consolidation adjustments	(2,932)	(2,656)	-
Adjusted taxable base	**26,133**	**15,494**	**8,265**
Tax rate	23.89%	26.71%	29.76%
Total quota	**6,242**	**4,138**	**2,460**

The permanent differences adjusted to profit or loss in the years 2016, 2015 and 2014 are mainly due to the share in results by using the equity method.

The expense for income tax accrued in 2016 has amounted to 6,242 thousand euros and in 2015 amounted to 4,138 thousand euros (2,460 thousand euros in 2014) that was recognised in the accompanying consolidated statements of profit or loss.

The companies established abroad pay taxes in accordance with the tax legislation of the countries where they are based.

Corporate income tax expenses

Corporate income tax is broken down as follows:

	Thousands of euros		
	2016	**2015**	**2014**
Current tax	6,980	3,768	3,094
Deferred tax	(738)	370	(634)
Total tax expense	**6,242**	**4,138**	**2,460**

Deferred tax assets and liabilities

	Thousands of euros		
	2016	**2015**	**2014**
Deferred tax assets:			
Amortisation deductibility limitation	17	20	15
Credits for operating losses	-	-	13
Others	783	672	804
Total	**800**	**692**	**833**
Deferred tax liabilities:			
NIC 40 investment properties	1,840	2,346	2,257
Assignment Intangible assets change of scope (see Note 7)	766	877	732
Others	322	335	347
Total	**2,928**	**3,558**	**3,336**

Under the heading "deferred tax liabilities" the main balance corresponds to the recording of a deferred tax liability for the amount attributable to the Parent Company of the difference between the accounting and tax values of the real estate investments of Colón Viviendas SOCIMI, S.A.

The change in deferred tax liabilities for the financial years 2016, 2015 and 2014 is as follows:

2016

Company	Euros			
	Balance at 31/12/2015	**Additions**	**Dispos als**	**Balance at 31/12/2016**
NIC 40 investment properties	2,346	-	(506)	1,840
Assignment Intangible assets change of scope	877	-	(111)	766
Others	335	-	(13)	322
	3,558	**-**	**(630)**	**2,928**

2015

Company	Euros			
	Balance at 31/12/2014	Additions	Disposals	Balance at 31/12/2015
NIC 40 investment properties	2,257	89	-	2,346
Assignment Intangible assets change of scope	732	145	-	877
Others	347	-	(12)	335
	3,336	**234**	**(12)**	**3,558**

2014

Company	Euros			
	Balance at 01/01/2014	Additions	Disposals	Balance at 31/12/2014
NIC 40 investment properties	2,859	-	(602)	2,257
Assignment Intangible assets change of scope	835	-	(103)	732
Others	38	309	-	347
	3,732	**309**	**(705)**	**3,336**

Years pending audits and inspections

As established in the valid legislation, taxes cannot be considered as definitively liquidated until the statements presented have been inspected by the tax authorities or a period of five years has passed for the Corporate Tax and four years for the rest of taxes that apply. At 2016 year-end, the Group has opened all taxes that apply.

The Parent Company administrators consider that the liquidations of the aforementioned taxes have been practices, and thus, even in case there are discrepancies in the interpretation of the valid regulations due to the tax treatment granted to the transactions, the eventual resulting liabilities, in case they materialise, would not significantly affect the accompanying consolidated financial statements.

16. Income

16.1 Revenue

The distribution of the net amount of the revenue corresponding to 2016, 2015 and 2014, distributed by categories of activities, is as follows (in thousands of euros):

Activities	2016	2015	2014
Asset Management Services	48,799	24,901	22,988
Property Management Services	14,379	13,752	7,923
Direct and Controlling Investment Activity Activity	762	750	748
Total	**63.940**	**39,403**	**31,659**

The Group recognises as provision of services in 2016, 2015 and 2014 the fees obtained for the management contracts with Lazora, S.I.I., S.A., Carey Value Added, S.L., Carey Property, S.L.U., EnCampus Residencia de Estudiantes, S.A., Encasa Cibeles, S.L., Hispania Activos Inmobiliarios, SOCIMI, S.A. and Selección Inmuebles S.A.U, this last one signed in 2015.

Additionally, in 2016, the Group has obtained income from incentive fees related to the contract signed with CF Aneto Limited in the amount of 20,134 thousand euros.

The distribution of the income by geographic market is as follows (in thousands of euros):

Geographic markets	2016	2015	2014
Spain	39,859	34,922	25,737
Poland	1,908	1,941	2,031
Ireland	20,134	-	1,304
Belgium	147	318	345
Switzerland	106	190	172
Germany	963	1,095	1,024
England	186	212	368
United States	637	725	678
Total	**63,940**	**39,403**	**31,659**

16.2 Other operating income

The detail of Other operational income in 2016, 2015, 2014 is as follows (in thousands of euros):

	2016	2015	2014
Accessory income and other current management income	1,693	1,351	1,231
Total	**1,693**	**1,351**	**1,231**

16.3 Other operating expenses

The detail of Other operational expenses in 2016, 2015, 2014 is as follows (in thousands of euros):

	2016	2015	2014
Leasing	1,239	923	873
Repairs and maintenance	302	270	409
Independent professional services	3,834	5,193	5,736
Transport	18	22	14
Banking services and insurance premiums	407	386	382
Advertising, marketing and PR	456	578	401
Supplies	415	350	278
Other exterior services	1,611	758	754
Taxes	333	316	140
Losses, impairment and variation of provisions for trade transactions	11	2	8
Other Current Operating Expenses	(57)	68	81
Total	**8,568**	**8,866**	**9,076**

16.4. Staff costs

The detail of staff costs in 2016, 2015, 2014 is as follows (in thousands of euros):

	2016	2015	2014
Salaries	26,255	14,402	10,676
Compensations	101	37	-
Social charges	2,664	2,380	1,769
Provisions	120	150	129
Total	**29,140**	**16,969**	**12,574**

The increase between the periods in staff costs in the 2016 financial year is due primarily to extraordinary discretionary compensation associated with the incentive fees described in Note 15.1, in the amount of 8,997 thousand euros.

17. Transactions with related parties

17.1 Transactions with related parties

The detail of transactions made with related parties in 2016, 2015, 2014 is as follows:

	Thousands of euros					
	2016		2015		2014	
	Associates	Partners	Associates	Partners	Associates	Partners
Revenue	42,770	-	39,403	-	31,659	-
Credit interest (Note 12)	227	14	252	31	252	24
Disposals of fixed assets	-	-	-	-	16	-
Disposal of related investments	-	-	408	-	-	-

17.2 Balances with related parties

The detail of balances with related parties in 2016, 2015, 2014 is as follows:

	Thousands of euros					
	2016		2015		2014	
	Associates	Partners	Associates	Partners	Associates	Partners
Long-term debts (Note 12)	(2,556)	-	(2,556)	-	-	-
Short-term debts (Note 11)	(70)	-	-	-	-	-
Investments in associates	41,356	-	36,122	-	22,865	-
Long-term debts with partners	-	490	-	1,500	-	1,500
Short-term debts with partners	-	1,527	-	-	-	-
Credit to companies	4,822	-	-	-	-	-

In 2015, the Parent Company received loans granted by members of the Board of Directors for an amount of 900 thousand euros. On 31 December 2015, they were all cancelled, accruing interests of 3 thousand euros which were recognised in “Finance cost” on the accompanying consolidated statement of profit or loss.

17.3 Remuneration to the Board of Directors and Senior Management

The Parent Company's Board of Directors at 31 December 2014, 2015 and 2016 was comprised of 1 man and 2 women. The composition of the Board of Directors, which has not varied in 2014, 2015 and 2016 is as follows:

Directors	Type of director
Baztán Consultores (represented by Ms. María Concepción Osácar)	Chairman
Hermanos Becquer 10, S.L. (represented by Fernando Gumuzio Iñiguez de Ontoño)	Deputy Chairman
Ms. María Luz Romero Caminero	Member

The compensation received by two of the members of the Board of Directors of the Parent Company in the Group during the 2014, 2015 and 2016 financial years classified by item is as follows:

2014

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Board of Directors	2	-	1,000	-	-	-	-

2015

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Board of Directors	2	-	1,000	-	-	-	-

2016

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Board of Directors	2	-	1,000	-	-	-	-

As at 31 December 2015 and 2016, Senior Management of the Group consisted of five men and two women (four men and two women as at 31 Dec 2014).

The compensation received by Senior Management of the Group during the 2014, 2015 and 2016 financial years classified by item is as follows:

2014

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Senior Management	6	2,179	-	-	-	-	-

2015

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Senior Management	7	2,963	-	-	-	-	-

2016

	Thousands of euros						
	No. of persons	Fixed and variable compensation	Allowances	Specifications in by-laws	Pension plans	Insurance premiums	Others
Senior Management	7	9,512	-	-	-	-	-

At 31 December 2014, 2015 and 2016, there were no commitments for complementary pensions, life insurance, guarantees or sureties granted in favour of the Board of Directors or members of Senior Management.

Apart from transactions with related parties described above, there were no contracts between the Group and any of the administrators or person that acts on behalf of them, transactions outside the ordinary traffic of Company or that has not been carried out in normal conditions.

During 2014, 2015 and 2016, the Parent Company has not paid any insurance premium for liability of the administrators, which has been covered at the Group level through other companies belonging to it. The amounts paid under this item within the Group are 166, 188 and 179 thousand euros for 2014, 2015 and 2016 respectively.

17.4 Transparency related to the shares and activities of the members of the Board of Directors

Regarding conflict situations, the Directors should communicate to the Board of Directors any conflict situation, direct or indirect, which they may have with the interest of the Parent Company. If the conflict refers to a transaction, the Director shall not be able to carry it out without the approval of the Board. In 2016, 2015 and 2014, none of the Board members, nor the people related have developed, either personally or for another party, activities that involve effective competence, either current or potential, with those of the Parent Company, or that of any other mode, place them in a conflict with the interests of the Parent Company.

18. Other information

18.1 Staff

The average number of people employed by the Group in 2016, 2015 and 2014, detailed by categories, is as follows:

Categories	2016	2015	2014
Management staff	18	11	8
Technical staff and middle management	64	74	73
Administrative staff	273	243	216
Others	-	-	4
Total	**355**	**328**	**301**

In addition, the distribution by sex at year-end of 2016, 2015 and 2014 financial years, detailed by categories, was as follows:

Categories	2016		2015		2014	
	Men	Women	Men	Women	Men	Women
Management staff	17	7	5	5	5	4
Technical staff and middle management	32	38	31	45	34	42
Administrative staff	90	175	80	158	71	145
Others	-	-	-	-	1	3
Total	**139**	**220**	**116**	**208**	**111**	**194**

In 2016, the Group employed 4 people with disability equal to or greater than 33% (none were employed in 2015 and 2014).

18.2 Auditing fees

In 2016, 2015 and 2014, the fees related to the account auditing services and other services by the auditor of the Parent Company, Deloitte, S.L., or a company related to the auditor by control, common ownership or management were as follows:

	2016	2015	2014
	Services provided by the account auditor and related companies		
Audit services	86	88	73
Other services	2	-	32
Total	**88**	**88**	**105**

18.3 Guarantees committed with third parties and other contingent liabilities

One of the Group companies at 31 December 2016 acts as a guarantor in a loan and a policy granted to companies of Grupo Azzam Vivienda, S.L.U. and Azzam Gestión Inmobiliaria, S.L., respectively, for a total amount of 750 thousand euros (866 thousand euros in 2015). The credit policy for a maximum amount of 250 thousand euros was cancelled on 8 January 2018. In addition, the total amounts of bank guarantees in favour of one of the Group companies, for a complementary guarantee to the deposits received from lessees amounting to 26 and 39 thousand euros at 31 December 2016 and 2015, respectively.

At 31 December 2016, the Group did not have bank guarantees granted.

18.4 Earnings per share

Basic:

The earnings per share are calculated by dividing the profit of the period attributable to the ordinary shareholders of the Parent Company between the number of ordinary shares in circulation at the end of the period, excluding the treasury shares.

The detail of the calculation of the earnings per share is:

	Thousands of euros		
	2016	**2015**	**2014**
Result of the year attributable to the members of the Parent Company	16,984	14,044	6,054
No. of shares in circulation	30,060	30,060	30,060
Results per share (in euros)	**565**	**467**	**201**

Diluted:

The earnings for diluted shares are calculated by adjusting the profit of the period attributable to the owners of net equity instruments of the Parent Company and the number of ordinary shares in circulation for all diluted effects inherent to the potential ordinary shares, that is, as if the conversion of all potential ordinary shares that are potentially diluted.

The Parent Company does not have different potentially diluted ordinary shares.

19. Subsequent events

On 31 January, 2018, the General Shareholders' Meeting of the Parent Company approved the conversion of the company into a Public Limited Company, which was registered in the Commercial Registry on 7 March, 2018. On the same date, and as part of the reorganisation process to meet minimum share capital requirements for a Stock Corporation, the Shareholders approved a share capital increase in the amount of 29,940 against reserves.

On 1 February 2018, the Board of Directors of the Parent Company resolved to distribute a dividend based on the results of the 2017 financial year in the amount of 22,000 thousand euros, which was completely disbursed on 2 February 2018.
The provisional accounting statement prepared in accordance with legal requirements that demonstrated the existence of sufficient liquidity at 31 December 2017 for the distribution of the dividend was as follows:

	Thousands of euros
	Provisional Accounting Statement Prepared on 31 December 2017
Profit before tax	**36,029**
Corporate income tax provision	(6,195)
Profit for the year from continuing operations	**29,884**
First interim dividend (Note 3)	(7,000)
Allocation to legal reserve	-
Maximum amount to be distributed	22,884
Amount proposed for distribution	22,000
Cash and cash equivalents (*)	**26,652**

(*) Includes existing balance available at credit institutions.

Also, on 1 February 2018, the Extraordinary and Universal General Shareholders' Meeting of the Parent Company resolved to distribute a dividend based on the unrestricted reserves in the amount of 3,000 thousand euros, which was completely disbursed on 2 February 2018.

Additionally, on 19 March 2018, the Extraordinary and Universal General Shareholders' Meeting of the Company approved an increase in share capital by 22,400 thousand euros, through the issuance of 22,400,000 new shares of 1 euro of nominal value each, decreasing voluntary reserves in the same amount.

The Parent Company's Directors have agreed on the approval of a roadmap for the application for admission to trading of the company's shares on the Spanish Continuous Market, that is, they are considering a potential IPO of the Parent Company. No expenses related to the transaction were incurred in 2017. The expenses accrued up to the reporting date of these consolidated financial statements are not significant.

20. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.b). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

ANNEX I - COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Below, the most significant aspects of the companies included within the scope of consolidation in 2016, 2015, 2014 and at 1 January 2014:

2016

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2016 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.A.	Management of estate agency services	1,204	11,811	18,821
Colón Viviendas SOCIMI., S.A. (1)	5,850	65%	Azora Altus, S.A.	Management of estate agency services	9,000	126	358
Azora Inversiones Uno, S.L. (2)	13	100%	Azora Altus, S.A.	Management of estate agency services	3	(4)	(4)
Azora Inversiones Dos, S.L. (2)	13	100%	Azora Altus, S.A.	Management of estate agency services	3	(4)	(4)
Beach Guadalmina Playa Parque del Sol, S.L. (2)	2,632	88.63%	Azora Altus, S.A.	Hotel industry	2,306	(185)	(170)
Azora Gestión S.G.I.I.C, S.A (1)	13,300	100%	Azora Capital, S.A.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	4,711	9,916
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.A.	Holding	10	146	(38)
Azzam Gestión Inmobiliaria, S.L.(1)	1,801	51%	Azora Capital, S.A.	Management of estate agency services	10	3,379	(14)
Azora International Management, SP Z.o.o. (2)	11	100%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	177	1,161
Minaya, SP Z.o.o. (2)	32	100%	Azora International Management, sp z o.o	N/A	21	(7)	(6)
Residencias de Estudiantes, S.A. (1)	2,204	75%	Azzam Gestión Inmobiliaria, S.L.	Management of estate agency services	300	919	515
Azzam Vivienda, S.L.U (1)	1,422	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	109	1,122	106
Lazora, S.I.I., S.A. (1)	5,087	1.25%	Azora Altus, S.A.	N/A	350,128	12,244	102
Azora Europa I, S.A. (1)	1,558	1.21%	Azora Altus, S.A.	N/A	113,219	(10,493)	(3,730)

Hispania Activos Inmobiliarios, SOCIMI, S.A.	1,751	1.07%	Azora Altus, S.A., Colón Vivienda SOCIMI, S.A. and Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	109,170	1,142,830	308,572
Encasa Cibeles, S.L.	3,836	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	156,952	(2,573)
Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	181	40
Carey Value Added, S.L.	6.218	7.23%	Azora Altus, S.A.	N/A	51,766	97,317	(961)
EnCampus Residencia de Estudiantes, S.A.	2,106	7.65%	Azora Altus, S.A.	N/A	13,790	11,698	1,095

(1) Audited by Deloitte
(2) Not audited

2015

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2015 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.L.	Management of estate agency services	1,204	23,675	4,998
Colón Viviendas SOCIMI., S.A. (1)	5,849	65%	Azora Altus, S.L.	Management of estate agency services	9,000	15	308
Azora Inversiones Uno, S.L. (2)	3	100%	Azora Altus, S.L.	Management of estate agency services	3	(2)	(4)
Azora Inversiones Dos, S.L. (2)	3	100%	Azora Altus, S.L.	Management of estate agency services	3	(2)	(4)
Beach Guadalmina Playa Parque del Sol, S.L. (2)	2,556	86.85%	Azora Altus, S.L.	Hotel industry	2,306	(4)	(181)
Azora Gestión S.G.I.I.C, S.A (1)	13,300	100%	Azora Capital, S.L.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	7,220	8,807
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.L.	Holding	10	137	(43)

Azzam Gestión Inmobiliaria, S.L.(1)	1,801	51%	Azora Capital, S.L.	Management of estate agency services	10	3,397	(18)
Azora International Management, SP Z.o.o. (2)	11	100%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	142	1,043
Minaya, SP Z.o.o. (2)	3	100%	Azora International Management, sp z o.o	N/A	13	(11)	(7)
Residencias de Estudiantes, S.A. (1)	2,204	75%	Azzam Gestión Inmobiliaria, S.L.	Management of estate agency services	300	717	243
Azzam Vivienda, S.L.U (1)	1,422	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	109	775	384
RESA Bail, S.L.U. (2)	-	100%	Residencias de Estudiantes, S.A.	Provision of estate agency services	4	(41)	(4)
Lazora, S.I.I., S.A. (1)	5,279	1.31%	Azora Altus, S.A.	N/A	360,425	13,415	(1,704)
Azora Europa I, S.A. (1)	1,681	1.30%	Azora Altus, S.A.	N/A	129,806	(10,749)	(739)
Hispania Activos Inmobiliarios, SOCIMI, S.A.	8,250	1.00%	Azora Altus, S.A, Azora Capital, S.L. and Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	82,590	869,177	66,681
Encasa Cibeles, S.L.	4,000	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	169,571	(4,619)
Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	187	(6)
Carey Value Added, S.L.	7,097	10.79%	Azora Altus, S.A.	N/A	79,539	36,092	18,060
EnCampus Residencia de Estudiantes, S.A.	2,106	7.75%	Azora Altus, S.A.	N/A	13,790	11,326	533

