

**Lar España Real Estate SOCIMI, S.A.**

(incorporated and registered in the Kingdom of Spain under the Spanish Companies Act)

€400,000,000 1.75% Senior Unsecured Green Notes due 2026**Issue Price: 100.00%**

The €400,000,000 1.75% Senior Unsecured Green Notes due 2026 (the “Notes”) will be issued by Lar España Real Estate SOCIMI, S.A. (the “Issuer”). The minimum denomination of the Notes shall be €100,000. The Notes shall bear interest from 22 July 2021 at the rate of 1.75% per annum payable annually in arrear on 22 July each year commencing on 22 July 2022.

Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 7 (*Taxation*). The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer. See “*Terms and Conditions of the Notes—Status*.” The offering of the Notes (the “Offering”) is further described under this offering memorandum (the “Offering Memorandum”).

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 22 July 2026. The Notes may be redeemed in whole (but not in part) before such date at the option of the Issuer at any time (i) at their principal amount plus interest accrued to but excluding the date fixed for redemption, in the event of certain tax changes as further described under “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for taxation reasons*”; (ii) at their outstanding principal amount or at the Make Whole Amount as defined and further described under “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Issuer*” plus interest accrued to but excluding the date fixed for redemption and (iii) at their outstanding principal amount, plus interest accrued to but excluding the date of redemption as further described under “*Terms and Conditions of the Notes—Redemption and Purchase—Clean-up Call*”. In addition, upon the occurrence of a Change of Control Put Event (as defined in the Conditions) or a Tender Offer Triggering Event (as defined in the Conditions), holders of the Notes may require the Issuer to redeem all or some of the Notes at 101% of their principal amount plus accrued interest as further described under “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Noteholders*”.

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange (the “Official List”) and to trading on the Luxembourg Stock Exchange’s Euro MTF Market (the “Euro MTF Market”). The Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, “MiFID II”) of the European Parliament and of the Council on markets in financial instruments or Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (“UK MiFIR”). References in this Offering Memorandum to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Euro MTF Market.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any United States state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will initially be represented by a temporary global note (the “Temporary Global Note”), without interest coupons, which will be issued in new global note (“NGN”) form and will be delivered on or prior to the Closing Date to a common safekeeper for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global note (the “Permanent Global Note”) and, together with the Temporary Global Note, the “Global Notes”), without interest coupons, 40 days after 22 July 2021 (the “Issue Date”). The Permanent Global Note will be exchangeable for definitive Notes (“Definitive Notes”) in bearer form in the denomination of €100,000 not less than 40 days following the request of the holder in the circumstances set out in it.

The Notes are expected to be rated BBB by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

The offer and marketing (as such term is defined in Directive 2011/61/EU, the Alternative Investment Fund Managers Directive, which was published on 1 July 2011 (the “AIFM Directive”)) of the Notes is being conducted only to professional clients (i) (as defined under MiFID II) in Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden and (ii) (as defined under UK MiFIR) in the United Kingdom (together, the “Approved Jurisdictions”) and is not being conducted in any other European Union member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a

person to whom the Notes cannot be marketed in accordance with the AIFM Directive as implemented and interpreted in accordance with the laws of each European Union member state and of the United Kingdom, or the UK Alternative Investment Fund Regulations 2013 (as applicable), it should not participate in the Offering and the Notes are not being offered or marketed to it.

Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under “Risk Factors” below.

Global Coordinator & Green Structuring Adviser

Morgan Stanley

Joint Lead Managers

J.P. Morgan

Morgan Stanley

The date of this Offering Memorandum is 20 July 2021.

Table of Contents

IMPORTANT NOTICES	1
RISK FACTORS	5
OVERVIEW	36
DOCUMENTS INCORPORATED BY REFERENCE	39
DESCRIPTION OF THE ISSUER.....	40
USE OF PROCEEDS	71
CASH AND INDEBTEDNESS	75
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	76
TERMS AND CONDITIONS OF THE NOTES	86
TAXATION	103
SUBSCRIPTION AND SALE	114
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	118
GENERAL INFORMATION.....	120

IMPORTANT NOTICES

THIS OFFERING MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Offering Memorandum, or as to what action you should take, you should immediately consult an appropriately authorised professional adviser.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, imply that the information set forth herein is correct as of any date subsequent to the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Offering Memorandum has been most recently amended or supplemented.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. In making an investment decision, investors must rely on their own examination and analysis of the Issuer and the terms of the Notes, including the merits and risks involved.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

This Offering Memorandum constitutes a prospectus for the purposes of the Luxembourg Act dated 16 July 2019 on prospectuses for securities. This document does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129, as amended. The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Memorandum is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

In this Offering Memorandum, references to “we”, “us”, “our”, the “Group” or “Lar España” are to the Issuer and its consolidated subsidiaries.