(1) Audited by Deloitte
(2) Not audited

2014

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2014 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.L.	Management of estate agency services	1,204	24,451	4,358
Colón Viviendas S.I.I., S.A. (1)	5,850	65%	Azora Altus, S.L.	Management of estate agency services	9,000	155	354
Azora Inversiones Uno, S.L. (2)	3	100%	Azora Altus, S.L.	Holding and management of assets	3	(1)	(2)
Azora Inversiones Dos, S.L. (2)	3	100%	Azora Altus, S.L.	Holding and management of assets	3	(1)	(2)
Azora Gestión S.G.I.I.C (1)	15,200	100%	Azora Capital, S.L.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	11,011	4,323
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.L.	Holding of financial investments	10	79	(36)
Azzam Gestión Inmobiliaria, S.L.(1)	1,521	51%	Azora Capital, S.L.	Holding and management of assets	6	2,857	-
Azora International Management, SP Z.o.o. (2)	11	66.7%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	89	1,031
Minaya, SP Z.o.o. (2)	3	66.7%	Sazora Investments AB	N/A	1	(4)	(7)
Residencias de Estudiantes, S.A. (1)	1,964	34.1%	Azzam Gestión Inmobiliaria, S.L.	Management of estate agency services	300	746	(28)
Azzam Vivienda, S.L.U (1)	922	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	108	539	(327)
RESA Bail, S.L.U. (2)	-	34.1%	Residencias de Estudiantes, S.A.	Provision of estate agency services	4	(6)	(35)
Lazora, S.I.I., S.A. (1)	5,582	1.23%	Azora Altus, S.A.	N/A	490,375	(59,621)	(3,891)
Azora Europa I, S.A. (1)	1,946	1.35%	Azora Altus, S.A.	N/A	139,395	(377)	721

Hispania Activos Inmobiliarios, SOCIMI, S.A.	8,250	1.50%	Azora Altus, S.A, Azora Capital, S.L. and Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	55,060	488,046	17,132
Encasa Cibeles, S.L.	4,000	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	172,385	(2,815)
Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	570	(338)
EnCampus Residencia de Estudiantes, S.A.	1,455	7.75%	Azora Altus, S.A.	N/A	9,540	7,773	(721)

(1) Audited by Deloitte
(2) Not audited

01 January 2014

Company	Thousands of euros						
	Net investment amount	% Shareholding	Investment company	Activity	Capital	Reserves and other Equity items	2014 results
Azora Capital, S.L. (1)	9,003	75%	Azora Altus, S.L.	Management of estate agency services	1,204	22,799	1,555
Colón Viviendas S.I.I., S.A. (1)	5,850	65%	Azora Altus, S.L.	Management of estate agency services	9,000	-	155
Azora Inversiones Uno, S.L. (2)	3	100%	Azora Altus, S.L.	Holding and management of assets	3	(1)	(1)
Azora Inversiones Dos, S.L. (2)	3	100%	Azora Altus, S.L.	Holding and management of assets	3	(1)	(1)
Azora Gestión S.G.I.I.C (1)	15,200	100%	Azora Capital, S.L.	Management of estate agency investment firms (S.I.I.) and investment property portfolios	2,000	15,055	2,429
Sazora Investments AB (1)	10	66.7%	Azora Capital, S.L.	Holding of financial investments	10	63	(24)
Azzam Gestión Inmobiliaria, S.L.(1)	1,521	51%	Azora Capital, S.L.	Holding and management of assets	6	-	-
Azora International Management, SP Z.o.o. (2)	11	66.7%	Sazora Investments AB	Auditing, management and provision of estate agency services	12	159	1,065

Minaya, SP Z.o.o. (2)	3	66.7%	Sazora Investments AB	N/A	1	-	(4)
Residencias de Estudiantes, S.A. (1)	1,964	34.1%	Azzam Gestión Inmobiliaria, S.L.	Management of estate agency services	300	542	(204))
Azzam Vivienda, S.L.U (1)	922	51%	Azzam Gestión Inmobiliaria, S.L.	Provision of estate agency services	108	646,952	90
RESA Bail, S.L.U. (2)	-	34.1%	Residencias de Estudiantes, S.A.	Provision of estate agency services	4	11	(17)
Lazora, S.I.I., S.A. (1)	5,595	1.24%	Azora Altus, S.A.	N/A	490,375	79,206	9,129
Azora Europa I, S.A. (1)	1,946	1.39%	Azora Altus, S.A.	N/A	139,395	(765)	211
Encasa Cibeles, S.L.	4,000	2.05%	Colón Vivienda SOCIMI, S.A. y Azora Gestión, S.G.I.I.C., S.A. Unipersonal	N/A	21,273	(213,831)	(1,100)
Carey Cologne Value Added, GmbH & Co	31	5.10%	Azora Altus, S.A.	N/A	20	586	(7)
EnCampus Residencia de Estudiantes, S.A.	1,111	7.75%	Azora Altus, S.A.	N/A	7,290	7,024	(1,081)

(1) Audited by Deloitte
(2) Not audited

ANNEXES

ANNEX I – EQUIVALENCE TABLES

INFORMACIÓN SOBRE EL EMISOR REQUERIDA POR EL ANEXO I DEL REGLAMENTO (CE) NO 809/2004, DE LA COMISIÓN EUROPEA, RELATIVO A LA INFORMACIÓN CONTENIDA EN LOS FOLLETOS ASÍ COMO AL FORMATO, LA INCORPORACIÓN POR REFERENCIA, LA PUBLICACIÓN DE DICHOS FOLLETOS Y LA DIFUSIÓN DE PUBLICIDAD (EL "REGLAMENTO 809/2004")

Contenido		Apartado	Comentario
1.	**PERSONAS RESPONSABLES**		
1.1	**Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social.**	Véase la sección "*Important Information*" (Información Importante), sub-sección "*Declaration of Responsibility*" (Declaración de Responsabilidad).	
1.2	**Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.**	Véase la sección "*Important Information*" (Información General), sub-sección "*Declaration of Responsibility*" (Declaración de Responsabilidad).	
2.	**AUDITORES DE CUENTAS**		
2.1	**Nombre y dirección de los auditores del emisor para el periodo cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).**	Véase la sección "*Independent Auditors*" (Auditores Independientes).	
2.2	**Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el periodo cubierto por la información financiera histórica, proporcionarán los detalles si son importantes.**	Véase la sección "*Independent Auditors*" (Auditores Independientes).	
3.	**INFORMACIÓN FINANCIERA SELECCIONADA**		
3.1	**Información financiera histórica**	Véase la sección "*Presentation of Financial and Other*	

	seleccionada relativa al emisor, que se presentará para cada ejercicio durante el periodo cubierto por la información financiera histórica, y cualquier periodo financiero intermedio subsiguiente, en la misma divisa que la información financiera	*Information*" (Presentación de la Información Financiera y Otra Información). Véase también la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada). Véase asimismo la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera).	
3.2	**Si se proporciona información** **financiera seleccionada relativa a periodos intermedios, también se proporcionarán datos comparativos del mismo periodo del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del balance final del ejercicio**	No aplicable.	
4.	**FACTORES DE RIESGO**	Véase la sección "*Risk Factors*" (Factores de Riesgo).	
5.	**INFORMACIÓN SOBRE EL EMISOR**		
5.1.	**<u>Historia y evolución del emisor:</u>**		
5.1.1.	nombre legal y comercial del emisor;	Véase la portada del Folleto. Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General). Véase también la sección "*Additional Information*" (Información Adicional), sub-sección "*Information on the Company*" (Información sobre la Sociedad).	
5.1.2.	lugar de registro del emisor y número de registro;	Véase la sección "*Additional Information*" (Información Adicional), sub-sección "*Information on the Company*" (Información sobre la Sociedad).	
5.1.3.	fecha de constitución y periodo de actividad del emisor, si no son indefinidos;	Véase la sección "*Additional Information*" (Información Adicional), sub-sección "*Information on the Company*" (Información sobre la Sociedad). Véase también la sección	

		"*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General).	
5.1.4.	domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social);	Véase la sección "*Additional Information*" (Información Adicional), sub-sección "*Information on the Company*" (Información sobre la Sociedad). Véase también la sección "*Regulation*" (Regulación). Véase asimismo la contraportada del Folleto.	
5.1.5.	acontecimientos importantes en el desarrollo de la actividad del emisor	Véase la sección "*Business*" (Negocio), sub-sección "*General Overview*" (Visión General), sub-sección "*Key Strengths*" (Fortalezas Clave) y sub-sección "*Recent Developments*" (Acontecimientos Recientes).	
5.2.	**<u>Inversiones</u>**		
5.2.1.	Descripción, (incluida la cantidad) de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro.	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera). Véase también la sección "*Business*" (Negocio), sub-sección "*Key Strengths*" (Fortalezas Clave).	
5.2.2.	Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación (interno o externo).	Véase la sección "*Operating and Financial Review*" (revisión Operativa y Financiera). Véase la sección "*Business*" (Negocio), sub-sección "*Key Strenghts*" (Fortalezas Clave).	
5.2.3.	Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes	Véase la sección "*Business*" (Negocio), sub-sección "*Business Strategy*" (Estrategia del Negocio).	
6.	**DESCRIPCIÓN DEL NEGOCIO**		
6.1.	**<u>Actividades principales</u>**		
6.1.1.	Descripción y factores clave relativos al carácter de las operaciones del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el período cubierto por la información	Véase la sección "*Business*" (Negocio). Véase también la sección "*Risk Factors*" (Factores de Riesgo).	

	financiera histórica.	Véase asimismo la sección "*Operating and Financial Review*" (revisión Operativa y Financiera).	
6.1.2.	Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra.	Véase la sección "*Business*" (Negocio).	
6.2.	**<u>Mercados principales</u>** **Descripción de los mercados principales en que el emisor compite, incluido un desglose de los ingresos totales por categoría de actividad y mercado geográfico para cada ejercicio durante el periodo cubierto por la información financiera histórica.**	Véase la sección "*Business*" (Negocio), sub-sección "*Key Strenghts*" (Fortalezas Clave) y sub- sección "*Business Segments*" (Segmentos del Negocio). Véase la sección "*Industry Overview*" (Perspectiva General de la Industria). Véase también la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Segmental Reporting*" (Información por Segmentos).	
6.3.	**Cuando la información dada de** **conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho.**	No aplicable.	
6.4.	**Si es importante para la actividad** **empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación.**	No aplicable.	
6.5.	**Se incluirá la base de cualquier** **declaración efectuada por el emisor relativa a su posición competitiva**	Véase la sección "*Business*" (Negocio). Véase también la sección "*Industry Overview*" (Perspectiva General de la Industria).	
7.	**ESTRUCTURA ORGANIZATIVA**		
7.1.	**Si el emisor es parte de un grupo, una breve descripción del grupo y la**	Véase la sección "*Business*" (Negocio), sub-sección "*General Overview*" (Visión General) y sub-sección "*Corporate*	

	posición del emisor en el grupo.	*structure of the Group*" (Estructura corporativa del Grupo).	
7.2.	**Lista de las filiales significativas del** **emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto.**	Véase "*Business*" (Negocio), sub-sección "*Corporate structure of the Group*" (Estructura corporativa del Grupo). Véase también el ámbito de consolidación y el Anexo I de las Cuentas Anuales de 2017.	
8.	**PROPIEDAD, INSTALACIONES Y EQUIPO**		
8.1.	**Información relativa a todo** **inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto.**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera). Véase la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada). Véase asimismo la sección "*Business*" (Negocio).	
8.2.	**Descripción de cualquier aspecto** **medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible.**	Véase la sección "*Risk Factors*" (Factores de Riesgo).	
9.	**ESTUDIO Y PERSPECTIVAS OPERATIVAS Y FINANCIERAS**		
9.1	**Situación financiera** **En la medida en que no figure en otra parte del documento de registro, describir la situación financiera del emisor, los cambios de esa situación financiera y los resultados de las operaciones para cada año y para el periodo intermedio, del que se requiere información financiera histórica, incluidas las causas de los cambios importantes de un año a otro de la información financiera, de manera suficiente para tener una visión de conjunto de la actividad del emisor**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera). Véase asimismo la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada).	
9.2.	**Resultados de explotación**		
9.2.1.	Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-	

	de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos.	sección "*Key Factors Affecting the Group's Results of Operations*" (Factores Claves que Afectan a los Resultados de Operaciones del Grupo) y sub-sección "*Results of Operations*" (Resultados de Operaciones). Véase asimismo la sección "*Risk Factors*" (Factores de Riesgo).	
9.2.2.	Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Results of Operations*" (Resultados de Operaciones).	
9.2.3.	Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor.	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Key Factors Affecting the Group's Results of Operations*" (Factores Claves que Afectan a los Resultados de Operaciones del Grupo). Véase asimismo la sección "*Risk Factors*" (Factores de Riesgo).	
10.	**RECURSOS DE CAPITAL**		
10.1.	**Información relativa a los recursos de capital del emisor (a corto y a largo plazo).**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Liquidity and Capital Resources*" (Liquidez y Recursos de Capital). Véase la sección "*Capitalization and Indebtedness*" (Capitalización y Endeudamiento). Véase también la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada).	
10.2.	**Explicación de las fuentes y cantidades y descripción narrativa de los flujos de tesorería del emisor.**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Liquidity and Capital Resources*" (Liquidez y Recursos de Capital).	
10.3.	**Información sobre los requisitos de** **préstamo y la estructura de financiación del**	Véase la sección "*Capitalization and Indebtedness*" (Capitalización y	

	emisor.	Endeudamiento). Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Liquidity and Capital Resources*" (Liquidez y Recursos de Capital).	
10.4.	**Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor.**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa Financiera), sub-sección "*Liquidity and Capital Resources*" (Liquidez y Recursos de Capital).	
10.5.	**Información relativa a las fuentes previstas de fondos necesarias para cumplir los compromisos mencionados en 5.2.3. y 8.1.**	Véase la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Liquidity and Capital Resources*" (Liquidez y Recursos de Capital).	
11.	**INVESTIGACIÓN Y DESARROLLO, PATENTES Y LICENCIAS**	No aplicable	
12.	**INFORMACIÓN SOBRE TENDENCIAS**		
12.1.	**Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio hasta la fecha del documento de registro.**	Véase la sección "*Business*" (Negocio). Véase asimismo la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Key Factors Affecting the Group's Results of Operations*" (Factores Claves que Afectan a los Resultados de Operaciones del Grupo).	
12.2.	**Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual.**	Véase la sección "*Risk Factors*" (Factores de Riesgo). Véase asimismo la sección "*Business*" (Negocio). Véase también la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Key Factors Affecting the Group's Results of Operations*" (Factores Claves que Afectan a los Resultados de Operaciones del Grupo). Véase también la sección "*Industry Overview*"	

		(Perspectiva General de la Industria).	
13.	**PREVISIONES O ESTIMACIONES DE BENEFICIOS**		
	Si un emisor opta por incluir una previsión o una estimación de beneficios, en el documento de registro deberá figurar la información prevista en los puntos 13.1 y 13.2:	No aplicable.	
13.1.	**Declaración que enumere los principales supuestos en los que el emisor ha basado su previsión o su estimación.** **Los supuestos empleados deben dividirse claramente entre supuestos sobre los factores en los que pueden influir los miembros de los órganos administrativo, de gestión o de supervisión y los supuestos sobre factores que están exclusivamente fuera de la influencia de los miembros de los órganos administrativo, de gestión o de supervisión; los supuestos serán de fácil comprensión para los inversores, ser específicas y precisos y no estar relacionados con la exactitud general de las estimaciones subyacentes de la previsión**	No aplicable.	
13.2.	**Debe incluirse un informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor.**	No aplicable.	
13.3.	**La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica.**	No aplicable.	
13.4.	**Si el emisor publica en un folleto una previsión de beneficios que está aún pendiente, debería entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso.**	No aplicable.	
14.	**ÓRGANOS DE ADMINISTRACIÓN,** **DE GESTIÓN Y DE SUPERVISIÓN, Y**		

	ALTOS DIRECTIVOS		
14.1.	**Nombre, dirección profesional y cargo en el emisor de las siguientes personas, indicando las principales actividades que éstas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor:** **(a) miembros de los órganos de administración, de gestión o de supervisión;** **(b) socios comanditarios, si se trata de una sociedad comanditaria por acciones;** **(c) fundadores, si el emisor se ha establecido para un período inferior a cinco años; y** **(d) cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.** **Naturaleza de toda relación familiar entre cualquiera de esas personas.** **En el caso de los miembros de los órganos de administración, de gestión o de supervisión del emisor y de las personas descritas en (b) y (d) del primer párrafo, datos sobre la preparación y experiencia pertinentes de gestión de esas personas, además de la siguiente información:** **(a) nombres de todas las empresas y asociaciones de las que esa persona haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio. No es necesario enumerar todas las filiales de un emisor del cual la persona sea también miembro del órgano de administración, de gestión o de supervisión;** **(b) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores;** **(c) datos de cualquier quiebra, suspensión de pagos o liquidación con las que una persona descrita en (a) y (d) del primer párrafo, que actuara ejerciendo uno de los cargos contemplados en (a) y (d) estuviera relacionada por lo menos durante los cinco**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Directors*" (Consejeros), sub-sección "*Management Team*" (Equipo Gestor), sub-sección "*Family Relationships*" (Relaciones Familiares) y sub-sección "*No convictions and other negative statements*" (Ausencia de Condena y otras Declaraciones Negativas).	

	años anteriores; **(d) detalles de cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados) y si esa persona ha sido descalificada alguna vez por un tribunal por su actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.** **De no existir ninguna información en este sentido que deba revelarse, efectuar una declaración a ese efecto.**		
14.2.	**Conflictos de intereses de los órganos de administración, de gestión y de supervisión, y altos directivos** **Deben declararse con claridad los posibles conflictos de interés entre los deberes de cualquiera de las personas mencionadas en 14.1 con el emisor y sus intereses privados y/o otros deberes. En caso de que no haya tales conflictos, debe hacerse una declaración a ese efecto.** **Cualquier acuerdo o entendimiento con accionistas importantes, clientes, proveedores u otros, en virtud de los cuales cualquier persona mencionada en 14.1 hubiera sido designada miembro de los órganos administrativo, de gestión o de supervisión, o alto directivo**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Directors"* (Consejeros), sub-sección "*Management Team*" (Equipo Gestor), sub-sección "*Conflicts of Interest*" (Conflictos de Interés).	
15.	**REMUNERACIÓN Y BENEFICIOS**		
	En relación con el último ejercicio completo, para las personas mencionadas en a) y d) del primer párrafo del punto 14.1.:		
15.1.	**Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales.** **Esta información debería proporcionarse con carácter individual a menos que la revelación individual no se exija en el país de origen del emisor y no se revelada públicamente por el emisor de otro medio**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Remuneration*" (Remuneración).	

15.2.	**Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares.**	No aplicable	
16.	**PRÁCTICAS DE GESTIÓN**		
	En relación con el último ejercicio completo del emisor, y salvo que se disponga lo contrario, con respecto a las personas mencionadas en a) del primer párrafo de 14.1.:		
16.1.	**Fecha de expiración del actual mandato, en su caso, y periodo durante el cual la persona ha desempeñado servicios en ese cargo.**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Directors*" (Consejeros)	
16.2.	**Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Remuneration*" (Remuneración).	
16.3.	**Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno.**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Board Committees*" (Comités del Consejo).	
16.4.	**Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a ese efecto, así como una explicación del motivo por el cual el emisor no cumple ese régimen.**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Internal Code of Conduct in the Securities Market*" (Código Interno de Conducta en el Mercado de Valores) y sub-sección "*Corporate Governance Recommendations*" (Recomendaciones de Gobierno Corporativo).	
17.	**EMPLEADOS**		
17.1.	**Número de empleados al final del período o la media para cada ejercicio durante el período cubierto por la información financiera histórica hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número**	Véase la sección "*Business*" (Negocio). Véase asimismo la sección "*Operating and Financial Review*" (Revisión Operativa y Financiera), sub-sección "*Description of Key Line Items*" (Descripción de Partidas Clave).	

	significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente.		
17.2.	**Acciones y opciones de compra de acciones.** **Con respecto a cada persona mencionada en (a) y (d) del primer párrafo del punto 14.1, proporcionar información de su tenencia de participaciones del emisor y de toda opción sobre tales acciones a partir de la fecha practicable más reciente.**	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Management Team*" (Equipo Gestor), sub-sección "*Remuneration*" (Remuneración). Véase la sección "*Principal Shareholders*" (Accionistas Principales).	
17.3.	**Descripción de todo acuerdo de participación de los empleados en el capital del emisor.**	No aplicable.	
18.	**ACCIONISTAS PRINCIPALES**		
18.1.	**En la medida en que tenga conocimiento de ello el emisor, el nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa.**	Véase la sección "*Principal Shareholders*" (Accionistas Principales).	
18.2.	**Si los accionistas principales del** **emisor tienen distintos derechos de voto, o la correspondiente declaración negativa.**	No aplicable	
18.3.	**En la medida en que tenga** **conocimiento de ello el emisor, declarar si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control.**	No aplicable	
18.4.	**Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor.**	No aplicable	
19.	**OPERACIONES DE PARTES**		

	VINCULADAS		
	Los datos de operaciones con partes vinculadas (que para estos fines se definen según las normas adoptadas en virtud del Reglamento (CE) nº 1606/2002), que el emisor haya realizado durante el período cubierto por la información financiera histórica y hasta la fecha del documento de registro, deben declararse de conformidad con las correspondientes normas adoptadas en virtud del Reglamento (CE) nº 1606/2002, en su caso. **Si tales normas no son aplicables al emisor, debería revelarse la siguiente información:** **a) Naturaleza y alcance de toda operación que sea -como operación simple o en todos sus elementos- importante para el emisor. En los casos en que esas operaciones con partes vinculadas no se hayan realizado a precio de mercado, dar una explicación de los motivos. En el caso de préstamos pendientes, incluidas las garantías de cualquier clase, indicar el saldo pendiente.** **b) Importe o porcentaje de las operaciones con partes vinculadas en el volumen de negocios del emisor.**	Véase la sección "*Related Party Transactions*" (Operaciones con Partes Vinculadas).	
20.	**INFORMACIÓN FINANCIERA** **RELATIVA AL ACTIVO Y EL PASIVO DEL EMISOR, POSICIÓN FINANCIERA Y PÉRDIDAS Y BENEFICIOS**		
20.1.	**<u>Información financiera histórica</u>** **Información financiera histórica auditada que abarque los 3 últimos ejercicios (o el período más corto en que el emisor haya tenido actividad), y el informe de auditoría correspondiente a cada año. Esta información financiera se preparará de conformidad con el Reglamento (CE) nº 1606/2002 o, si no es aplicable, con las normas nacionales de contabilidad de un Estado miembro para emisores de la Comunidad. Para emisores de terceros países, la información financiera se preparará de conformidad con las normas internacionales de contabilidad adoptadas según el procedimiento del artículo 3 del Reglamento (CE) nº 1606/2002 o con normas nacionales de contabilidad de un tercer país equivalentes a esas. Si la información financiera no es equivalente las normas mencionadas, se presentará bajo la**	Véase la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones). Véase también la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada). Véase asimismo la sección "*Index to Financial Statements*" (Índice de los Estados Financieros).	

	forma de estados financieros reevaluados. **La información financiera histórica auditada de los últimos dos años debe presentarse y prepararse de forma coherente con la que se adoptará en los próximos estados financieros anuales publicados del emisor, teniendo en cuenta las normas y políticas contables, y la legislación aplicable a esos estados financieros anuales.** **Si el emisor ha operado en su esfera actual de actividad económica durante menos de un año, la información financiera histórica auditada que cubra ese período debe prepararse de conformidad con las normas aplicables a los estados financieros anuales con arreglo al Reglamento (CE) nº 1606/2002, o, si es no aplicable, con las normas nacionales de contabilidad de un Estado miembro si el emisor es de la Comunidad. Para emisores de terceros países, la información financiera histórica se preparará de conformidad con las normas internacionales de contabilidad adoptadas según el procedimiento del artículo 3 del Reglamento (CE) nº 1606/2002 o con normas nacionales de contabilidad de un tercer país equivalentes a esas. Esta información financiera histórica debe auditarse.** **Si la información financiera auditada se prepara con arreglo a normas nacionales de contabilidad, la información financiera requerida bajo este epígrafe debe incluir por lo menos:** **a) balance;** **b) cuenta de resultados;** **c) declaración que muestre todos los cambios en el neto patrimonial o los cambios en el neto patrimonial que no procedan de operaciones de capital con propietarios y distribuciones a propietarios;** **d) estado de flujos de efectivo;** **e) políticas contables utilizadas y notas explicativas.** **La información financiera histórica anual deberá auditarse de manera independiente o informarse sobre si, a efectos del documento de registro, da una opinión verdadera y justa, de conformidad con las**		

	normas de auditoría aplicables en un Estado miembro o una norma equivalente.		
20.2.	<u>**Información financiera pro-forma**</u> **En el caso de un cambio bruto significativo, una descripción de cómo la operación podría haber afectado a los activos y pasivos y las ganancias del emisor, en caso de que se hubiera emprendido al inicio del período objeto de la información o en la fecha especificada.** **Normalmente, este requisito se satisfará mediante la inclusión de información financiera proforma.** **Esta información financiera pro-forma debe presentarse tal como prevé el anexo II e incluir la información indicada en el mismo.** **La información financiera pro-forma debe ir acompañada de un informe elaborado por contables o auditores independientes.**	No aplicable.	
20.3.	<u>**Estados financieros**</u> **Si el emisor prepara estados financieros anuales consolidados y también propios, el documento de registro deberá incluir por lo menos los estados financieros anuales consolidados.**	Véase la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones). Véase también la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada). Véase asimismo la sección "*Index to the Annual Accounts*".	
20.4.	<u>**Auditoría de la información financiera histórica anual**</u>		
20.4.1.	Declaración de que se ha auditado la información financiera histórica. Si los informes de auditoría sobre la información financiera histórica han sido rechazados por los auditores legales o si contienen cualificaciones o negaciones, se reproducirán íntegramente el rechazo o las cualificaciones o negaciones, explicando los motivos.	Véase la sección "*Independent Auditors*" (Auditores Independientes). Véase también la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones), sub-sección "*Financial Statements*" (Estados Financieros).	
20.4.2.	Una indicación de otra información en el documento de registro que haya sido auditada	No aplicable.	

	por los auditores.		
20.4.3.	Cuando los datos financieros del documento de registro no se hayan extraído de los estados financieros auditados del emisor, éste debe declarar la fuente de los datos y declarar que los datos no han sido auditados.	Véase la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones), sub-sección "*Alternative Performance Measures*" (Medidas de Rendimiento Alternativas).	
20.5.	**Edad de la información financiera más reciente**		
20.5.1.	El último año de información financiera auditada no puede preceder en más de: (a) 18 meses a la fecha del documento de registro si el emisor incluye en dicho documento estados financieros intermedios auditados; (b) 15 meses a la fecha del documento de registro si en dicho documento el emisor incluye estados financieros intermedios no auditados.	Véase la sección "*Selected Financial and Operating Data*" (Información Financiera y Operativa Seleccionada). Véase también la sección "*Independent Auditors*" (Auditores Independientes). Véase también la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones), sub-sección "*Financial Statements*" (Estados Financieros).	
20.6.	**Información intermedia y demás información financiera**		
20.6.1.	Si el emisor ha venido publicando información financiera trimestral o semestral desde la fecha de sus últimos estados financieros auditados, éstos deben incluirse en el documento de registro. Si la información financiera trimestral o semestral ha sido revisada o auditada, debe también incluirse el informe de auditoría o de revisión. Si la información financiera trimestral o semestral no ha sido auditada o no se ha revisado, debe declararse este extremo.	No aplicable.	
20.6.2.	Si la fecha del documento de registro es más de nueve meses posterior al fin del último ejercicio auditado, debería contener información financiera intermedia que abarque por lo menos los primeros seis meses del ejercicio y que puede no estar auditada (en cuyo caso debe declararse este extremo). La información financiera intermedia debe incluir estados comparativos del mismo periodo del ejercicio anterior, salvo que el requisito de información corporativa del balance pueda satisfacerse presentando el	No aplicable.	

	balance final del año		
20.7	**Política de dividendos** **Descripción de la política del emisor sobre el reparto de dividendos y cualquier restricción al respecto**	Véase la sección "*Dividends and Dividend Policy*" (Dividendos y Política de Dividendos). Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Dividend and Liquidation Rights*" (Dividendos y Derechos de Liquidación). Véase asimismo la sección "*Risk Factors*" (Factores de Riesgo).	
20.7.1.	Importe de los dividendos por acción por cada ejercicio para el período cubierto por la información financiera histórica, ajustada si ha cambiado el número de acciones del emisor, para que así sea comparable.	Véase la sección "*Dividends and Dividend Policy*" (Dividendos y Política de Dividendos).	
20.8	**Procedimientos judiciales y de** **arbitraje** **Información sobre cualquier procedimiento gubernamental, legal o de arbitraje (incluidos los procedimientos que estén pendientes o aquellos que el emisor tenga conocimiento que le afectan), durante un período que cubra por lo menos los 12 meses anteriores, que puedan tener o hayan tenido en el pasado reciente, efectos significativos en el emisor y/o la posición o rentabilidad financiera del grupo, o proporcionar la oportuna declaración negativa.**	Véase la sección "*Business*" (Negocio), sub-sección "*Legal Proceedings*" (Procedimientos Legales). Véase asimismo la sección "*Risk Factors*" (Factores de Riesgo)	
20.9	**Cambios significativos en la posición** **financiera o comercial del emisor** **Descripción de todo cambio significativo en la posición financiera o comercial del grupo que se haya producido desde el fin del último periodo financiero del que se haya publicado información financiera del grupo, o proporcionar la oportuna declaración negativa**	Véase la sección "*Additional Information*" (Información General), sub-sección "*No significant change*" (Ausencia de cambios significativos).	
21	**INFORMACIÓN ADICIONAL**		
21.1.	**Capital Social** **La siguiente información a partir de la fecha del balance más reciente incluido en la información financiera histórica:**		

21.1.1.	Importe del capital emitido, y para cada clase de capital social (a) número de acciones autorizadas; (b) número de acciones emitidas e íntegramente desembolsadas y las emitidas pero no desembolsadas íntegramente; (c) valor nominal por acción, o que las acciones no tienen ningún valor nominal; y (d) una conciliación del número de acciones en circulación al principio y al final del año. Si se paga más del 10 % del capital con activos distintos del efectivo dentro del periodo cubierto por la información financiera histórica, debe declararse este hecho.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General)	
21.1.2.	Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones.	No aplicable.	
21.1.3.	Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales.	No aplicable.	
21.1.4.	Importe de todo valor convertible, valor canjeable o valor con garantías, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción.	No aplicable.	
21.1.5.	Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre la decisión de aumentar el capital.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Pre-emptive Rights and Increases of Share Capital*" (Derechos de adquisición preferente y Aumentos de Capital). Véase asimismo la sección "*The Offering*" (La Oferta), sub-sección "*Authorizations of the Offering*" (Autorizaciones de la Oferta).	
21.1.6.	Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones, incluidas las personas a las que se dirigen esas opciones.	Véase la sección "*Business*" (Negocio), sub-sección "*Corporate Structure of the Group*" (Estructura corporativa del Grupo). Véase la sección "*Reasons for the Offering and Use of Net Proceeds*" (Razones de la Oferta y Destino de los Ingresos Netos). Véase la sección "*Related Party Transactions*" (Operaciones con Partes Vinculadas).	

21.1.7.	Historial del capital social, resaltando la información sobre cualquier cambio durante el período cubierto por la información financiera histórica.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General).	
21.2.	**Estatutos y escritura de constitución**		
21.2.1.	Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General).	
21.2.2.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor relativa a los miembros de los órganos de administración, de gestión y de supervisión.	Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración).	
21.2.3.	Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social).	
21.2.4.	Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más significativas que las que requiere la ley.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Shareholders' Meetings and Voting Rights*" (Junta General de Accionistas y Derechos de Voto)	
21.2.5.	Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Shareholders' Meeting and Voting Rights*" (Junta General de Accionistas y Derechos de Voto).	
21.2.6.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor.	No aplicable.	
21.2.7.	Indicación de cualquier disposición de las cláusulas estatutarias o reglamento interno, en su caso, que rija el umbral de propiedad por encima del cual deba revelarse la propiedad del accionista.	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Reporting Requirements*" (Requisitos de Información).	
21.2.8.	Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley.	No aplicable.	
22	**CONTRATOS IMPORTANTES**		
	Resumen de cada contrato importante, al margen de los contratos celebrados en el	Véase la sección "*Material Contracts*" (Contratos	

	desarrollo corriente de la actividad empresarial, del cual es parte el emisor o cualquier miembro del grupo, celebrado durante los dos años inmediatamente anteriores a la publicación del documento de registro. **Resumen de cualquier otro contrato (que no sea un contrato celebrado en el desarrollo corriente de la actividad empresarial) celebrado por cualquier miembro del grupo que contenga una cláusula en virtud de la cual cualquier miembro del grupo tenga una obligación o un derecho que sean relevantes para el grupo hasta la fecha del documento de registro.**	Materiales).	
23	**INFORMACIÓN DE TERCEROS,** **DECLARACIONES DE EXPERTOS Y DECLARACIONES DE INTERÉS**		
23.1.	**Cuando se incluya en el documento de registro una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración a ese efecto de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro.**	No aplicable	
23.2.	**En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.**	No aplicable	
24	**DOCUMENTOS PRESENTADOS**		
	Declaración de que, en caso necesario, pueden inspeccionarse los siguientes	Véase la sección "*Additional Information*" (Información	

	documentos (o copias de los mismos) durante el período de validez del documento de registro: **(a) los estatutos y la escritura de constitución del emisor;** **(b) todos los informes, cartas, y otros documentos, información financiera histórica, evaluaciones y declaraciones elaborados por cualquier experto a petición del emisor, que estén incluidos en parte o mencionados en el documento de registro;** **(c) la información financiera histórica del emisor o, en el caso de un grupo, la información financiera histórica del emisor y sus filiales para cada uno de los dos ejercicios anteriores a la publicación del documento de registro.** **Indicación de dónde pueden examinarse los documentos presentados, por medios físicos o electrónicos.**	General), sub-sección "*Documents on display*" (Documentados Presentados).	
25	**INFORMACIÓN SOBRE CARTERAS**		
25.1	Información relativa a las empresas en las que el emisor posee una proporción de capital que puede tener un efecto significativo en la evaluación de sus propios activos y pasivos, posición financiera o pérdidas y beneficios.	Véase "*Business*" (Negocio), sub-sección "*Corporate structure of the Group*" (Estructura corporativa del Grupo). Véase la sección "*Operating and Financial Review*" (revisión Operativa y Financiera).	