This Offering Memorandum may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “will”, “would” or similar words. These statements are based on the Issuer’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer’s strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

The Issuer has confirmed to the Joint Lead Managers that this Offering Memorandum contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Memorandum on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Memorandum does not omit to state any

material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Save for the Issuer, no other party has verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes. The Joint Lead Managers accept no liability in relation to the information contained or incorporated by reference in this Offering Memorandum or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Offering Memorandum or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the Offering. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Memorandum or any such statement. Neither the delivery of this Offering Memorandum nor the Offering or the sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Memorandum.

Each Joint Lead Manager is acting exclusively for the Issuer and no one else in connection with the Offering. No Joint Lead Manager will regard any other person (whether or not a recipient of this document) as a client in relation to the Offering and no Joint Lead Manager will be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

No Joint Lead Manager makes any assurances as to (i) whether the Notes will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors or as to the role of any third party provider of any opinion or certificate obtained by the Issuer in connection with the Offering, (ii) whether the use of an amount equal to the net proceeds will be used for the Green Asset Pool (as defined below) or (iii) the characteristics of the Green Asset Pool, including its environmental and sustainability criteria. The Joint Lead Managers have not undertaken to monitor, nor are responsible for the monitoring of, the use of proceeds raised from this Offering nor the delivery or contents of any opinion or certificate. Investors should refer to the Green Bond Framework (as defined below), the Second Party Opinion (as defined below) and any public reporting by or on behalf of the Issuer in respect of the application of proceeds (each of which will be available on the Issuer's website (<https://www.larespana.com/>)) and will not be incorporated by reference into this Offering Memorandum) for information. The Joint Lead Managers do not make any representation as to the suitability or content of such materials.

The Issuer and each Joint Lead Manager reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes being offered in the proposed Offering. This Offering Memorandum is personal to the offeree to whom it has been delivered by the Joint Lead Managers and does not constitute an offer to any person or to the public in general to purchase or otherwise acquire the Notes. Distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of any of its contents, without the Issuer's prior written consent, is prohibited.

The distribution of this Offering Memorandum and the Offering of Notes is restricted by law in certain jurisdictions, and this Offering Memorandum may not be used in connection with any offer or solicitation in any such jurisdiction, or to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes or possession or distribution of this Offering Memorandum in any jurisdiction where action for that purpose would be required. This Offering Memorandum may not be used for, or in connection with, and does not constitute an offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Memorandum may come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe these restrictions. Neither the Issuer nor the Joint Lead Managers accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Notes of any of these restrictions.

The Notes have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

STABILISATION

In connection with the issue of any Notes, Morgan Stanley Europe SE (the “**Stabilisation Manager**”) (or any person acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Unless otherwise specified or the context requires, references to “euro” and “€” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and “cents” and “cent” shall be construed accordingly.

Certain figures included in this Offering Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

ALTERNATIVE PERFORMANCE MEASURES

The financial data included and incorporated by reference in this Offering Memorandum, in addition to the conventional financial performance measures established by the International Financial Reporting Standard as adopted by the European Union (“**IFRS-EU**”), contains certain alternative performance measures (as defined in the ESMA Guidelines on Alternative Performance Measures) (“**APMs**”) that are presented for purposes of providing investors with a better understanding of the financial performance of the Group, its cash flows or financial position as they are used by the Issuer when managing its business. The relevant metrics are identified as APMs and accompanied by an explanation of each such metric’s components in sections 5.3 and 6.5 to the 2020 annual report of the Issuer, incorporated by reference in this Offering Memorandum. Such measures should not be considered as a substitute for those required by IFRS-EU.

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under the applicable law.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available or which the Issuer may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum and reach their own views prior to making any investment decision.