EQUIVALENCIAS CON ANEXO III DEL REGLAMENTO 809/2004

Contenido		Apartado	Comentario
1.	**PERSONAS RESPONSABLES**		
1.1	**Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social.**	Véase la sección "*Important Information*" (Información Importante), sub-sección "*Declaration of Responsibility*" (Declaración de Responsabilidad).	
1.2	**Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.**	Véase la sección "*Important Information*" (Información General), sub-sección "*Declaration of Responsibility*" (Declaración de Responsabilidad).	
2.	**FACTORES DE RIESGO**		
2.1	**Revelación pertinente de los factores de riesgos importantes para los valores ofertados y/o admitidos a negociación con el fin de evaluar el riesgo de mercado asociado con estos valores en una sección titulada "factores de riesgo".**	Véase la sección "*Risk Factors*" (Factores de Riesgo).	
3.	**INFORMACIÓN ESENCIAL**		
3.1	**Declaración sobre el capital de explotación** **Declaración por el emisor de que, en su opinión, el capital de explotación es suficiente para los actuales requisitos del emisor o, si no lo es, cómo se propone obtener el capital de explotación adicional que necesita.**	Véase la sección "*Additional Information*" (Información General), sub-sección "*Working capital*" (Capital circulante).	
3.2	**Capitalización y endeudamiento**	Véase la sección "*Capitalization and*	

	Se proporcionará una declaración de la capitalización y del endeudamiento (distinguiendo entre endeudamiento garantizado y no garantizado, endeudamiento asegurado y sin garantía) a partir de una fecha no anterior a 90 días antes de la fecha del documento. El endeudamiento también incluye el endeudamiento indirecto y contingente.	*Indebtedness*" (Capitalización y Endeudamiento).	
3.3	**Interés de las personas físicas y jurídicas participantes en la emisión/oferta.** **Descripción de cualquier interés, incluidos los conflictivos, que sea importante para la emisión/oferta, detallando las personas implicadas y la naturaleza del interés.**	Véase la sección "*Plan of Distribution*" (Plan de Distribución). Véase la sección "*Management and Board of Directors*" (Equipo Gestor y Consejo de Administración), sub-sección "*Remunearation*" (Remuneración) y subsección "*Conflicts of Interest*" (Conflictos de Interés). Véase asimismo la sección "*Principal Shareholders*" (Accionistas Principales).	
3.4	**Motivos de la oferta y destino de los ingresos** **Motivos de la oferta y, cuando proceda, previsión del importe neto de los ingresos desglosado en cada uno de los principales usos previstos y presentados por orden de prioridad de cada uso. Si el emisor tiene conocimiento de que los ingresos previstos no serán suficientes para financiar todas las aplicaciones propuestas, declarar la cantidad y las fuentes de los fondos adicionales necesarios. Deben darse detalles sobre el uso de los ingresos, en especial cuando se empleen para adquirir activos, al margen del desarrollo corriente de la actividad empresarial, para financiar adquisiciones anunciadas de otras empresas, o para cumplir, reducir o retirar el endeudamiento.**	Véase la sección "*Reasons for the Offering and Use of Net Proceeds*" (Razones de la Oferta y Destino de los Ingresos Netos).	
4.	**INFORMACIÓN RELATIVA A LOS VALORES QUE VAN A OFERTARSE/ADMITIRSE A COTIZACIÓN**		
4.1	**Descripción del tipo y la clase de los valores ofertados / admitidos a cotización, con el Código ISIN (número internacional de**	Véase la sección "*Description of Share Capital*" (Descripción	

	identificación del valor) u otro código de identificación del valor.	del Capital Social), sub-sección "*General*" (General).	
4.2	**Legislación según la cual se han creado los valores.**	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social).	
4.3	**Indicación de si los valores están en forma registrada o al portador y si los valores están en forma de título o de anotación en cuenta. En el último caso, nombre y dirección de la entidad responsable de la llevanza de las anotaciones.**	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*General*" (General).	
4.4	**Divisa de la emisión de los valores.**	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social). Véase asimismo la portada del Folleto y la sección "*Plan of Distribution*" (Plan de Distribución).	
4.5	**Descripción de los derechos vinculados a los valores, incluida cualquier limitación de esos derechos, y procedimiento para el ejercicio de los mismos.**		
4.5.1	*Derechos de dividendos:* • *Fecha o fechas fijas en las que surgen los derechos,* • *Plazo después del cual caduca el derecho a los dividendos y una indicación de la persona en cuyo favor actúa la caducidad,* • *Restricciones y procedimientos de dividendos para los tenedores no residentes,* • *Índice de los dividendos o método para su cálculo, periodicidad y carácter acumulativo o no acumulativo de los pagos.*	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Dividend and Liquidation Rights*" (Dividendos y Derechos de Liquidación). Véase asimismo la sección "*Dividends and Dividend Policy*" (Dividendos y Política de Dividendos).	
4.5.2	*Derechos de voto.*	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Shareholders' Meetings and Voting Rights*" (Junta General de Accionistas y Derechos de Voto).	

4.5.3	*Derechos de suscripción preferente en las ofertas de suscripción de valores de la misma clase.*	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Pre-emptive Rights and Increases of Share Capital"* (Derechos de adquisición preferente y Aumentos de Capital).	
4.5.4	*Derecho de participación en los beneficios del emisor.*	Véase la sección "*Dividends and Dividend Policy*" (Dividendos y Política de Dividendos). Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Dividend and Liquidation Rights*" (Dividendos y Derechos de Liquidación).	
4.5.5	*Derechos de participación en cualquier excedente en caso de liquidación.*	Véase la sección "*Description of Share Capital*" (Descripción del Capital Social), sub-sección "*Dividend and Liquidation Rights*" (Dividendos y Derechos de Liquidación).	
4.5.6	*Disposiciones de amortización.*	No aplicable.	
4.5.7	*Disposiciones de canje.*	No aplicable.	
4.6	**En el caso de nuevas emisiones, declaración de las resoluciones, autorizaciones y aprobaciones en virtud de las cuales los valores han sido o serán creados y/o emitidos.**	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Authorizations of the Offering*" (Autorizaciones de la Oferta).	
4.7	**En caso de nuevas emisiones, fecha prevista de emisión de los valores.**	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "T*he Offering*" (La Oferta). Véase asimismo la sección "*Expected Timetable Of Principal*	

		Events And Offering Statistics. Expected Timetable Of Principal Events” (Calendario Estimado de los Principales Hitos y Estadísticas de la Oferta. Calendario Estimado de los Principales Hitos)	
4.8	**Descripción de cualquier restricción sobre la libre transmisibilidad de los valores.**	Véase la sección “*Description of Share Capital*” (Descripción del Capital Social), sub-sección “*Registration and Transfers*” (Registro y Transmisión).	
4.9	**Indicación de la existencia de cualquier oferta obligatoria de adquisición y/o normas de retirada y recompra obligatoria en relación con los valores.**	Véase la sección “*Market Information*” (Información de Mercado), sub-sección “*Tender Offers*” (Ofertas Públicas).	
4.10	**Indicación de las ofertas públicas de adquisición realizadas por terceros sobre el capital del emisor, que se hayan producido durante el ejercicio anterior y el actual. Debe declararse el precio o las condiciones de canje de estas ofertas y su resultado.**	No aplicable.	
4.11	**Por lo que se refiere al país del domicilio social del emisor y al país o países en los que se está haciendo la oferta o se solicita la admisión a cotización, información sobre los impuestos de la renta de los valores retenidos en origen, e indicación de si el emisor asume la responsabilidad de la retención de impuestos en origen.**	Véase la sección “*Taxation*” (Tributación).	
5.	**CLÁUSULAS Y CONDICIONES DE LA OFERTA**		
5.1.	**Condiciones, estadísticas de la oferta, calendario previsto y procedimiento para la suscripción de la oferta.**		
5.1.1.	*Condiciones a las que está sujeta la oferta.*	No aplicable.	
5.1.2.	*Importe total de la emisión/Oferta, distinguiendo los valores ofertados para la venta y los ofertados para suscripción; si el importe no es fijo, descripción de los acuerdos y del momento en que se anunciará al público el importe definitivo de la Oferta.*	Véase la portada del Folleto. Véase la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*The Offering*”	

		(La Oferta).	
5.1.3.	*Plazo de suscripción, incluida cualquier posible modificación, de la Oferta y descripción del proceso de solicitud.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución). Véase asimismo la sección "*Expected Timetable Of Principal Events And Offering Statistics. Expected Timetable Of Principal Events"* (Calendario Estimado de los Principales Hitos y Estadísticas de la Oferta. Calendario Estimado de los Principales Hitos)	
5.1.4.	*Indicación de cuándo, y en qué circunstancias, puede revocarse o suspenderse la oferta y de si la revocación puede producirse una vez iniciada la negociación.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Withdrawal and Revocation of the Offering*" (Retirada y Revocación de la Oferta).	
5.1.5.	*Descripción de la posibilidad de reducir suscripciones y la manera de devolver el importe sobrante de la cantidad pagada por los solicitantes.*	No aplicable.	
5.1.6	*Detalles de la cantidad mínima y/o máxima de solicitud (ya sea por el número de los valores o por importe total de la inversión).*	No aplicable.	
5.1.7	*Indicación del plazo en el cual pueden retirarse las solicitudes, siempre que se permita a los inversores dicha retirada.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Withdrawal and Revocation of the Offering*" (Retirada y Revocación de la Oferta).	
5.1.8	*Método y plazos para el pago de los valores y para la entrega de los mismos.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución). Véase asimismo la sección "*Expected Timetable Of Principal Events And Offering Statistics. Expected Timetable Of Principal Events"* (Calendario Estimado de los	

		Principales Hitos y Estadísticas de la Oferta. Calendario Estimado de los Principales Hitos)	
5.1.9	*Descripción completa de la manera y fecha en la que se deben hacer públicos los resultados de la Oferta.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución). Véase asimismo la sección "*Expected Timetable Of Principal Events And Offering Statistics. Expected Timetable Of Principal Events"* (Calendario Estimado de los Principales Hitos y Estadísticas de la Oferta. Calendario Estimado de los Principales Hitos)	
5.1.10	*Procedimiento para el ejercicio de cualquier derecho preferente de compra, la negociabilidad de los derechos de suscripción y el tratamiento de los derechos de suscripción no ejercidos.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución).	
5.2.	**Plan de distribución y asignación.**		
5.2.1.	*Las diversas categorías de posibles inversores a los que se ofertan los valores. Si la oferta se hace simultáneamente en los mercados de dos o más países y si se ha reservado o se va a reservar un tramo para determinados países, indicar el tramo.*	Véase la portada del Folleto. Véase la sección "*Important Information*" (Información Importante). Véase asimismo la sección "*Selling and Transfer Restrictions*" (Restricciones a la Venta y Transferencia). Véase también la sección "*Plan of Distribution*" (Plan de Distribución).	
5.2.2.	*En la medida en que tenga conocimiento de ello el emisor, indicar si los accionistas principales o los miembros de los órganos de administración, de gestión o de supervisión del emisor tienen intención de suscribir la oferta, o si alguna persona tiene intención de suscribir*	Véase la sección "*Principal Shareholders*" (Accionistas Principales). Véase asimismo la	

	más del cinco por ciento de la oferta.	sección "*Plan of Distribution*" (Plan de Distribución).	
5.2.3.	*Información previa sobre la adjudicación* a) División de la oferta en tramos, incluidos los tramos institucional, al por menor y de empleados del emisor y otros tramos: no aplicable. b) Condiciones en las que puede utilizarse la recuperación, tamaño máximo de esa recuperación y cualquier porcentaje mínimo aplicable a cada tramo: no aplicable. c) Método o métodos de asignación que deben utilizarse para el tramo al por menor y para el de empleados del emisor en caso de suscripción excesiva de estos tramos: no aplicable. d) Descripción de cualquier trato preferente predeterminado que se conceda a ciertas clases de inversores o a ciertos grupos afines (incluidos los amigos y programas de familia) en la asignación, el porcentaje de la oferta reservada a ese trato preferente y los criterios para la inclusión en tales clases o grupos: no aplicable. e) Si el tratamiento de las suscripciones u ofertas de suscripción en la asignación puede determinarse sobre la base de por qué empresa o a través de qué empresa se hacen. f) Objetivo de asignación individual mínima, en su caso, en el tramo al por menor. g) Condiciones para el cierre de la oferta así como la fecha más temprana en la que puede cerrarse la oferta. h) Si se admiten las suscripciones múltiples, y cuando no se admiten, cómo se manejan las suscripciones múltiples.	No aplicable.	
5.2.4	*Proceso de notificación a los solicitantes de la cantidad asignada e indicación de si la negociación puede comenzar antes de efectuarse la notificación.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución).	
5.2.5	*Sobre-adjudicación y "green shoe".* *a) Existencia y tamaño de cualquier mecanismo de sobre-asignación y/o de 'green*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Over-allotment Option*" (Opción de	

	shoe'. *b) Período de existencia del mecanismo de sobre-asignación y/o de 'green shoe'.* *c) Cualquier condición para el uso del mecanismo de sobre-asignación y/o de 'green shoe'.*	Sobreadjudicación).	
5.3	**Precios**		
5.3.1	*Indicación del precio al que se ofertarán los valores. Cuando no se conozca el precio o cuando no exista un mercado establecido y/o líquido para los valores, indicar el método para la determinación del precio de oferta, incluyendo una declaración sobre quién ha establecido los criterios o es formalmente responsable de su determinación. Indicación del importe de todo gasto e impuesto cargados específicamente al suscriptor o comprador.*	Véase la portada del Folleto. Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Pricing of the Offering*" (Determinación de Precios de la Oferta).	
5.3.2	*Proceso de publicación del precio de Oferta.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Pricing of the Offering*" (Determinación de Precios de la Oferta).	
5.3.3	*Limitación o supresión del derecho de suscripción preferente de los accionistas; precio de emisión de los valores.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Authorizations of the Offering*" (Autorizaciones de la Oferta). Véase asimismo la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Pricing of the Offering*" (Determinación de Precios de la Oferta).	
5.3.4	*En los casos en que haya o pueda haber una disparidad importante entre el precio de oferta pública y el coste real en efectivo para los miembros de los órganos de administración, de gestión o de supervisión, o altos directivos o personas vinculadas, de los valores adquiridos por ellos en operaciones realizadas durante el último año, o que tengan el derecho a adquirir, debe incluirse una comparación de la contribución pública en la oferta pública propuesta y las contribuciones reales en*	No aplicable	

	efectivo de esas personas.		
5.4	**Colocación y aseguramiento.**		
5.4.1	*Nombre y dirección del coordinador o coordinadores de la oferta global y de determinadas partes de la misma y, en la medida en que tenga conocimiento de ello el emisor o el oferente, de los colocadores en los diversos países donde tiene lugar la oferta.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*The Underwriting Agreement*" (El Contrato de Aseguramiento). Véase asimismo la contraportada del Folleto.	
5.4.2	*Nombre y dirección de cualquier agente de pagos y de las entidades depositarias en cada país.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*The Agent Bank*" (El Banco Agente).	
5.4.3	*Nombre y dirección de las entidades que acuerdan asegurar la emisión con un compromiso firme, y detalles de las entidades que acuerdan colocar la emisión sin compromiso firme o con un acuerdo de «mejores esfuerzos». Indicación de las características importantes de los acuerdos, incluidas las cuotas. En los casos en que no se suscriba toda la emisión, declaración de la parte no cubierta. Indicación del importe global de la comisión de suscripción y de la comisión de colocación.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*The Underwriting Agreement*" (El Contrato de Aseguramiento). Véase asimismo la contraportada del Folleto.	
5.4.4	*Cuándo se ha alcanzado o se alcanzará el acuerdo de suscripción.*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*The Offering*" (La Oferta). Véase asimismo la sección "*Expected Timetable Of Principal Events And Offering Statistics. Expected Timetable Of Principal Events"* (Calendario Estimado de los Principales Hitos y Estadísticas de la Oferta. Calendario Estimado de los Principales Hitos)	
6.	**ACUERDOS DE ADMISIÓN A**		

	COTIZACIÓN Y NEGOCIACIÓN		
6.1.	**Indicación de si los valores ofertados son o serán objeto de una solicitud de admisión a negociación, con vistas a su distribución en un mercado regulado o en otros mercados equivalentes, indicando los mercados en cuestión. Esta circunstancia debe mencionarse, sin crear la impresión de que se aprobará necesariamente la admisión a negociación. Si se conocen, deben darse las fechas más tempranas en las que los valores se admitirán a negociación.**	Véase la portada del Folleto. Véase la sección "*Market Information*" (Información de Mercado). Véase la sección "*Plan of Distribution*" (Plan de Distribución). Véase asimismo sección "*Expected Timetable of Principal Events and Offering Statistics*" (Calendario de la Operación y Características de la Oferta).	
6.2.	**Todos los mercados regulados o mercados equivalentes en los que, según tenga conocimiento de ello el emisor, estén admitidos ya a negociación valores de la misma clase que los valores que van a ofertarse o admitirse a negociación.**	No aplicable.	
6.3.	**Si, simultáneamente o casi simultáneamente con la creación de los valores para los que se busca la admisión en un mercado regulado, se suscriben o se colocan privadamente valores de la misma clase, o si se crean valores de otras clases para colocación pública o privada, deben darse detalles sobre la naturaleza de esas operaciones y del número y las características de los valores a los cuales se refieren.**	No aplicable.	
6.4.	**Detalles de las entidades que tienen un compromiso firme de actuar como intermediarios en la negociación secundaria, aportando liquidez a través de las órdenes de oferta y demanda y descripción de los principales términos de su compromiso.**	No aplicable.	
6.5.	**Estabilización: en los casos en que un emisor o un accionista vendedor haya concedido una opción de sobre-adjudicación o se prevé que puedan realizarse actividades de estabilización de precios en relación con una oferta.**	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-sección "*Stabilization*" (Estabilización).	
6.5.1.	*El hecho de que pueda realizarse la estabilización, de que no haya ninguna garantía de que se realice y de que pueda*	Véase la sección "*Plan of Distribution*" (Plan de Distribución), sub-	

	detenerse en cualquier momento,	sección “*Stabilization*” (Estabilización).	
6.5.2.	*Principio y fin del período durante el cual puede realizarse la estabilización,*	Véase la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*Stabilization*” (Estabilización).	
6.5.3.	*Identidad del administrador de estabilización para cada jurisdicción pertinente, a menos que no se conozca en el momento de la publicación,*	Véase la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*Stabilization*” (Estabilización).	
6.5.4.	*El hecho de que las operaciones de estabilización puedan dar lugar a un precio de mercado más alto del que habría de otro modo.*	Véase la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*Stabilization*” (Estabilización).	
7.	**TENEDORES VENDEDORES DE VALORES**		
7.1.	**Nombre y dirección profesional de la persona o de la entidad que se ofrece a vender los valores, naturaleza de cualquier cargo u otra relación importante que los vendedores hayan tenido en los últimos tres años con el emisor o con cualquiera de sus antecesores o personas vinculadas.**	No aplicable.	
7.2.	**Número y clase de los valores ofertados por cada uno de los tenedores vendedores de valores.**	No aplicable.	
7.3.	**Acuerdos de bloqueo. Partes implicadas. Contenido y excepciones del acuerdo. Indicación del Período de bloqueo.**	Véase la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*Lock-ups”* (No disposición).	
8.	**GASTOS DE LA EMISIÓN / OFERTA**		
8.1.	**Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta.**	Véase la sección “*Reasons for the Offering and Use of Net Proceeds*” (Razones de la Oferta y Destino de los Ingresos Netos). Véase asimismo la sección “*Plan of Distribution*” (Plan de Distribución), sub-sección “*Offering expenses*” (Gastos de la Oferta).	

9.	**DILUCIÓN**		
9.1	**Cantidad y porcentaje de la dilución inmediata resultante de la emisión/oferta.**	Véase la sección "*Principal Shareholders*" (Accionistas Principales).	
9.2.	**En el caso de una oferta de suscripción a los tenedores actuales, importe y porcentaje de la dilución inmediata si no suscriben la nueva oferta.**	No aplicable	
10.	**INFORMACIÓN ADICIONAL**		
10.1.	**Si en la nota sobre los valores se menciona a los asesores relacionados con una emisión, una declaración de la capacidad en que han actuado los asesores.**	Véase la contraportada del Folleto. Véase asimismo la sección "*Validity of the Shares*" (Validez de las Acciones)	
10.2.	**Indicación de otra información de la nota sobre los valores que haya sido auditada o revisada por los auditores y si los auditores han presentado un informe. Reproducción del informe o, con el permiso de la autoridad competente, un resumen del mismo.**	Véase la sección "*Index to Financial Statements*" (Índice de los Estados Financieros). Véase la sección "*Presentation of Financial and Other Information*" (Presentación de Información Financiera y Otras Informaciones).	
10.3.	**Cuando en la nota sobre los valores se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de esas personas, dirección profesional, cualificaciones e interés importante en el emisor, según proceda. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, con el consentimiento de la persona que haya autorizado el contenido de esa parte de la nota sobre los valores.**	No aplicable	
10.4.	**En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la**	No aplicable	

	información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.		

ANNEX II – SPANISH TRANSLATION TO THE SUMMARY

SPANISH TRANSLATION TO THE SUMMARY

Los resúmenes están elaborados a partir de requerimientos de información conocidos como "Elementos". Estos elementos están numerados en las Secciones A – E (A.1. – E.7).

Este resumen contiene todos los Elementos que deben de ser incluidos en el resumen para este tipo de valores y sociedad. Dado que no se exige la inclusión del algunos elementos, habrá algunas omisiones en la secuencia numérica de Elementos.

Aunque un Elemento pueda ser exigido en el resumen por el tipo de valores y sociedad podría ocurrir que no se diera información relevante en relación con el Elemento. En este caso, se incluirá una breve descripción del Elemento en el resumen con la mención de "no aplicable".

Los términos en mayúscula o acrónimos utilizados en este resumen están referidos en la sección de "Definiciones y Glosario de Términos Seleccionados"

Sección A – Introducción y advertencias		
A.1	**Introducción**	**ESTE RESUMEN DEBE LEERSE COMO INTRODUCCIÓN A ESTE FOLLETO. TODA DECISIÓN DE INVERTIR EN LAS ACCIONES DE AZORA ALTUS, S.A. (LA "SOCIEDAD") DEBE ESTAR BASADA EN LA CONSIDERACIÓN POR PARTE DEL INVERSOR DEL FOLLETO EN SU CONJUNTO, INCLUYENDO EN PARTICULAR LOS FACTORES DE RIESGO.** **Cuando se presente ante un tribunal una demanda sobre la información contenida en el folleto, el inversor demandante podría, en virtud del Derecho nacional de los Estados miembros, tener que soportar los gastos de la traducción del folleto antes de que dé comienzo el procedimiento judicial.** Bajo ley española, la responsabilidad civil sólo se exigirá a las personas que hayan presentado la nota de síntesis, incluida cualquier traducción de la misma, y únicamente cuando la nota de síntesis sea engañosa, inexacta o incoherente en relación con las demás partes del folleto, o no aporte, leída junto con las otras partes del folleto, información fundamental para ayudar a los inversores a la hora de determinar si invierten o no en las Acciones.
A.2	**Posible venta posterior o colocación final de los valores por parte de los intermediarios financieros**	No aplicable. La Sociedad no contratará con ningún intermediario financiero para proceder a una venta posterior o a la colocación final de los valores que requiera la publicación de un folleto después de la publicación de este Folleto y no ha dado su consentimiento para cualquier venta posterior o colocación.

Sección B – Emisor		
B.1	**Nombre legal y comercial del emisor**	El nombre legal del emisor es Azora Altus, S.A. El nombre comercial del emisor es "Azora".
B.2	**Domicilio y forma jurídica del emisor**	La Sociedad es una sociedad anónima constituida el 4 de noviembre de 2003 e inscrita en el Registro Mercantil de Madrid. El domicilio social de la Sociedad está en la calle Serrano 30, 2º Derecha, Madrid. La Sociedad se constituyó por plazo indefinido.
B.3	**Factores clave relativos a la**	Fundada en Madrid en 2003 por D. Fernando Gumuzio y Dña. Concepción Osácar, Azora Altus es una de las principales plataformas españolas de

	naturaleza de las operaciones actuales del Emisor y a sus actividades principales	inversión y gestión de activos inmobiliarios (fuente: estimaciones internas), con una clara orientación al mercado español y, en particular, a clases de activos atractivos, que precisan de inversión adicional, y donde el capital institucional es escaso y las inversiones cubren toda la cadena de valor. El Grupo genera ingresos principalmente de tres segmentos de negocio distintos pero interrelacionados: (i) la Actividad de Gestión (bajo la cual el Grupo presta servicios de gestión de inversiones y de activos inmobiliarios), que generó unos ingresos de 76,9 millones de euros en el ejercicio cerrado a 31 de diciembre de 2017, (ii) la Co-inversión (bajo la cual el Grupo co-invierte conjuntamente con sus clientes en sociedades asociadas para alinear los intereses de ambos), que generó un resultado del ejercicio procedente de operaciones continuadas de 12 millones de euros en el ejercicio cerrado a 31 de diciembre de 2017, y (iii) la Inversión Directa y Participaciones de Control (bajo la cual el Grupo invierte en oportunidades en las que tiene el control o el control conjunto de la política operativa y financiera de la referida inversión como accionista), que generó unos ingresos de 0,7 millones de euros en el ejercicio cerrado a 31 de diciembre de 2017. Al amparo de su estrategia de negocio, la Sociedad tiene la intención de estructurar sus activos gestionados en torno a cuatro Verticales Inmobiliarios Estratégicos, que consisten en: (i) Activos Inmobiliarios de Alojamientos Turísticos, que a 31 de diciembre de 2017 representaba el 47,4% del total de activos bajo gestión; (ii) Activos Inmobiliarios Residenciales, que a 31 de diciembre de 2017 representaba el 33,4% del total de activos bajo gestión; (iii) Activos Inmobiliarios Comerciales, que a 31 de diciembre de 2017 representaba el 19,1% del total de los activos bajo gestión; y (iv) Deuda Inmobiliaria, en relación con la cual, a 31 de diciembre de 2017 el Grupo aun no gestionaba ningún activo. El Grupo mantiene relaciones con clientes nacionales e internacionales a través de la creación de vehículos de inversión que responden a las necesidades de los clientes, en los que Azora normalmente participa como inversor para fomentar la alineación de intereses. A lo largo de su historia, el Grupo ha construido una amplia red de más de 600 contactos que van desde grandes patrimonios hasta los mayores inversores institucionales internacionales, a través de la cual, a 31 de diciembre de 2017, Azora ha captado más de 2.300 millones de euros de capital comprometido acumulado (lo que representa una tasa anual de crecimiento compuesto de, aproximadamente, el 24% para el periodo 2012-2017). Esta red de contactos incluye, entre otros, a APG, AXA Investment Managers, Bank of Montreal (BMO), Blackrock, BW Gestao de Investimentos, Cohen & Steers, CBRE Global Investors, Fidelity Management & Research Company, Goldman Sachs, Moore Capital, Paulson & Co Inc. y Soros Fund Management (fuente: CNMV – Participaciones Significativas y Autocartera de Hispania; folleto de salida a bolsa de Hispania y noticias de prensa en relación con la Operación de Alojamiento para Estudiantes). A 31 de diciembre de 2017, el Grupo gestionaba activos por valor superior a 4.400 millones de euros (incluyendo la adquisición por parte de Hispania de la cartera de hoteles de Alúa por 165 millones de euros y del hotel Barceló Marbella por 19 millones de euros, operaciones firmadas a 31 de diciembre de 2017 y completadas a 28 de febrero de 2018 por Hispania, considerando dichas adquisiciones como si hubiesen sido completadas a 31 de diciembre de 2017), lo que representa una tasa de crecimiento anual compuesto de, aproximadamente, el 30% de los activos bajo gestión para el periodo 2009-2017. Durante el año finalizado el 31 de diciembre de 2017, el Grupo ha generado unos ingresos de 77,6 millones de euros (lo que supone un incremento del 21,38% frente a los 63,9 millones de euros generados en el año finalizado el 31 de diciembre de 2016) y un EBITDA de 37,4 millones de euros (lo que supone un incremento del 33.91% frente a los 27,9 millones de euros generados en el ejercicio cerrado a 31 de diciembre de 2016).

El Grupo cuenta con un equipo multidisciplinar integrado verticalmente y compuesto por 206 profesionales altamente cualificados (cifra basada en el número de empleados a tiempo completo en lugar de en el número de contratos de trabajo, incluyendo, a su vez, tres empleados asignados a los Vehículos de Inversión existentes). El equipo de 206 profesionales del Grupo se distribuye en tres Verticales Inmobiliarios Estratégicos: Activos Inmobiliarios de Alojamientos Turísticos, Activos Residenciales y Activos Comerciales, cada uno de los cuales cuenta con un equipo de gestión y asesoramiento de inversiones y un equipo de gestión de activos y/o inmuebles, así como en el equipo que realiza una función de soporte global para todo el Grupo. En la actualidad se está desarrollando un cuarto equipo dedicado a las nuevas estrategias del Grupo (incluyendo el Vertical Estratégico Inmobiliario de Deuda Inmobiliaria).

Principales Fortalezas

Historial de éxito en todas las clases y ciclos de activos con capacidad demostrada para hacer frente a la complejidad y para ser pioneros en nuevas temáticas de inversión para construir plataformas escalables líderes en España, donde el capital institucional es limitado

La Sociedad considera que el Grupo cuenta con un historial de éxito acreditado en la identificación de nuevas temáticas de inversión, el descubrimiento de oportunidades de inversión atractivas, la gestión de inversiones complejas, la creación de activos institucionales y la construcción de plataformas de inversión inmobiliaria escalables, así como en la monetización de inversiones inmobiliarias en toda clase de activos y ciclos con rendimientos superiores a la media. Como tal, el Grupo se apoya en sus habilidades de generación de oportunidades (con un sólido conocimiento del mercado inmobiliario y de las micro-localizaciones y la capacidad de obtener operaciones a través de procesos no competitivos respaldado por su amplia red de contactos), ejecución (con una gran capacidad analítica, una sólida experiencia de ejecución a través de una variedad de estructuras y una planificación empresarial *ad hoc* para cada activo en el momento de la adquisición), implementación (con equipos técnicos y de gestión de activos propios, tomando la iniciativa en la implementación de las actividades), gestión (mediante la supervisión y el control constante de los activos y liderando de forma activa los procesos clave) y de salida (centrándose en el momento oportuno, el proceso y los compradores potenciales).

Equipo de Gestión Senior altamente experimentado con una trayectoria sólida y una extensa red de contactos que contribuye a impulsar el crecimiento orgánico de los activos gestionados

Desde su constitución, el Grupo ha ido construyendo un Equipo Gestor Senior de alto nivel, con una dilatada experiencia y una trayectoria sólida, el cual ha contribuido de forma positiva al desarrollo del ritmo de crecimiento del negocio del Grupo (incrementando los activos gestionados en una tasa anual de crecimiento compuesto de, aproximadamente, el 30% para el periodo 2009-2017). La Sociedad considera que el profundo y diverso conocimiento del sector inmobiliario de su Equipo Gestor Senior, así como de otras disciplinas complementarias a la actividad de inversión inmobiliaria (incluyendo, sin limitación, finanzas, reestructuración, gestión de riesgos, fusiones y adquisiciones o consultoría), ha permitido al Grupo generar grandes retornos y crear valor para sus clientes a través de las principales clases de activos inmobiliarios.

Plataforma de gestión de inversión inmobiliaria y de gestión de activos totalmente integrada

El modelo de negocio totalmente integrado del Grupo le permite ser activo y generar valor a lo largo de toda la cadena de valor de las inversiones en la industria inmobiliaria. Junto a su experimentado Equipo Gesto Senior, el Grupo cuenta, a 31 de diciembre de 2017, con un equipo multidisciplinar integrado por

		206 profesionales altamente cualificados (la cifra se basa en el número de empleados a tiempo completo en lugar de en el número de contratos de trabajo e incluye tres empleados asignados a los Vehículos de Inversión existentes), con experiencia a lo largo de toda la cadena de valor, desde la generación de oportunidades hasta la enajenación, abarcando el reposicionamiento, mejoras, la financiación, el alquiler y la gestión operativa continua. ***Históricamente un negocio de inversión y gestión de activos inmobiliarios en crecimiento con un negocio saludable y rentable*** El Grupo se ha posicionado a lo largo de los últimos quince años a la cabeza de la industria de inversión y gestión de activos inmobiliarios en España. En particular, los activos gestionados por Grupo han crecido a una tasa anual de crecimiento compuesto de aproximadamente el 61% entre 2007 y 2013, gracias a la creación y esponsorización por parte del Grupo de nuevos Vehículos de Inversión, principalmente en España. Además, la creación de Hispania, a principios de 2014, supuso un hito clave para el Grupo, tanto en lo que se refiere al tamaño del Vehículo de Inversión como al incremento de la reputación del Grupo entre los inversores internacionales. Hispania ha contribuido a posicionar al Grupo como uno de los principales gestores de inversiones y activos inmobiliarios independiente en España (fuente: estimaciones internas), caracterizado por un crecimiento sostenido. En los años posteriores a la salida a bolsa de Hispania, los activos gestionados del Grupo han crecido a una tasa anual de crecimiento compuesto de, aproximadamente, el 18% (excluyendo el valor atribuido a la plataforma de alojamiento para estudiantes vendida a finales de 2017 en el marco de la Operación de Alojamiento para Estudiantes) hasta alcanzar un valor superior a los 4.400 millones de euros a 31 de diciembre de 2017 (incluyendo la adquisición por parte de Hispania de la cartera de hoteles de Alúa por 165 millones de euros y del hotel Barceló Marbella por un importe de 19 millones de euros, operaciones firmadas a 31 de diciembre de 2017 y completadas a 28 de febrero de 2018 por Hispania, considerando dichas adquisiciones como si hubiesen sido completadas a 31 de diciembre de 2017). ***Cartera de oportunidades de inversión practicable que respalda la estrategia de negocio de la Sociedad*** La identificación de oportunidades atractivas, viables, y de cierto tamaño es clave y la Sociedad está totalmente centrada en identificar, de manera continua, las oportunidades de inversión que cumplen los requisitos de ejecución. A la fecha del presente Folleto, la Sociedad está analizando oportunidades de inversión por un valor conjunto total de 7.400 millones de euros. ***Proceso de inversión, asignación de oportunidades y gestión bien estructurado*** La Sociedad ha establecido un proceso de inversión, asignación de oportunidades y gestión bien estructurado y minucioso, que se divide en las siguientes etapas: (i) análisis de mercado, (ii) proceso de identificación, (iii) análisis jurídico (*due diligence*), (iv) negociación y cierre, (v) toma de control de la gestión de los activos, (vi) reposicionamiento, (vii) administración de propiedades, y (viii) desinversión. **Estrategia** Se espera que la estrategia de la Sociedad se desarrolle a través de las siguientes líneas estratégicas: ***Desarrollo de la cartera de oportunidades de inversión dentro de los Verticales Inmobiliarios Estratégicos*** La Sociedad tiene la intención de crear plataformas estratégicas escalables centradas en los Verticales Inmobiliarios Estratégicos que (i) se focalicen en tendencias globales con el objetivo de lograr crecimiento a largo plazo durante los distintos ciclos económicos, (ii) requieran un fuerte reposicionamiento y capacidades operativas, y (iii) se encuentren en mercados altamente

fragmentados y/o con endeudamiento significativo donde el capital institucional sea escaso o inexistente, permitiendo la creación de plataformas escalables y/o el diseño de productos *core* o *core plus* en condiciones atractivas. La Sociedad pretende centrarse, principalmente, en Verticales Inmobiliarios Estratégicos de Alojamientos Turísticos y Residenciales, donde la experiencia del cliente, ya sea en la forma de vivir o en la forma de veranear, se está convirtiendo en el epicentro de las iniciativas de gestión y donde la Sociedad es capaz de ofrecer retornos superiores a la media en comparación con otros competidores dada su acreditada capacidad operativa.

Ampliación de la base de clientes del Grupo

Con el fin de acelerar el crecimiento de los activos gestionados del Grupo y, por tanto, de los ingresos por comisiones recurrentes, el Grupo pretende centrarse en determinadas áreas, entre las que se incluyen (i) ampliar de su base de clientes tanto en España como en el extranjero, (ii) ofrecer productos innovadores y de forma rápida respondiendo de forma ágil a las tendencias del mercado y a las necesidades de los clientes nuevos o existentes, (iii) obtener capital de clientes nuevos o existentes para financiar oportunidades de inversión en los Verticales Inmobiliarios Estratégicos, con un objetivo inicial de ratio medio de 3:1 (capital invertido por los clientes nuevos y/o existentes respecto del capital invertido por el Grupo).

Expansión selectiva dentro de mercados europeos

La expansión geográfica será impulsada por las correspondientes dinámicas de la industria global y del mercado local, la capacidad de ganar masa crítica en esas zonas geográficas, así como la capacidad del Grupo para encontrar oportunidades atractivas que se ajusten a los exigentes requisitos del Grupo.

Actividad de inversiones principales de activos con carácter transitorio, Vehículos de Inversión, establecimiento de carteras de activos semilla e inversiones directas y de control

En general, la Sociedad tiene la intención de utilizar los fondos netos obtenidos en la Oferta principalmente para financiar la adquisición de oportunidades de inversión atractivas en los Verticales Inmobiliarios Estratégicos a través, de entre otras, las siguientes estrategias: (i) acometer inversiones propias, (ii) invertir en activos principales con carácter transitorio, (iii) establecer carteras semilla, y (iv) constituir Vehículos de Inversión haciendo uso del capital comprometido existente de clientes nuevos o existentes en el momento de la creación de los Vehículos de Inversión.

Fortalecer el alineamiento de sus intereses con el de sus clientes intensificando la Co-inversión

La Sociedad tiene la intención de mantener participaciones minoritarias en los correspondientes Vehículos de Inversión en los que pueda ejercer una influencia significativa sobre las políticas financieras y operativas del correspondiente Vehículo, pero en los que, como accionista, no tenga el control o control conjunto sobre dichas políticas. La intención de la Sociedad es que estas participaciones minoritarias oscilen normalmente entre el 10% y el 30% del capital total invertido en un Vehículo de Inversión, en función de los requerimientos del cliente, el tamaño y la estructura del vehículo así como de los criterios de la estrategia de negocio de la Sociedad en cada momento.

Ritmo objetivo de inversión y objetivos operativos

La Sociedad espera que el rendimiento de la Co-inversión y de la Inversión Directa y Participaciones de Control representen, en 2022, y una vez que las operaciones de la Sociedad se hayan estabilizado, dos tercios del rendimiento objetivo total y que el rendimiento de la Actividad de Gestión represente un tercio del rendimiento objetivo total.