The risks and uncertainties discussed below are those that the Issuer views as material, but these risks and uncertainties are not the only ones faced by it. Additional risks and uncertainties, including risks that are not known to the Issuer at present or that the Issuer currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Notes and a loss of part or all of the investment made by any Noteholder.

Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes.

Risks relating to the external management of the Issuer

The Issuer is reliant on the performance of the Investment Manager and the expertise of the Management Team

The Issuer's asset portfolio is externally managed by Grupo Lar Inversiones Inmobiliarias, S.A. ("**Grupo Lar**" or the "**Investment Manager**"), which is in turn one of its large shareholders holding 11.2% of the Issuer's share capital. The Issuer relies on the Investment Manager and the experience, skill and judgment of the Investment Manager's management team (the "**Management Team**") in identifying, selecting and negotiating the acquisition of suitable investments. In addition, the Issuer is dependent upon the Investment Manager's successful implementation of the Issuer's investment policy and investment strategies. Furthermore, the Issuer is dependent on the Investment Manager to manage the Issuer's assets and properties on behalf of the Issuer and to provide or procure the provision of various accounting, administrative, registration, record keeping, reporting (including the provision of assistance and cooperation for reporting by the Issuer to Spain's *Comisión Nacional del Mercado de Valores* (the "**CNMV**")), and other services to the Issuer. There can be no assurance that the Investment Manager will be successful in achieving the Issuer's objectives.

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

The Investment Manager is also responsible for carrying out the day-to-day management and administration of the Issuer's affairs, and, therefore, any disruption to the services of the Investment Manager (whether due to termination of the relationship between the Issuer and Grupo Lar, or otherwise) could cause a significant disruption to the Issuer's operations until a suitable replacement is found.

The Issuer is also dependent on the Investment Manager's ability to procure and maintain access to the asset management operation of Grupo Lar, as well as systems and other supporting functions, and to retain the services of the members of the Management Team (and any support staff to the extent it employs support staff directly). As the Issuer and the Investment Manager rely on the asset management operation of Grupo Lar, the Issuer is also dependent on the ability of Grupo Lar to attract and retain the services of suitable property, financial and support staff.

On 8 June 2021, the Issuer and Grupo Lar agreed on the main terms and conditions to renew the investment manager agreement entered into on 12 February 2014, as amended on 19 February 2018, which was set to expire on 1 January 2022 (the "**Current Investment Manager Agreement**"). The agreed terms and conditions will be duly reflected in a new investment manager agreement to be entered into by the Issuer and Grupo Lar (the "**Renewed Investment Manager Agreement**"), which will have a term of five years starting as of 1 January 2022. There can be no assurance that the Renewed Investment Manager Agreement will be renewed at the end of this term. Furthermore, in limited circumstances, — i.e. (i) the voluntary winding up by the Issuer, or the Issuer being under a winding up, insolvency or court protection situation; and (ii) breach of a material term thereof by the Issuer (including non-payment of fees due to the Investment Manager) —, the Investment Manager may terminate its agreement with the Issuer upon notice in writing to the Issuer. Upon expiry or termination (whether in accordance with the applicable terms of the corresponding investment manager agreement or otherwise), there is no assurance that an agreement with a new investment manager can be entered into on similar terms or on a timely basis or that suitable personnel can be hired by the Issuer to internalise operations. Any entry into an agreement with less favourable terms or the replacement of the Investment Manager (whether on a timely basis or not) or the internalisation by the Issuer of operations performed by the Investment Manager may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Under the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager is able to carry out certain functions that are normally carried out by the board of directors, other corporate bodies or the senior management of a company

Under the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager has the power to carry out certain functions that would otherwise be carried out by the board of directors of the Issuer (the "**Board of Directors**" or "**Board**"), other corporate bodies or its senior management, within the limits of Spanish corporate laws, in order to allow the Investment Manager to provide its services to the Board. Such a structure is normally found in collective investment schemes or investment funds but the regulations applicable to these types of entities do not apply to the Issuer pursuant to Law 22/2014 of 12 November 2014 regulating venture capital companies, other closed-end collective investment undertakings and management companies of closed-end collective investment undertakings, and amending Law 35/2003 of 4 November 2003 on Collective Investment Undertakings (*Ley 22/2014, de 12 de noviembre, por la que se regulan las entidades de capital-riesgo, otras entidades de inversión colectiva de tipo cerrado y las sociedades gestoras de entidades de inversión colectiva de tipo cerrado, y por la que se modifica la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva*) which transposed the AIFM Directive into Spanish law.

The Current Investment Manager Agreement, the agreed terms of the Renewed Investment Manager Agreement, as well as the powers of attorney empowering the Investment Manager to carry out its functions provide for certain reserved matters which shall be exclusive to the Board of Directors at all times and which are not delegated to the Investment Manager, and require written consent from the Issuer. Such reserved matters include, among others (i) any acquisition or disposal of property investments or the entry into any binding agreement for such purposes; (ii) financings or refinancings in respect of a property investment, including material amendments thereof, capital expenditures on property investments, or the entering into lease agreements or termination thereof where the amounts exceed certain thresholds; (iii) any co-investment or joint venture; (iv) any hedging or use of derivatives; (v) the entry by the Issuer into any transaction with an Investment Manager Affiliate, excluding Gentalia (both as defined below); (vi) any disposal of any of the Issuer's properties at less than its acquisition cost; (vii) related-party transactions and situations which may give rise to a conflict of interest situation in connection with the Investment Manager and the Management Team; and (viii) the appointment by the Investment Manager of one or more managing agents or the execution of any third-party service agreement over a certain threshold.

Notwithstanding the foregoing, the Investment Manager shall be entitled to perform services involving such reserved matters without seeking prior written consent from the Issuer, provided that the Investment Manager

must perform them as a matter of law, or in order to respond to a *bona fide* emergency where time is of the essence (in this case giving notice in writing to the Issuer as soon as reasonably possible, and in any event within five business days in Spain).

Actions taken by the Investment Manager may adversely affect the Issuer, and the Issuer may not be able to terminate the agreement with the Investment Manager at its discretion

There can be no assurance that the Investment Manager, which can exert substantial discretion over the services it provides to the Issuer, will be successful in advancing the Issuer's interests or that its actions will not adversely affect the Issuer's interests. For example, the Issuer has no control over the personnel of or used by the Investment Manager. If any such personnel were to do anything or be alleged to do anything that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Issuer by association, even if the criticism or publicity is factually inaccurate or unfounded and notwithstanding that the Issuer may have no involvement with, or control over, the relevant act or alleged act. Any damage to the reputation of the personnel of the Investment Manager could result in potential counterparties and other third parties such as tenants, joint venture partners, lenders or developers being unwilling to deal with the Investment Manager and/or the Issuer. The foregoing may have a material adverse effect on the ability of the Issuer to successfully pursue its investment strategy and on the Issuer's business, financial condition, results of operations and prospects.

In addition, under the terms of the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Issuer is restricted in its ability to terminate the corresponding investment manager agreement prior to the expiration of its term. Below is a comparative table with the Issuer's rights to terminate the Current Investment Manager Agreement and the agreed termination rights of the Issuer under the Renewed Investment Manager Agreement, prior to their respective expirations:

Early termination under the Current Investment Manager Agreement	Envisaged early termination under the Renewed Investment Manager Agreement
Costs in general	
(a) 1.5% of the last reported "Adjusted EPRA NAV" ⁽¹⁾ with no less than a 12-month prior notice; or	(a) 0.5% of the last reported Adjusted EPRA NAV ⁽¹⁾ with no less than a 12-month prior notice; or
(b) 2.0% of the last reported Adjusted EPRA NAV ⁽¹⁾ with no less than a 6-month prior notice.	(b) 0.75% of the last reported Adjusted EPRA NAV ⁽¹⁾ with no less than a 6-month prior notice.
Costs in the event of a change of control	
(a) 1.5% of the last reported Adjusted EPRA NAV ⁽¹⁾ ; or	(a) 0.5% of the last reported Adjusted EPRA NAV ⁽¹⁾ ; or
(b) 2.0% if the offer price exceeds the last reported Adjusted EPRA NAV ⁽¹⁾ by more than 5%.	(b) 1.0% if the offer price exceeds the last reported Adjusted EPRA NAV ⁽¹⁾ by more than 5%.