La Sociedad está trabajando en la actualidad en extender la duración de sus

		contratos de gestión, bien sea con nuevos clientes, bien con los clientes existentes, con el objetivo de alcanzar más de 8.000 millones de euros de activos gestionados en 2022. El objetivo de la Sociedad es obtener una tasa interna de rentabilidad media de entre el 10% y el 13% sobre las inversiones realizadas con capital propio de la Sociedad (Co-inversión y de la Inversión Directa y Participaciones de Control). Además, dado que la Actividad de Gestión no precisa de mucho capital, el incremento del beneficio de explotación generado por comisiones sobre el capital derivado de los activos gestionados del Grupo puede mejorar la rentabilidad de los fondos propios de la Sociedad, con un potencial impulso de entre 250 y 400 puntos básicos, una vez que se haya alcanzado el objetivo de 8.000 millones de euros en activos gestionados y asumiendo unas comisiones de incentivos normalizadas, contribuyendo, de esta forma, a la generación de una tasa interna de rentabilidad media de entre el 13% y el 17% sobre el capital propio de la Sociedad.
B.4a	**Descripción de las tendencias recientes más significativas que afecten al emisor y a los sectores en los que ejerce su actividad**	La Sociedad no tiene constancia de ninguna nueva tendencia significativa que afecte al Grupo y al sector en que opera, sin perjuicio de los factores de riesgo descritos en otras secciones de este Resumen. No obstante lo anterior, el 5 de abril de 2018, Alzette, sociedad participada por entidades asesoradas por filiales de Blackstone Group International Partners LLP, anunció a través de un hecho relevante que había suscrito un acuerdo incondicional con QP Capital Holdings Limited y QPB Holdings Ltd. para adquirir una participación que ascendía al 16,56% del capital social de Hispania. En la misma fecha, Alzette anunció, a través de otro hecho relevante, el lanzamiento de una oferta pública de adquisición voluntaria por el resto de las acciones ordinarias de Hispania, excluyendo las acciones ordinarias que ya tenía Alzette. Sobre la base de la información disponible en el momento de este Folleto, existe incertidumbre respecto de si, después de la liquidación de la Oferta de Blackstone (en el caso de que ésta tenga éxito), el Contrato de Inversión de Hispania se terminará o no (ya que dicha liquidación no implicaría la terminación automática del referido contrato). No obstante, la terminación anticipada del contrato podría dar lugar al devengo de la comisión de incentivo, que el anuncio de OPA de Blackstone de fecha 6 de abril de 2018 reconoce en un importe de aproximadamente 173 millones de euros, calculado sobre la base del precio de la oferta de Blackstone y de conformidad con la metodología de cálculo de la comisión de incentivo incluida en el folleto de la salida a bolsa de Hispania de 3 de marzo de 2014. Además, la terminación anticipada del contrato de inversión de Hispania también podría dar lugar al pago del total de las comisiones base a las que Azora Gestión hubiera tenido derecho durante la vigencia del contrato. No obstante, el importe real de tales comisiones a las que Azora Gestión tiene derecho a recibir dependerá de las circunstancias que sigan a la liquidación de la oferta pública de adquisición de Blackstone (en caso de que ésta tenga éxito). La comisión de incentivo de Hispania, en el caso de que se devengue, será distribuida al 50% entre el Grupo y los beneficiarios del Carried Interest de Hispania, de conformidad con lo dispuesto en los acuerdos relativos al Carried Interest de Hispania, estando la cantidad que percibiera el Grupo sujeta a impuesto de sociedades. A efectos ilustrativos, en el caso de que la comisión de incentivo que recibiera Azora Gestión ascendiera a 173 millones de euros, el Grupo tendría derecho a un importe bruto de 86,5 millones de euros, y un importe neto de 64,88 millones de euros, asumiendo un tipo del 25% de impuesto de sociedades. La metodología de cálculo de la comisión de incentivo depende, entre otros factores, de las cantidades concretas y de los distintos momentos en los que se han realizado las aportaciones de capital por parte de los accionistas de Hispania

e Hispania ha realizado distribuciones a sus accionistas. En consecuencia, el cálculo de la comisión de incentivo se verá afectado por (i) las aportaciones de capital realizadas por los accionistas de Hispania a la fecha del Folleto, así como las distribuciones realizadas por Hispania a sus accionistas a la fecha del Folleto; y (ii) las cantidades concretas, así como la fecha concreta en que se realice cualquier distribución por parte de Hispania a sus accionistas en el futuro.

Teniendo en cuenta lo anterior, las tablas a continuación muestran, únicamente a efectos meramente ilustrativos, cómo podría variar el importe neto del incentivo que podría retener el Grupo dependiendo de la fecha en la que se liquide la totalidad de la cartera de activos de Hispania y las distribuciones por acción pagadas por Hispania a sus accionistas a resultas de tal liquidación. Estos cálculos ilustrativos asumen que no se realizará distribución adicional a los accionistas de Hispania distinta de la cantidad que se indica en cada una de las tablas que se recoge a continuación.

Caso I: Asumiendo liquidación de la totalidad de la cartera y distribución a los accionistas de Hispania el 24 de abril de 2018

Importe adicional de distribución por acción (en euros)	*Incentivo total (€m)*	*Importe neto del incentivo retenido por Azora[(1)] (€m)*
15,71	130	49
16,58	154	58
17,45	173	65
18,32	192	72
19,20	211	79

Caso II: Asumiendo liquidación de la totalidad de la cartera y distribución a los accionistas de Hispania el 24 de abril de 2019

Importe adicional de distribución por acción (en euros)	*Incentivo total (€m)*	*Importe neto del incentivo retenido por Azora[(1)] (€m)*
15,71	58	22
16,58	105	40
17,45	153	57
18,32	192	72
19,20	211	79

Caso III: Asumiendo liquidación de la totalidad de la cartera y distribución a los accionistas de Hispania el 14 de marzo de 2020

Importe adicional de distribución por acción (en euros)	*Incentivo total (€m)*	*Importe neto del incentivo retenido por Azora[(1)] (€m)*
15,71	0	0
16,58	35	13
17,45	82	31
18,32	130	49
19,20	177	67

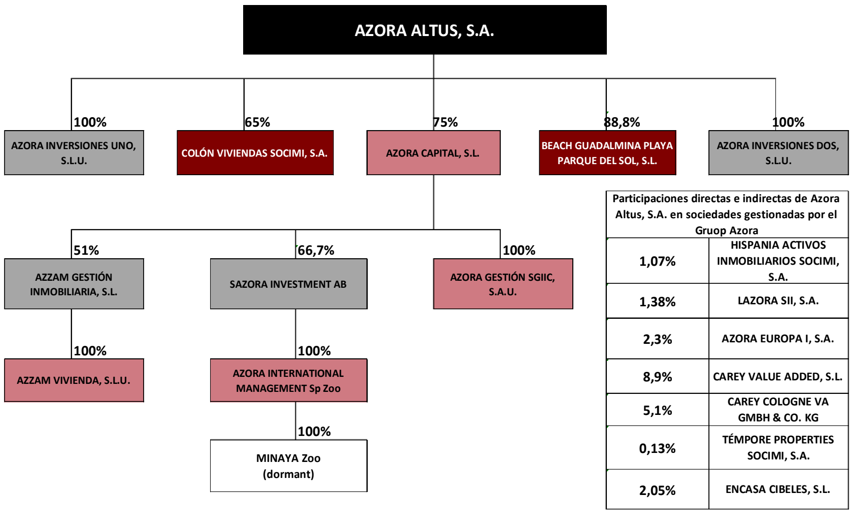
Nota:

(1) Calculado teniendo en cuenta que el Grupo tiene derecho al 50% de la comisión de incentivo y asumiendo un tipo del 25% de impuesto de sociedades.

Las anteriores tablas se han incluido únicamente a efectos ilustrativos y contemplan escenarios alternativos que pueden o no materializarse. El cálculo de estos escenarios implica realizar asunciones que pueden no resultar correctas. Las distribuciones específicas y las cantidades de tales distribuciones podrán variar dependiendo de una serie de factores que están fuera del control del Grupo. En consecuencia, no se puede asegurar que la cantidad actual que el Grupo vaya a recibir en concepto de comisión de incentivo de Hispania se corresponda con las cantidades incluidas en los escenarios anteriores.

B.5 **Descripción del grupo**

El cuadro a continuación contiene una descripción del Grupo a la fecha de este Folleto:



Nota: las sociedades coloreadas en rosa se correspondend a sociedades que realizan actividades de gestión, las coloreadas en granate son sociedades tenedoras de activos y las coloreadas en gris son compañías holding.

B.6 Accionistas principales

A fecha de este Folleto, el capital social de la Sociedad asciende a 22.500.000 euros dividido en 22.500.000 acciones ordinarias de la misma clase, de 1 euro de valor nominal. En el contexto de la Oferta, se espera que se emitan hasta un máximo de 47.250.048 de Nuevas Acciones de 1 euro valor nominal, resultando en un capital social de 69.750.048 euros tras la Oferta (asumiendo que no se ejercita la Opción de Sobreasignación).

La siguiente tabla muestra cierta información respecto de los beneficiarios de las acciones ordinarias antes y después de la Oferta:

	Antes de la Oferta		**Después de la Oferta**			
Titular	**Número de acciones ordinarias**	**%**	**Número de acciones ordinarias de los beneficiarios (asumiendo que no se ejercita la Opción de Sobreasignación)** [5]	**%**	**Número de acciones ordinarias de los beneficiarios (asumiendo que se ejercita la Opción de Sobreasignación totalmente)** [5]	**%**
Baztán Consultores, S.L. [1]	11.250.000	50,00%	11.548.333	16,56%	11.548.333	15,51%
Hermanos Bécquer 10, S.L.[2]	11.250.000	50,00%	12.793.044	18,34%	12.793.044	17,18%
Canepa[3]	-	-	6.102.542	8,75%	6.102.542	8,19%
Tamerlane, S.á r.l. [4]	-	-	5.197.505	7,45%	5.197.505	6,98%
Miembros del	-	-	109.147	0,16%	109.147	0,15%

Consejo						
Miembros del Equipo Gestor Senior	-	-	965.695	1,38%	965.695	1,30%
Capital Flotante (*free float*)	-	-	33.033.782	47,36%	37.758.787	50,70%
TOTAL	**22.500.000**	**100,00%**	**69.750.048**	**100,00%**	**74.475.053**	**100,00%**

Notas:

(1) Baztán ha informado a la Sociedad de su intención de suscribir Nuevas Acciones en la Oferta por un importe de de 2.869.969 euros. Baztán está controlada por Dña. María Concepción Osácar Garaicoechea.

(2) Hermanos Bécquer ha informado a la Sociedad de su intención de suscribir Nuevas Acciones en la Oferta por un importe de 14.844.086 euros. Hermanos Bécquer está controlada por D. Fernando Gumuzio Íñiguez de Onzoño.

(3) Canepa ha informado a la Sociedad de su intención de suscribir Nuevas Acciones en la Oferta por un importe aproximado de 58,71 millones de euros. No existe ninguna persona física que ostenta más de un 25% de Canepa.

(4) Tamerlane S.á r.l., un vehículo propiedad de entidades asesoradas o gestionadas por filiales de Canepa ha informado a la Sociedad de su intención de suscribir Nuevas Acciones en la Oferta por un importe de 50 millones de euros. No existe ninguna persona física que ostenta más de un 20% de Tamerlane, S.á r.l.

(5) Asumiendo el Precio Indicativo de Oferta como Precio de Oferta.

(6) Asumiendo adjudicación del total del Acciones Nuevas equivalentes al interés indicativo por importe de 50 millones de euros mostrado por Tamerlane.

B.7 **Información financiera fundamental histórica**

Las siguientes tablas presentan el resumen de los estados financieros y datos operativos del Grupo para los años finalizados a 31 de diciembre de 2017, 2016 y 2015:

CUENTA DE RESULTADOS CONSOLIDADAS	**A 31 de diciembre,**				
	2017		**2016**		**2015**
	(€ miles)	*Variación %*	*(€ miles)*	*Variación %*	*(€ miles)*
Importe neto de las cifras de negocios	77.612	21,38%	63.940	62,27%	39.403
Otros ingresos de explotación……….	1.449	(14,41)%	1.693	25,31%	1.351
Gastos de personal	(34.088)	16,98%	(29.140)	71,72%	(16.969)
Otros gastos de explotación............	(7.578)	(11,55)%	(8.568)	(3,36)%	(8.866)
Amortización y cargos por pérdidas por deterior de valor ...	(1.206)	8,94%	(1.107)	28,57%	(861)
Exceso de provisiones....................	0	0,00%	0	(100,00)%	37
Resultados por enajenación del inmovilizado.............................	414	-	0	0,00%	0
Variación del valor razonable en inversiones inmobiliarias	36	(101,09)%	(3.303)	(1009,92)%	363
Resultado de explotación	**36.639**	**55,81%**	**23.515**	**62,64%**	**14.458**
Ingresos financieros	1.402	367,33%	300	13,64%	264
Gastos financieros..........................	(108)	(32,08)%	(159)	(21,29)%	(202)
Diferencia de cambio netas	(103)	(227,16)%	81	(606,25)%	(16)
Deterioro y resultado por enajenaciones de instrumentos financieros	(635)	(333,46)%	272	(33,33)%	408
Resultado financiero	**556**	**12,55%**	**494**	**8,81%**	**454**
Participación en resultados por puesta en equivalencia	3.160	(10,18)%	3.518	(42,39)%	6.107
Deterioro y resultado por pérdida de influencia significativa de participaciones puestas en equivalencia.............................	7.670	2.374,19%	310	-	0
Resultado antes de impuestos......	**48.025**	**72,52%**	**27.837**	**32,44%**	**21.019**
Impuesto sobre beneficios..............	(8.257)	32,28%	(6.242)	50,85%	(4.138)
Resultado del ejercicio procedente de operaciones continuadas	**39.768**	**84,15%**	**21.595**	**27,92%**	**16.881**
Resultado atribuible a socios minoritarios	(3.824)	(17,09)%	(4.612)	62,57%	(2.837)
Resultado neto del ejercicio atribuible a socios de la Sociedad Dominante................	35.943	111,63%	16.984	20,93%	14.044

ESTADO DE SITUACIÓN FINANCIERA CONSOLIDADO	**A 31 de diciembre,**		
	2017	**2016**	**2015**

	(€ miles)	Variación %	(€ miles)	Variación %	(€ miles)
ACTIVO					
Activo no corriente					
Activos intangibles	1.678	(61,01)%	4.304	30,19%	3.306
Inmovilizado material	573	(57,77)%	1.357	28,38%	1.057
Inversiones inmobiliarias	22.460	(11,70)%	25.436	(11,65)%	28.791
Inversiones contabilizadas por el método de la participación	45.033	8,89%	41.356	14,49%	36.122
Activos financieros no corrientes	656	(5,34)%	693	(60,85)%	1.770
Activos por impuesto diferido	187	(76,63)%	800	15,61%	692
Total activo no corriente	**70.587**	**(4,54)%**	**73.946**	**3,08%**	**71.738**
Activo corriente					
Existencias	39	(79,03)%	186	177,61%	67
Deudores comerciales y otras cuentas a cobrar	8.813	1,83%	8.655	59,54%	5.425
Créditos con las Administraciones Públicas	243	(44,27)%	436	(13,32)%	503
Otros activos financieros corrientes	7.841	7,09%	7.322	70,04%	4.306
Otros activos corrientes	50	(72,22)%	180	(0,55)%	181
Efectivo y equivalentes al efectivo	50.652	468,10%	8.916	(12,53)%	10.193
Total activo corriente	**67.638**	**163,23%**	**25.695**	**24,28%**	**20.675**
Total activo	**138.225**	**38,72%**	**99.641**	**7,82%**	**92.413**
PATRIMONIO NETO					
Capital suscrito	30	0,00%	30	0,00%	30
Reserva legal	6	0,00%	6	0,00%	6
Otras reservas	55.983	22,38%	45.745	33,25%	34.330
Resultado del ejercicio atribuible a la Sociedad Dominante	35.943	111,63%	16.984	20,93%	14.044
Dividendo a cuenta	(7.000)	45,83%	(4.800)	-	-
Ajustes por cambio de valor	100	(192,59)%	(108)	170,00%	(40)
Patrimonio neto atribuido a los propietarios de la sociedad dominante	85.062	47,02%	57.856	19,61%	48.370
Intereses minoritarios	18.266	(5,89)%	19.410	1,79%	19.068
Total Patrimonio Neto	**103.328**	**33,73%**	**77.266**	**14,58%**	**67.437**
PASIVO					
Pasivo no corriente					
Deudas con entidades de crédito no corrientes	5.233	(17,99)%	6.381	6,63%	5.984
Otros pasivos financieros no corrientes	500	(83,40)%	3.012	0,13%	3.008
Otros pasivos no corrientes	0	0,00%	0	(100,00)%	49
Pasivos por impuestos diferidos	2.236	(23,63)%	2.928	(17,71)%	3.558
Total pasivo no corriente	**7.969**	**(35,32)%**	**12.321**	**(2,21)%**	**12.599**
Pasivo corriente					
Provisiones corrientes	0	(100,00)%	693	3,28%	671
Deudas con entidades de crédito corrientes	3.374	292,78%	859	(80,94)%	4.506
Acreedores comerciales y otras cuentas a pagar	20.835	179,03%	7.467	19,93%	6.226
Otros pasivos financieros corrientes	2.709	570,54%	404	23,17%	328
Otros pasivos corrientes	10	(98,42)%	631	(2,32)%	646
Total pasivos corriente	**26.928**	**167,83%**	**10.054**	**(18,77)%**	**12.377**
Total pasivos	**34.897**	**55,96%**	**22.375**	**(10,41)%**	**24.976**
Total patrimonio neto y pasivo	**138.225**	**38,72%**	**99.641**	**7,82%**	**92.413**

ESTADO DE FLUJOS DE EFECTIVO CONSOLIDADO	**A 31 de diciembre**				
	2017		**2016**		**2015**
	(€ miles)	Variación %	(€ miles)	Variación %	(€ miles)
FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE EXPLOTACIÓN	**43.243**	**123,39%**	**19.358**	**66,05%**	**11.658**
Beneficios del ejercicio antes de impuestos	**48.025**	**72,52%**	**27.837**	**32,44%**	**21.019**
Ajustes al resultado	**(10.671)**	**(17.593,44)%**	**61**	**(101,09)%**	**(5.580)**
Amortización del inmovilizado	1.206	8,94%	1.107	28,57%	861
Variación del valor razonable en inversiones inmobiliarias	(36)	(101,09)%	3.303	(1.009,92)%	(363)
Variación de provisiones	-	(100,00)%	22	(96,15)%	571