(1) Meaning the net asset value of the Issuer adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association in August 2011 (unless otherwise agreed) adjusted for the net proceeds of any share issuance, plus distributions up to the date of notification of termination.

The past performance of the Management Team and the Investment Manager is not a guarantee of the future performance of the Issuer

The Issuer is reliant on the Management Team and the Investment Manager to identify and manage its investments in order to create value for investors. The past performance of the Management Team and the Investment Manager is not indicative, or intended to be indicative, of the future performance or results of the Issuer. All of these factors can affect returns and impact the usefulness of performance comparisons, and, as a

result, none of the publicly available historical information is directly comparable to the Issuer's business or the returns which the Issuer may generate in the future.

The Investment Manager may fail to retain certain key persons or to identify suitable replacement members

The successful implementation of the investment strategy of the Issuer depends mainly on the availability and contributions of certain key persons that are part of the Management Team. Thus, if for any reason the Investment Manager is unable to retain such key persons as part of the Management Team, the Issuer's investment strategy and therefore its business, financial condition, results of operations and prospects may be adversely affected. Under the Current Investment Manager Agreement, the Issuer has the right, under certain specific conditions, to terminate the corresponding investment manager agreement if any of the key persons ceases to be a member of the Management Team. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement.

Moreover, the Investment Manager may fail to identify a replacement member for the Management Team if one of the key persons ceases to be significantly or materially involved in the delivery of the services provided to the Issuer. In such case, the Issuer's investment strategy and therefore its business, financial condition, results of operations and prospects may also be adversely affected.

There may be circumstances where the Investment Manager has a conflict of interest with the Issuer

There may be circumstances in which the Investment Manager has, directly or indirectly, a material interest in a transaction being considered by the Issuer or a conflict of interest with the Issuer.

Pursuant to the Current Investment Manager Agreement, neither the Investment Manager nor any of its affiliates —meaning, with respect to the Investment Manager, (a) a subsidiary or a subsidiary undertaking (whether direct or indirect) of the Investment Manager; (b) a direct or indirect (through controlled entities under Article 42 of the Spanish Commercial Code) shareholder of the Investment Manager (other than those which are not part of the Pereda Family); or (c) another subsidiary or subsidiary undertaking controlled directly or indirectly pursuant to Article 42 of the Spanish Commercial Code by the entities referred to in (b) above, excluding Gentalia (as defined below) (the “**Investment Manager Affiliates**”)— is allowed to (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in commercial property in Spain which is within the parameters of the investment strategy of the Issuer or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Issuer, for commercial property in Spain which is within the parameters of the investment strategy of the Issuer subject to limited exceptions.

The agreed terms of the Renewed Investment Manager Agreement will include a different non-compete agreement that will depend on the catchment area of each of the assets owned by the Issuer and a preferential acquisition right for the Issuer in connection with potential acquisitions of assets in Spain. The non-compete agreement is intended to provide exclusivity within a specific catchment area of each of the assets owned by the Issuer, which will vary as a function of each asset's type of activity (shopping centre, leisure, retail park or factory outlet). If the Issuer acquires a new asset, the exclusivity restriction will apply to all types of assets within a 75 kilometre radius of such asset, unless agreed otherwise. In addition, the Investment Manager will be contractually required to present to the Issuer the opportunity to carry out any potential acquisition of a shopping centre or retail park (existing or in development) within Spain, whenever the corresponding asset meets the investment criteria included in the Issuer's business plan.

For more information on the aforementioned undertakings, see “*Description of the Issuer*”. Beyond the scope of the exclusivity agreements, the Issuer acknowledges that there may be conflicts of interest among the Investment Manager and the Issuer. These conflicts may include:

- Shared legal counsel: Although as of the date of this Offering Memorandum it is not common practice, the Issuer and the Investment Manager may engage common legal counsel in transactions in which both are participating, including transactions in which they may have conflicting interests; and
- Competition for tenants: the Investment Manager, through its wholly-owned subsidiary Gentalia 2006, S.L. (“**Gentalia**”), could be under conflict of interest situations as a result of the provision of property management services to third parties by Gentalia. See “—*The Investment*

Manager's ownership of Gentalia could give rise to a potential conflict of interest with the Issuer".

However, under the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager and the Investment Manager Affiliates may only carry out investments in retail properties and, on a selective basis, on logistic properties, provided that such investment or investments do not exceed €2 million in aggregate during the term of the relevant investment manager agreement or are waived by the Board of Directors. In addition, the agreed terms of the Renewed Investment Manager Agreement provide for the abovementioned exclusivity restrictions applying to all types of assets within a 75 kilometre radius of the assets acquired by the Issuer, unless agreed otherwise.

Furthermore, the Renewed Investment Manager Agreement is expected to include provisions to ensure that the appropriate measures and mechanisms remain in place so as to avoid Gentalia abusing its position as property manager for its other clients or otherwise resulting in the Issuer being negatively impacted by the actions of Gentalia. The above shall also be covered under the related-party regime established by the Spanish Companies Act, pursuant to which any such transactions shall be reported by the Audit and Control Committee (as defined below) and approved by the Board of Directors or by the Issuer's general shareholders' meeting and, where such approval has been delegated, shall be approved by such delegated bodies or persons and supervised by the Audit and Control Committee.

In addition, a member of the Management Team sits on the Issuer's Board of Directors.

If conflicts of interest with the Investment Manager result in decisions that are not in the best interests of the Issuer, the Issuer's business, financial condition, results of operations and prospects could be adversely affected.

The Investment Manager's ownership of Gentalia could give rise to a potential conflict of interest with the Issuer

The Investment Manager owns 100% of the share capital of Gentalia, one of the leading property management companies for shopping centres and retail parks in Spain and a provider of consultancy, asset management, leasing and day-to-day management services to shopping centres. At the date of this Offering Memorandum, Gentalia manages 32 shopping centres and three other projects in Spain, with a gross leasable area of more than one million square metres.

A potential conflict of interest could arise as a result of the different economic interests between the Investment Manager, as the whole owner of Gentalia, and the Issuer. Gentalia is not a party to, and is not bound by, the Current Investment Manager Agreement and it will not be a party to the Renewed Investment Manager Agreement. However, Gentalia will be bound by the Renewed Investment Manager Agreement, as a wholly-owned subsidiary of the Investment Manager. Conflicts of interest between Gentalia or the Investment Manager and the Issuer could persist but shall, in any case, be subject to the control procedures established under the Spanish Companies Act regarding related-party transactions. Under these procedures, the Audit and Control Committee shall report on, and monitor, such related-party transactions for their subsequent approval by the Board of Directors or the Issuer's general shareholders' meeting and, where such approval has been delegated pursuant to the Spanish Companies Act, shall supervise related-party transactions approved by delegated bodies or persons.

In any case, and even despite the measures established under the Renewed Investment Manager Agreement and pursuant to the rules governing related-party transactions, Gentalia could in the future undertake activities or operations that compete with those undertaken by the Issuer.

Members of the Management Team may have conflicts of interest in allocating their time and activity between the Issuer and the Investment Manager

Members of the Management Team, in particular Luis Pereda and Miguel Pereda (who are members of the Pereda Family, which owns a controlling stake in the Investment Manager, and who hold executive positions in the Investment Manager), and the support staff available to the Investment Manager (including the staff of Gentalia) may have conflicts of interest in allocating their time and activity to matters relating to the Issuer. The Investment Manager is an active real estate developer, investor and asset manager in Spain.

Pursuant to the Current Investment Manager Agreement, the Investment Manager must ensure that the key persons devote such time to the supervision and performance of the obligations of the Investment Manager under the Current Investment Manager Agreement as is necessary to enable the Investment Manager to comply with its obligations under such investment manager agreement. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement. However, the Issuer cannot guarantee that such contractual obligations will achieve the desired results.

The calculation of the compensation to be paid to the Investment Manager is based on EPRA NAV and volatility in property values might lead to overpayment ahead of a cyclical peak

According to both the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager is entitled to receive a base fee and (to the extent it becomes payable in accordance with the terms of each investment manager agreement) a performance fee, which calculation is based on the “EPRA NAV” (meaning the net asset value of the Issuer adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association in August 2011 unless otherwise agreed) of the Issuer and the market price of the Issuer’s shares, and regarding exclusively the Renewed Investment Manager Agreement and pursuant to the agreed terms thereof, a variable fee for special actions, applicable in cases where the Issuer undertakes asset developments or extensions of its current assets and consisting of a percentage of their all-in-cost (capital expenditure excluding land).