Ingresos financieros	(1.402)	367,33%	(300)	13,64%	(264)
Gastos financieros	108	(32,08)%	159	(21,29)%	202
Diferencias de cambio	103	(227,16)%	(81)	(606,25)%	16
Deterioro y resultado por enajenación del inmovilizado	(414)	-	-	0,00%	-
Deterioro y resultados por enajenaciones de instrumentos financieros	635	(333,46)%	(272)	(33,33)%	(408)
Participación en resultados por puesta en equivalencia	(3.160)	(10,18)%	(3.518)	(42,39)%	(6.107)
Deterioro y resultado por pérdida de influencia significativa de participaciones puestas en equivalencia	(7.670)	2.374,19%	(310)	-	-
Otros ingresos y gastos	(41)	(16,33)%	(49)	(44,32)%	(88)
Cambios en el capital corriente-	**10.514**	**(578,56)%**	**(2.197)**	**1.207,74%**	**(168)**
Existencias	147	(223,53)%	(119)	981,82%	(11)
Deudores comerciales y otras cuentas a cobrar	219	(106,25)%	(3.502)	302,53%	(870)
Otros activos corrientes	391	39.000,00%	1	(103,03)%	(33)
Acreedores comerciales y otras cuentas a pagar	11.071	712,85%	1.362	165,50%	513
Otros pasivos corrientes	(1.314)	(2.254,10)%	61	(73,82)%	233
Otros flujos de efectivo de las actividades de explotación	**(4.625)**	**(27,08)%**	**(6.343)**	**75,56%**	**(3.613)**
Pagos de intereses	(108)	(16,28)%	(129)	(32,81)%	(192)
Cobros de intereses	203	(58,06)%	484	83,33%	264
Cobros/(pagos) por Impuesto sobre Beneficios	(4.720)	(29,53)%	(6.698)	81,76%	(3.685)
FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE INVERSIÓN:	**10.326**	**(278,28)%**	**(5.792)**	**(31,86)%**	**(8.500)**
Pagos por inversiones	**(3.397)**	**(59,75)%**	**(8.440)**	**(5,25)%**	**(8.908)**
Activos intangibles	(551)	(70,78)%	(1.886)	609,02%	(266)
Inmovilizado material	(102)	(83,47)%	(617)	(20,39)%	(775)
Inversiones inmobiliarias	(4)	(50,00)%	(8)	(33,33)%	(12)
Otros pagos relacionados con actividades de inversión	(1.633)	(62,14)%	(4.313)	(44,33)%	(7.748)
Otros activos financieros	(1.107)	(31,50)%	(1.616)	1.410,28%	(107)
Cobros por desinversiones	**13.723**	**418,24%**	**2.648**	**549,02%**	**408**
Inversiones inmobiliarias	3.100	-	-	0,00%	-
Otros activos financieros	-	-	-	(100,00)%	408
Otros cobros relacionados con actividades de inversión	10.020	278,40%	2.648	-	-
Sociedades del grupo, neto de efectivo en sociedades consolidadas	419	-	-	0,00%	-
					-
FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIACIÓN	**(11.833)**	**(20,28)%**	**(14.843)**	**547,04%**	**(2.294)**
Cobros y pagos por instrumentos de pasivo financiero	**(11.833)**	**(20,28)%**	**(14.843)**	**547,04%**	**(2.294)**
Emisión/(devolución)de deudas con entidades de crédito	1.559	(148,03)%	(3.246)	(1.481,28)%	235
Emisión/(devolución)de deudas con empresas del Grupo y asociadas	-	(100,00)%	(1)	0.00%	(1)
Entrada/salida de caja variaciones del perímetro	-	0.00%		(100,00)%	296
Dividendos pagados y remuneración de otros instrumentos de patrimonio	(13.184)	13.69%	(11.596)	291,76%	(2.960)
Cobros (Pagos) de otras deudas	(208)	-	-	(100,00)%	136
AUMENTO/DISMINUCIÓN NETA DEL EFECTIVO O EQUIVALENTES	**41.736**	**(3.368,29)%**	**(1.277)**	**(247,80)%**	**864**
Efectivo o equivalentes al comienzo del ejercicio	8.916	(12,53)%	10.193	9,26%	9.329
Efectivo o equivalentes al final del ejercicio	50.652	468,10%	8.916	(12,53)%	10.193

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En 2013, gracias a su amplio conocimiento del mercado inmobiliario y financiero español y aprovechando su estrecha relación con SAREB, el Grupo identificó la necesidad de SAREB de desprenderse de determinados activos de su balance, entre los que se incluían dos préstamos sindicados de Realia por valor nominal implícito de 437 millones de euros, los cuales fueron adquiridos por el Grupo a través del correspondiente proceso competitivo. Dos años más tarde, la inversión se monetizó a través de la venta del préstamo generándose una tasa interna de retorno no apalancada superior al 20%. La transacción

		generó una comisión por incentivos para el Grupo de 20,1 millones de euros en 2016. El 1 de diciembre de 2017 el Grupo vendió su plataforma de alojamiento para estudiantes en el marco de la Operación de Alojamiento para Estudiantes. Esta operación tuvo el siguiente impacto en la situación financiera del Grupo: (i) la enajenación de la participación del 7,65% en Encampus generó ingresos por importe de 9,9 millones de euros, de los cuales 0,4 millones de euros se encontraban pendientes de cobro a 31 de diciembre de 2017 bajo un depósito en garantía. El Grupo obtuvo una plusvalía de 7,7 millones de euros que reconoció en el ejercicio cerrado a 31 de diciembre de 2017 y (ii) la enajenación de la participación del 75% en RESA generó ingresos por importe de 1,8 millones de euros, de los que 64.000 euros se encontraban pendientes de cobro mediante un depósito en garantía a 31 de diciembre de 2017. La Operación de Alojamiento para Estudiantes generó una comisión por incentivos de 30,3 millones de euros. A 31 de diciembre de 2017, 2,5 millones de euros estaban pendientes de cobro mediante dos depósitos en garantía, uno de los cuales se espera que sea liberado el 1 de junio de 2019.
B.8	**Información financiera seleccionada pro forma**	No resulta de aplicación. Este Folleto no contiene información financiera seleccionada pro forma.
B.9	**Estimación de los beneficios**	No resulta de aplicación. Este Folleto no contiene estimaciones o previsiones de beneficios.
B.10	**Descripción de la naturaleza de cualquier salvedad en el informe de auditoría sobre la información financiera histórica**	Los informes de auditoría correspondientes a los Estados Financieros Consolidados de 2017, los Estados Financieros Consolidados de 2016 y a los Estados Financieros Consolidados de 2015, todos emitidos por Deloitte, S.L., no contienen salvedades.
B.11	**Capital de explotación**	No resulta de aplicación. En opinión de la Sociedad, el capital circulante disponible es suficiente para cumplir con los requisitos actuales del Grupo y, en particular, para al menos los siguientes doce meses posteriores a la fecha de este Folleto.

Sección C – Valores		
C.1	**Descripción del tipo y de la clase de valores ofertados y/o admitidos a cotización**	El código ISIN (*International Securities Identification Number*) que ha sido asignado por la Agencia Nacional de Codificación de Valores Mobiliarios (entidad dependiente de la CNMV) a las acciones ordinarias existentes es el ES0105329009 y el asignado a las Nuevas Acciones es el ES0105329017. Las acciones ordinarias se negociarán en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia y estarán representadas en el mercado continuo mediante la denominación “AZR”.
C.2	**Divisa de emisión de los valores**	Las acciones ordinarias de la Sociedad están denominadas en euros.
C.3	**Número de**	A fecha de este Folleto, el capital social actual de la Sociedad asciende a 22.500.000 euros dividido en 22.500.000 acciones ordinarias, de la misma clase

	acciones emitidas	y serie, de un 1 euro de valor nominal cada una de ellas. Todas las acciones ordinarias de la Sociedad están íntegramente suscritas y desembolsadas.
C.4	**Derechos vinculados a los valores**	Las acciones de la Sociedad son acciones ordinarias que otorgan los mismos derechos a efectos de voto, para las distribuciones y remanentes de una liquidación. Las acciones de la Sociedad confieren a sus titulares los derechos recogidos en los Estatutos Sociales de la Sociedad y en la legislación mercantil española, incluyendo, entre otros, (i) el derecho de asistencia a las juntas de la Sociedad y el derecho a tomar la palabra en ellas, limitado a titulares de, al menos, 1.000 acciones ordinarias; (ii) el derecho a votar en las Juntas Generales de Accionistas; (iii) el derecho a percibir dividendos en proporción al capital social desembolsado en la Sociedad; (iii) el derecho de suscripción preferente en la emisión de nuevas acciones ordinarias en aumentos de capital por aportaciones dinerarias; y (iv) el derecho a recibir los activos restantes en proporción a la participación en el capital social en caso de que se liquide la Sociedad.
C.5	**Cualquier restricción sobre la libre transmisibilidad**	Los Estatutos Sociales de la Sociedad no contemplan ninguna restricción a la libre transmisibilidad de sus acciones ordinarias. No obstante, véase la sección E.5 para una descripción de determinadas restricciones contractuales (*lock-up*).
C.6	**Admisión a cotización en un mercado regulado**	La Sociedad solicitará la admisión a negociación de sus acciones ordinarias en las Bolsas Españolas y en el AQS. La admisión a negociación se espera que tenga lugar, de acuerdo con el calendario previsto, el 11 de mayo de 2018. Si hay cualquier retraso en la admisión a negociación de las acciones de la Sociedad en las Bolsas Españolas, la Sociedad comunicará públicamente, mediante un hecho relevante, tal retraso y la nueva fecha de admisión.
C.7	**Política de dividendos**	Una vez que el resultado de explotación se haya estabilizado, lo que espera que tenga lugar en 2022, la Sociedad tiene la intención de distribuir dividendos a sus accionistas de una forma estable y recurrente por un importe al menos equivalente al 50% del FFO generado durante el año natural. El FFO restante que no se reparta se utilizará para financiar nuevas inversiones de la Sociedad (ello en la medida en que haya oportunidades de inversión que aconsejen o recomienden mantener los fondos restantes) así como para el crecimiento general del negocio, con el objetivo de mejorar el retorno de los accionistas. En cualquier caso, la Sociedad podrá, en cada momento y a su sola discreción, distribuir dividendos en cantidades menores o no distribuir dividendo alguno, en función, entre otros factores, de la evolución y perspectivas del negocio, de su estructura de capital y de sus necesidades financieras, así como de cualquier otro factor que el Consejo de Administración de la Sociedad considere relevante en cada momento. Sólo podrán repartirse dividendos con cargo a beneficios o reservas distribuibles, previo cumplimiento de los requisitos legales y estatutarios de la Sociedad, si el valor de los fondos propios de la Sociedad no es, y como consecuencia de la distribución propuesta no resulte, inferior al capital social de la Sociedad. Los titulares de acciones ordinarias tendrán derecho a percibir dividendos futuros que serán acordados sobre la base de lo establecido en los estatutos de la Sociedad. Los dividendos se pagan a prorrata de las cantidades desembolsadas por los accionistas de la Sociedad sobre las acciones ordinarias. Los dividendos acordados pero aún no pagados no devengan intereses. Los dividendos recibidos por tener acciones ordinarias están sujetos a retención. De acuerdo con la Ley de Sociedades de Capital, el derecho a percibir un dividendo caduca y revertirá a la Sociedad el derecho a recibir dicho dividendo si este no se reclama dentro de los cinco (5) años siguientes desde el momento en que es

		devengado. De acuerdo con la legislación fiscal vigente, las distribuciones que se realicen en el futuro estarán gravadas de acuerdo a la legislación española.

Sección D – Riesgos		
D.1	**Información fundamental sobre los principales riesgos específicos del emisor o de su sector de actividad**	Invertir en las Acciones implica un cierto grado de riesgo. Antes de tomar una decisión de inversión, los inversores deben valorar cuidadosamente los riesgos y las incertidumbres que se describen a continuación, junto con el resto de información contenida en el presente Folleto. Cualquiera de los siguientes riesgos e incertidumbres podría tener un efecto material adverso en el negocio, los resultados de las operaciones, la situación financiera o las perspectivas de la Sociedad. El precio del mercado de las Acciones podría bajar, por lo que el inversor podría perder total o parcialmente su inversión. La información contenida en este Folleto debe considerarse teniendo en cuenta los riesgos que se mencionan a continuación y que se describen en el apartado Factores de Riesgo al comienzo de la página 21, el cual forma parte integral del mismo. Antes de invertir en las Acciones, los inversores deben considerar los posibles riesgos asociados que conllevan. Cualquiera de los siguientes riesgos e incertidumbres podría tener un efecto adverso significativo en el negocio, los resultados de operaciones, la situación financiera, los flujos de caja y las perspectivas del Grupo. Asimismo, ni el orden ni la extensión con la que se presentan tales factores de riesgo supone indicación alguna de la probabilidad con la que pudiera en su caso materializarse ni del alcance que pudieran tener las posibles consecuencias sobre la actividad, la situación financiera o el resultado de las operaciones del Grupo. El precio del mercado de las Acciones podría disminuir como consecuencia de los mencionados riesgos e incertidumbres, por lo que los inversores podrían perder la totalidad o parte de su inversión. **RIESGOS RELACIONADOS CON EL MERCADO Y EL SECTOR EN EL QUE EL GRUPO OPERA** - Dado que la actividad del Grupo se concentra principalmente en el mercado inmobiliario español, el deterioro de las condiciones macroeconómicas y políticas españolas, así como del propio mercado inmobiliario español, afectará negativamente a la actividad del Grupo. - Los Verticales Inmobiliarios Estratégicos en los que el Grupo tiene la intención de invertir a través de Vehículos de Inversión presentan ciertos riesgos particulares intrínsecos. - El sector en el que opera el Grupo es altamente competitivo. **RIESGOS RELACIONADOS CON EL GRUPO Y SU NEGOCIO** - La reputación y rendimiento del Grupo pueden verse perjudicados por su incapacidad para adquirir u originar oportunidades de inversión o para implementar su estrategia de negocio. - La imposibilidad de realizar inversiones y los retrasos en el empleo de los fondos netos de la Oferta (incluyendo retrasos en la localización y/o adquisición de inversiones adecuadas) pueden tener un impacto adverso en la situación financiera, la rentabilidad, los negocios, las perspectivas,

		los resultados de las operaciones y los flujos de efectivo del Grupo. - El Grupo depende de los miembros de su Equipo Gestor Senior y de los conocimientos de su personal clave y puede ser que no pueda retenerlos o atraer a personal altamente cualificado y experimentado. La pérdida de los servicios prestados por estas personas o la imposibilidad de atraer y retener personal clave puede perjudicar las operaciones y el crecimiento del Grupo. - La mayoría de los ingresos actuales del Grupo provienen de contratos con sus Vehículos de Inversión que vencen en los próximos años. - La resolución de contratos de gestión de inversiones o activos o la remoción de una sociedad del Grupo como gestor de las inversiones y/o propiedades de uno o más de sus Vehículos de Inversión existentes puede resultar en una reducción de los ingresos de la Actividad de Gestión. - Existe incertidumbre en cuanto al pago y al valor de los ingresos generados por el Grupo de la Actividad de Gestión. - El objetivo de rentabilidad perseguido por la Sociedad puede no llegar a materializarse. - No es posible asegurar que el valor de las inversiones que el Grupo reporte en cada momento se vaya a materializar. - La Sociedad puede estar sujeta a los riesgos asociados a las inversiones en negocios conjuntos o con la tenencia de participaciones minoritarias. - El Grupo y/o los Vehículos de Inversión pueden estar sujetos a pérdidas potenciales vinculadas con contingencias o problemas (identificados o no) en los activos inmobiliarios. - Existen determinados riesgos laborales asociados a las inversiones en las que se necesite a un operador industrial. - Existen ciertos riesgos intrínsecos relacionados con el desarrollo, reposicionamiento y mantenimiento de activos inmobiliarios que pueden afectar a la capacidad del Grupo para implementar el plan de negocios para sus Vehículos de Inversión o para sus Inversiones Directas y de Control. - Los resultados de las operaciones del Grupo y/o de los Vehículos de Inversión pueden verse afectados por la pérdida de ingresos en relación con licencias, permisos y autorizaciones pendientes de obtención. - El Grupo puede estar expuesto a pérdidas materiales imprevistas por riesgos legales u operativos. - El Grupo puede registrar pérdidas sustanciales superiores a sus coberturas por seguros, en su caso, o provenientes de acontecimientos no asegurables o dicha cobertura puede no ser suficiente para cubrir las reclamaciones que los Vehículos de Inversión tener frente al Grupo. - El Grupo depende de los sistemas de tecnología de la información, que pueden fallar, ser inadecuados para las tareas en cuestión o ser objeto de ataques cibernéticos.

		RIESGOS LEGALES Y REGULATORIOS - El Grupo puede estar sujeto a riesgos derivados de litigios y, como consecuencia de ello, puede tener que hacer frente a responsabilidades, pudiendo dañar reputación profesional. - Pueden existir conflictos intereses de negocio entre las Inversiones Directas y de Control del Grupo y los Vehículos de Inversión y entre los diferentes Vehículos de Inversión. - Azora Gestión es una sociedad gestora de instituciones de inversión colectiva sujeta a la supervisión de la CNMV. - La Sociedad no está registrada al amparo de la "*Investment Companies Act of 1940*" (Ley de Sociedades de Inversión estadounidense de 1940). - La Directiva GFIA puede resultar de aplicación a la Sociedad y/o a los Vehículos de Inversión. **RIESGOS FISCALES RELACIONADOS CON EL GRUPO Y SUS VEHÍCULOS DE INVERSIÓN** - Los impuestos tienen un impacto importante en el negocio del Grupo. Un cambio en las leyes fiscales, o una impugnación de la posición fiscal del Grupo por parte de las autoridades fiscales, puede tener un impacto en el negocio, la situación financiera, los resultados de las operaciones y las perspectivas del Grupo. - El negocio del Grupo puede verse afectado por un cambio en la situación fiscal de sus Vehículos de Inversión. - La no aplicación del Régimen SOCIMI a Colón Viviendas e Hispania puede tener un impacto en el negocio del Grupo. - La Sociedad puede ser tratada como una sociedad de inversión extranjera pasiva a efectos del impuesto sobre la renta federal de los Estados Unidos, lo cual puede tener consecuencias fiscales adversas para los tenedores de las acciones de la Sociedad Norteamericanos.
D.3	**Información fundamental sobre los principales riesgos específicos de los valores**	**RIESGOS RELACIONADOS CON LAS ACCIONES Y LA OFERTA** - El precio de cotización de las acciones de la Sociedad puede fluctuar de manera significativa en respuesta a distintos factores, muchos de los cuales están fuera de su control, y el precio de cotización puede bajar después de la Oferta. - Los intereses mostrados por ciertos inversores en la Oferta pueden no materializarse. - No existe un mercado establecido para las acciones ordinarias de la Sociedad y es posible que no se desarrolle un mercado activo. - No hay certeza de que la Sociedad vaya a pagar dividendos o respecto del importe de dichos dividendos. - Puede resultar difícil para los accionistas no residentes en España demandar o ejecutar sentencias extranjeras contra la Sociedad o sus Consejeros.

		- Puede que los accionistas de determinadas jurisdicciones distintas a la española, incluidos los de Estados Unidos, no puedan ejercer sus derechos de suscripción preferente para adquirir más acciones ordinarias o participar en programas de recompra. - Las Acciones no serán libremente transmisibles en los Estados Unidos. - Un inversor cuya divisa no sea el euro está expuesto a fluctuaciones del tipo de cambio.