Increases in the EPRA NAV of the Issuer will lead to an increase in the compensation to be paid to the Investment Manager. If increases in the EPRA NAV are the result of price overheating in the real estate sector, it is possible that the Management Team is overpaid ahead of a cyclical peak. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Issuer.

Risks relating to the Board of Directors and the Issuer’s Officers

The Issuer is reliant on the performance and retention of the members of the Board

The Issuer relies on the expertise and experience of the directors of the Issuer (the “**Directors**”) to supervise the management of the Issuer’s affairs. Although pursuant to the Current Investment Manager Agreement, the Investment Manager manages the Issuer’s property portfolio, certain reserved matters require the consent of the Board, including, among other things, any acquisition or disposal of property investments, financing and hedging arrangements above certain thresholds, entry into joint venture or co-investment agreements. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement. The performance of the Directors and their retention on the Board of Directors are, therefore, significant factors in the Issuer’s ability to achieve its investment objectives. The Directors’ involvement with the Issuer is on a part time, not full time basis, and if there is any material disruption to the Investment Manager’s performance of its services, the Directors may not have sufficient time or experience to manage the Issuer’s business until a new investment manager is appointed. In addition, there can be no assurance as to the continued service of such individuals as Directors of the Issuer. The departure of any of these individuals from the Issuer without timely and adequate replacement may have a material adverse effect on the Issuer’s business, financial condition, results of operations and prospects.

Reputational risk in relation to the Board may materially adversely affect the Issuer

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

There may be circumstances where Directors have a conflict of interest

There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Issuer or a conflict of interest with the Issuer. Any of the Directors and/or any person connected with them may from time to time act as director, investor or be otherwise involved in other

investment vehicles (including vehicles that may have investment strategies similar to the Issuer's) which may also be purchased or sold by the Issuer, subject at all times to the provisions governing such conflicts of interest both in law and in the by-laws of the Issuer (the "**By-Laws**"). Mr. Miguel Pereda, who is a Director of the Issuer, is also a director of the Investment Manager and a member of the Management Team. Although procedures have been put in place to manage conflicts of interest, it is possible that any of the Directors and/or their connected persons may have potential conflicts of interest with the Issuer.

The Issuer may fail to retain certain key persons or to identify suitable replacement members

The successful implementation of the investment strategy of the Issuer depends mainly on the availability and contributions of its senior management — Mr. Jon Armentia, the Corporate Director and CFO; Ms. Susana Guerrero, the Legal Manager and Vice-secretary of the Board of Directors; and Mr. Hernán San Pedro, the Head of investor relations — which are its key persons; see "*Description of the Issuer—Officers*". If, for any reason, the Issuer is unable to retain any such key persons as part of its senior management, the Issuer's investment strategy and therefore its business, financial condition, results of operations and prospects may be adversely affected.

Moreover, the Issuer may fail to identify a replacement member for its senior management if one of the abovementioned key persons ceases to be significantly or materially involved in the delivery of the services provided to the Issuer. This is intensified by the fact that the Issuer's senior management is limited in number, which would turn any transitional period in the composition of its senior management more complex. In such case, the Issuer's investment strategy and therefore its business, financial condition, results of operations and prospects may also be adversely affected.

Risks relating to the Issuer's activity

The COVID-19 pandemic has had, and could continue to have, a severe effect on companies operating in the commercial real estate sector, including the Issuer