Sección E – Oferta		
E.1	**Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta**	La Sociedad emitirá hasta un máximo de 47.250.048 de Nuevas Acciones ordinarias a través de la Oferta a cambio de aportaciones dinerarias y obtendrá unos fondos brutos de aproximadamente 454,55 millones de euros –tomando el Precio Indicativo de Oferta como Precio de la Oferta, y asumiendo (i) la suscripción completa de las Nuevas Acciones, y (ii) la no ejecución de la Opción de Sobreasignación. Si la Opción de Sobreasignación se ejerce en su totalidad, la Sociedad emitirá las Acciones de Sobreasignación a cambio de aportaciones en efectivo y obtendrá unos fondos brutos adicionales de aproximadamente 45,45 millones de euros, tomando el Precio Indicativo de Oferta como Precio de la Oferta. Las comisiones, honorarios y gastos que deberá abonar la Sociedad en relación con la Oferta se espera que asciendan aproximadamente a 11,71 millones de euros (en caso de que no se ejercite la Opción de Sobreasignación) o a 12,85 millones de euros (en caso de que se ejercite la Opción de Sobreasignación en su totalidad). Por consiguiente, una vez deducidas las comisiones de aseguramiento y otros gastos en relación con la Oferta, la Sociedad estima obtener unos fondos netos de aproximadamente 442,83 millones de euros (en caso de que no se ejercite la Opción de Sobreasignación) y de 487,15 millones de euros (en caso de que ejercite la Opción de Sobreasignación en su totalidad).
E.2a	**Motivos de la oferta y destino de los ingresos**	La Sociedad tiene la intención de utilizar los fondos netos de la Oferta para financiar: (i) la adquisición de oportunidades de inversión en los Verticales Inmobiliarios Estratégicos en línea con la estrategia de negocio de la Sociedad, así como en otras oportunidades concretas, que podrán ser consideradas en situaciones especiales, incluyendo la adquisición de plataformas operativas y otras empresas de gestión de activos; (ii) la adquisición de (x) 621.929 acciones de Carey, representativas de aproximadamente el 21,79% de su capital social, a Ibernia Iniciativa, S.C.R. de régimen simplificado, S.A. (filial al 100% de Hermanos Bécquer, sociedad holding controlada por D. Fernando Gumuzio Íñiguez de Onzoño), Baztán (sociedad holding controlada por Dña. María Concepción Osácar Garaicoechea) y Verport Hotel Opportunity B.V. vehículo propiedad de entidades asesoradas o gestionadas por las filiales de Canepa (la contraprestación ascenderá aproximadamente a 35,51 millones de euros); y (y) derechos contractuales para suscribir 61.937 acciones nuevas de Carey; y (iii) la adquisición de 301.000 acciones de Azora Capital, representativas del 25% de su capital social, a Canepa (la contraprestación ascenderá aproximadamente a 58,71 millones de euros, asumiendo el Precio

		Indicativo de Oferta como Precio de la Oferta). Además, la Sociedad podrá emplear los fondos para los fines corporativos generales del Grupo. La Sociedad espera que los fondos netos obtenido mediante la Oferta se hayan dispuesto aproximadamente en los 12 meses siguientes a la finalización de la Oferta.
E.3	**Descripción de las condiciones de la oferta**	La Oferta consiste en la oferta de hasta 47.250.048 de Nuevas Acciones, lo que representa el 67,74% del capital social de la Sociedad tras a la Oferta (suponiendo que no se ejercita la Opción de Sobreasignación), de 1 euro de valor nominal cada una, a inversores dentro y fuera de España, incluyendo una colocación en Estados Unidos a personas que se crea razonablemente que son QIBs (según se define en la Norma 144A de la Ley de Valores), de conformidad con la Norma 144A. La Oferta fuera de Estados Unidos se realizará de acuerdo con la Regulación S. La Oferta en España incluirá una colocación entre ciertos miembros del Consejo de Administración, ciertos miembros del Equipo Gestor Senior y empleados del Grupo (en total, no más de 50 personas). En relación con la Oferta, la Sociedad concederá una opción al Agente de Estabilización, quien actúa por cuenta de las Entidades Directoras, para suscribir un número de acciones equivalente de hasta un 10% de las Nuevas Acciones, esto es, 4.725.005 acciones ordinarias, al Precio de Oferta. La Opción de Sobreasignación expirará en treinta (30) días hábiles tras de la Admisión y puede ser ejercida sólo en una ocasión, en todo o en parte, con el propósito de cubrir sobre-asignaciones (si las hubiese) y posiciones cortas resultantes de operaciones de estabilización (si las hubiese), previa notificación por el Agente de Estabilización, en su propio nombre y en nombre de las Entidades Directoras, a la Sociedad. Las Acciones de Sobreasignación que se pongan a disposición de conformidad con la Opción de Sobreasignación tendrán el mismo rango que las Nuevas Acciones en todos los aspectos, incluyendo todos los dividendos y otras distribuciones declarados, realizados o pagados sobre las Nuevas Acciones, si las hubiere, y se suscribirán en los mismos términos y condiciones que las Nuevas Acciones que se vendan en la Oferta y formarán una única clase a todos los efectos con las demás acciones ordinarias de la Sociedad. En la Fecha de Operación Bursátil, prevista para, o alrededor de, el día 10 de mayo de 2018, las órdenes de pago de los inversores se procesarán a través de las Bolsas Españolas e Iberclear y, en el supuesto de que las Entidades Directoras no hayan ejercido sus derechos de rescisión contenidos en el Contrato de Aseguramiento, los inversores tendrán derecho a recibir las Nuevas Acciones suscritas a través de la Oferta. Con el fin de agilizar la cotización de las acciones ordinarias de la Sociedad, se espera que las Entidades Coordinadoras Globales, en su calidad de bancos prefinanciadores, suscriban y paguen las Nuevas Acciones en la Fecha de Operación Bursátil, actuando cada uno de ellos en nombre y por cuenta de las Entidades Directoras, y cada Manager por cuenta de los inversores finales. Se espera que el pago de las Nuevas Acciones por parte de los bancos prefinanciadores se realice antes de las 8:00 CET de la Fecha de Operación Bursátil en la cuenta de la Sociedad abierta en el Banco Agente. El pago por parte de los inversores finales de las Nuevas Acciones suscritas y desembolsadas en la Fecha de Operación Bursátil por las Entidades Coordinadoras Globales, como bancos prefinanciadores se efectuará a más tardar el segundo día hábil siguiente a la Fecha de Operación Bursátil, respecto de la entrega a los inversores finales a través de los sistemas de Iberclear de las Nuevas Acciones, que se espera tenga lugar en o alrededor del 14 de mayo de 2018, la Fecha de Liquidación. Se espera que las acciones ordinarias coticen en las Bolsas Españolas y en el AQS el 11 de mayo de 2018 o alrededor de esa

		fecha, bajo el símbolo "AZR". La Oferta se llevará a cabo a través de un proceso de prospección de la demanda. Durante el período de prospección de la demanda, que se espera comience el 25 de abril de 2018 y finalice el 9 de mayo de 2018 (ambos inclusive), las Entidades Directoras comercializarán las Nuevas Acciones entre los inversores de conformidad con, y con sujeción a, las restricciones de venta y transmisión establecidas en el presente Folleto. Los inversores podrán realizar sus propuestas de suscripción durante este período, indicando el número de Nuevas Acciones y el precio al que estarían interesados en suscribir Nuevas Acciones. El Precio de Oferta será determinado por la Sociedad y las Entidades Coordinadoras Globales una vez finalizado el período de prospección de la demanda (que se espera tenga lugar en el, o alrededor del, 9 de mayo de 2018). El Precio de Oferta se anunciará a través de un hecho relevante comunicado a la CNMV. Para la determinación del Precio de Oferta no se consultará a ningún experto independiente. Además, hasta un 2,44% de las Nuevas Acciones se ofrecerán a miembros del Consejo de Administración (distintos de los miembros del Equipo Gestor), del Equipo Gestor Senior (distintos de Dña. Osácar y D. Gumuzio) y a empleados (hasta 50 en total). Estas Nuevas Acciones se ofrecerán al Precio de Oferta. Las órdenes de suscripción realizadas y confirmadas por dichas personas serán atendidas en su totalidad.
E.4	**Descripción de cualquier interés que sea importante para la emisión/oferta, incluidos los conflictivos**	Las Entidades Directoras y sus filiales son instituciones financieras que prestan un servicio completo, dedicadas a diversas actividades, que pueden incluir la negociación de valores, banca comercial de inversión, el asesoramiento financiero, gestión de inversiones, inversión principal, cobertura, financiación y actividades de corretaje. De forma puntual, las Entidades Directoras y sus filiales pueden haber proporcionado al Grupo y a sus Vehículos de Inversión servicios de banca de inversión, banca comercial y otros servicios de asesoría (incluso en relación con algunas de las financiaciones y derivados en circulación de la Sociedad, de dichas filiales o de dichos Vehículos de Inversión), por los cuales han recibido las habituales comisiones. Las Entidades Directoras y sus filiales pueden proporcionar a la Sociedad, a sus filiales o a sus Vehículos de Inversión otros o similares servicios, y realizar actividades similares, en el futuro. Además, en el curso ordinario de sus diversas actividades comerciales, las Entidades Directoras y sus filiales pueden realizar o mantener una amplia gama de inversiones y negociar activamente valores de deuda y de renta variable (o valores derivados relacionados) e instrumentos financieros (que pueden incluir préstamos bancarios y/o permutas de coberturas por incumplimiento crediticio) por cuenta propia y de sus clientes, y pueden mantener en cualquier momento posiciones largas y cortas en dichos valores e instrumentos. Dichas actividades de inversión y gestión de valores pueden involucrar a valores e instrumentos, incluyendo instrumentos de deuda corporativa, de la Sociedad, sus filiales y sus Vehículos de Inversión. Las Entidades Directoras y sus filiales también pueden hacer recomendaciones de inversión y/o publicar o expresar opiniones sobre investigaciones independientes con respecto a dichos valores o instrumentos y pueden mantener, o recomendar a sus clientes que adquieran posiciones largas y/o cortas en dichos valores e instrumentos.
E.5	**Nombre de la persona o de la entidad que se ofrece a vender el valor** **Acuerdos de no**	La Sociedad es la entidad que ofrece las Acciones. Las Acciones están siendo colocadas por las Entidades Directoras. <u>Compromisos de permanencia frente a las Entidades Directoras</u> - La Sociedad aceptará que, durante el período que comience en la fecha de firma del Contrato de Aseguramiento hasta 180 días después de la fecha de Admisión, la Sociedad no podrá, sin el consentimiento previo por escrito de

	enajenación	las Entidades Coordinadoras Globales: (i) directa o indirectamente, emitir, ofrecer, pignorar, vender, anunciar la intención de vender o comprometerse a vender, vender ninguna opción o contrato de compra, comprar ninguna opción o contrato de venta, otorgar ninguna opción, derecho o warrant para comprar, prestar o de otro modo transferir o disponer, directa o indirectamente, de cualesquiera acciones ordinarias o valores convertibles, ejercitables o canjeables por acciones ordinarias, o registrar cualquier declaración conforme a la Ley de Valores (*Securities Act*) respecto de lo anterior; o (ii) concertar una permuta o cualquier otro acuerdo o transacción que transfiera, en su totalidad o en parte, directa o indirectamente, cualquiera de las consecuencias económicas de la propiedad de las acciones ordinarias, e independientemente de que cualquiera de las operaciones de las descritas en los romanillos (i) y (ii) precedentes se liquide mediante la entrega de acciones de la Sociedad o de cualquier valor convertible en, ejercitable o canjeable por acciones de la Sociedad, por diferencias (en efectivo) o de cualquier otro modo. Las restricciones anteriores no resultarán de aplicación a (i) la emisión y venta de las Acciones en la Oferta (y, en su caso, a la emisión y venta de nuevas acciones ordinarias de la Sociedad, en el caso de que ésta decidiera aumentar el número de acciones ordinarias ofrecidas en la Oferta), o (ii) cualquier acción ordinaria emitida, vendida o transferida u opciones otorgadas para comprar acciones ordinarias en relación con el componente de pago en acciones del Bonus Anual y el Carried Interest. - Tanto Baztán como Hermanos Bécquer aceptarán que, durante el período que comience en la fecha de firma del Contrato de Aseguramiento hasta 360 días después de la fecha de Admisión no podrán, sin el consentimiento previo por escrito de las Entidades Coordinadoras Globales: (i) directa o indirectamente, emitir, ofrecer, pignorar, vender, anunciar la intención de vender o comprometerse a vender, vender ninguna opción o contrato de compra, comprar ninguna opción o contrato de venta, otorgar ninguna opción, derecho o warrant para comprar, prestar o de otro modo transferir o disponer, directa o indirectamente, de cualesquiera acciones ordinarias o valores convertibles, ejercitables o canjeables por acciones ordinarias, o registrar cualquier declaración conforme a la Ley de Valores (*Securities Act*) respecto de lo anterior; o (ii) concertar una permuta o cualquier otro acuerdo o transacción que transfiera, en su totalidad o en parte, directa o indirectamente, cualquiera de las consecuencias económicas de la propiedad de las acciones ordinarias, e independientemente de que cualquiera de las operaciones de las descritas en los romanillos (i) y (ii) precedentes se liquide mediante la entrega de acciones de la Sociedad o de cualquier valor convertible en, ejercitable o canjeable por acciones de la Sociedad, por diferencias (en efectivo) o de cualquier otro modo. Las restricciones anteriores están sujetas a excepciones habituales. - En la medida en que Canepa suscriba Nuevas Acciones en la Oferta, Canepa aceptará someterse a restricciones similares, con las excepciones habituales, durante el período que comience en la fecha de firma del Contrato de Aseguramiento hasta 180 días después de la fecha en la que empiecen a cotizar las acciones ordinarias de la Sociedad. - Dña. Osácar y D. Gumuzio aceptarán someterse a restricciones similares, con las excepciones habituales, durante el período que comience en la fecha de firma del Contrato de Aseguramiento hasta 360 días después de la fecha en la que empiecen a cotizar las acciones ordinarias de la Sociedad. - Los miembros del Equipo Gestor Senior (distintos de Dña Osácar y D. Gumuzio) que se hayan comprometido a suscribir Nuevas Acciones en la Oferta, directamente o a través de cualquier compañía que controlen, así como los miembros del Consejo de Administración de la Sociedad (distintos de los miembros del Equipo Gestor Senior) que habiendo indicado su interés en la Oferta suscriban finalmente acciones en la Oferta,

		ya sea directamente o a través de cualquier compañía que controlen, aceptarán someterse a restricciones similares, con las excepciones habituales, durante el período que comience en la fecha de firma del Contrato de Aseguramiento hasta 180 días después de la fecha en la que empiecen a cotizar las acciones ordinarias de la Sociedad. Compromisos de permanencia frente a la Sociedad - Tanto Baztán como Hermanos Bécquer se han comprometido, cada uno, frente a la Sociedad, a no vender o transferir las acciones ordinarias de la Sociedad que ostentasen en el momento de la fecha de Admisión (sin incluir aquellas acciones necesarias para ejecutar el Plan de Acciones de Empleados), excepto de conformidad con los siguientes límites y condiciones: (x) hasta un 25% de tales acciones tras un año desde la fecha de Admisión; (y) hasta un 25% adicional de tales acciones, tras dos años desde la fecha de admisión a negociación de las acciones ordinarias de la Sociedad; y (z) hasta un 25% adicional de estas acciones, tras tres años desde la fecha de Admisión. - Los miembros del Equipo Gestor Senior que se hayan comprometido a suscribir Nuevas Acciones a través de la Oferta se han comprometido frente a la Sociedad, con las excepciones habituales, a someterse a restricciones similares en relación con las Nuevas Acciones que sean suscritas por los mismos en la Oferta: (x) respecto del 100% de las Nuevas Acciones suscritas por cada uno de ellos en la Oferta, durante el período que comienza el día de la Admisión y finaliza 360 días después de la fecha de admisión a negociación de las acciones ordinarias de la Sociedad; (y) respecto del 50% de las Nuevas Acciones suscritas por cada uno de ellos en la Oferta, durante el período que comienza el día de Admisión y finaliza dos años después de la fecha de admisión a negociación de las acciones ordinarias de la Sociedad; y (z) respecto del 25% de las Nuevas Acciones suscritas por cada uno de ellos en la Oferta durante el periodo que comienza el día de la Admisión y finaliza tres años después de la fecha de admisión a negociación de las acciones ordinarias de la Sociedad. La Sociedad podrá, mediante acuerdo del Consejo de Administración, dispensar las restricciones anteriores respecto de cada uno de los miembros del Equipo Gestor Senior en el caso de que existan circunstancias personales extraordinarias. - Las acciones que se reciban bajo el Bonus Anual y el Interés Acumulado no podrán ser vendidas o trasferidas, excepto de conformidad con los siguientes límites y condiciones: (x) los Consejeros Ejecutivos deberán mantener el 50% de las acciones recibidas durante al menos un año después de recibir las acciones y el restante 50% durante al menos dos años; y (y) los restantes miembros del Equipo Gestor Senior deberán mantener un 25% de las acciones recibidas durante al menos un año después de recibir las acciones y el restante 25% durante al menos dos años.
E.6	**Dilución**	La Oferta supondrá la dilución de la participación de Baztán y Hermanos Bécquer en la Sociedad hasta el 32,26%, en términos agregados, del capital social de la Sociedad resultante de la Oferta. La anterior dilución se ha calculado sobre la base de las siguientes asunciones: (i) que la intención de participar en la Oferta por parte de Baztán y Hermanos Bécquer no se materializa; (ii) que se suscriben la totalidad de las Nuevas Acciones; (iii) que no se ejerce la Opción de Sobreasignación. Ver la sección B.6 y E.3.
E.7	**Gastos estimados aplicados al inversor por el emisor o el**	A los efectos de la transmisión de las Acciones, la Sociedad no cobrará a los inversores ningún gasto aparte del Precio de Oferta. Se podrá requerir a los suscriptores de las Acciones el pago de tasas y recargos que sean acordes con la práctica del país correspondiente además del Precio de

	oferente	Oferta. Asimismo, los suscriptores habrán de satisfacer las comisiones correspondientes a los intermediarios a través de los cuales ostentarán las Acciones

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AZORA

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Mr. Fernando Gumuzio Íñiguez de Onzoño, acting in the name and on behalf of the Company, in his capacity as authorized representative of the Company, accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of his knowledge, in accordance with the facts and contains no omissions likely to affect its import.

In Madrid, on April, 24, 2018

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Mr. Fernando Gumuzio Íñiguez de Onzoño