In December 2019, a novel strain of a corona virus (commonly known as SARS-CoV-2) was reported in China. Since then, SARS-CoV-2 has spread globally, including in Spain. The spread of SARS-CoV-2 resulted in the World Health Organisation declaring the outbreak of COVID 19 as a "pandemic," or a worldwide spread of a new disease, on 11 March 2020 and governmental authorities around the world having implemented measures to reduce the spread of COVID-19. As part of its response to this situation, the Spanish Government declared a state of alarm (*estado de alarma*) through the enactment of Royal Decree 463/2020 of 14 March 2020, declaring the state of alarm for the management of the health crisis caused by COVID-19. The most relevant measures included isolation, confinement and restriction of free movement, the closing of public and private places, except for premises providing essential and healthcare services, border restrictions and a drastic reduction in transport. The measures taken to reduce the spread of the COVID-19 pandemic and growing concerns about unemployment and a worsening economy, have had and are expected to continue to have an adverse effect on real estate prices in Spain. In addition, new strains of the SARS-CoV-2 virus were discovered in late 2020, which are characterised by higher transmission rates. There can be no assurance that measures currently in place and/or the existing vaccines will be successful in combatting any new strains of the virus. Moreover, around the world and specifically in Spain recurrent waves of COVID-19 have arisen, mainly as a result of the temporary easing or lifting of containment measures and the emergence of new COVID-19 strains.

The impact and duration of the COVID-19 pandemic have had and are expected to continue to have severe repercussions across regional and global economies and financial markets. One of the sectors that has been affected is the commercial real estate sector which, as a result of the above considerations, could in the future continue to be adversely impacted.

Lockdowns, quarantines, restrictions on travel, social distancing rules and restrictions on types of business that may be allowed to operate are having a significant impact on tenants of commercial property space and property companies, such as the Issuer. For example, in response to the COVID-19 pandemic, the Issuer implemented a commercial policy in order to reach individualised rental agreements with its tenants, whose activities were shut down administratively due to measures imposed by governments. This policy resulted in an estimated adverse impact of €22 million in cashflow including €15.3 million in rent discounts which were agreed with tenants as at 31 December 2020. These discounts in rents are being recognised in the profit and loss statement on a straight-line basis, registering an adverse impact in income of €1.3 million in the year ended 31 December 2020.

As at the date of this Offering Memorandum, the Spanish government continues to take measures to contain the spread of the virus, which continue to affect the performance of economic activities such as trade, hospitality and tourism and, therefore, our tenants. Concerning commercial leases, Royal Legislative-Decree 15/2020 approved measures to protect the self-employed and small and medium-sized enterprises (“SMEs”) and thereafter, Royal Legislative-Decree 35/2020 was passed as a “continuation and improvement” of the former. Under certain circumstances, such measures granted tenants the right to request from landlords of commercial properties moratoriums on rent payment until the end of the state of alarm (*estado de alarma*) in Spain and up to a maximum of four months thereafter. Additionally, provided the same circumstances are met, Royal Legislative-Decree 35/2020 granted tenants of commercial properties which have not benefitted from moratoriums the right to request a reduction of 50% of the lease rent until the end of the state of alarm (*estado de alarma*) in Spain and up to a maximum of four months thereafter. The deadline to request any of the above measures was 31 January 2021 and for the purposes of this Offering Memorandum only the consequences of the already granted moratoriums or rent reductions should be taken into consideration.

In addition, (i) at a national level, Royal Legislative-Decree 25/2020, of 3 July, on urgent measures to support economic reactivation and employment, allows tenants of properties used for certain tourist activities to request that their landlords apply for the mortgage moratorium provided for by this regulation so that such landlords can pass on to them 70% of the mortgage moratorium obtained from financing entities and (ii) at a regional level, the Catalan government has passed the Royal Legislative-Decree 34/2020, which allows commercial lessees whose activities have been suspended or have been affected by restrictions on the use of their rented property to (i) obtain from their lessors partial reductions in rent and other expenses and (ii) terminate contracts if their premises have been closed within a three-month period, without any penalties or additional costs for such lessees. This could particularly affect the Issuer’s Anec Blau shopping centre, located in Catalonia.

The impact of the COVID-19 pandemic on tenants of commercial property space and property companies, such as the Group includes the following factors:

- difficulty in collecting rent payments, on time or at all, from certain tenants, in particular those of retail units that were and/or continue to be unable to operate due to the lockdown measures and other restrictions imposed by government;
- cashflow difficulties and deterioration in credit and financing conditions which may affect tenants’ ability to access capital necessary to fund business operations, which, in turn, may affect their ability to pay rent on time or at all or may lead to such tenants becoming insolvent;
- tenants’ ability to operate their business in compliance with new health and safety rules, regulations and recommendations, such as restrictions on, or changes made by businesses for social-distancing and hygiene/sanitation reasons to, capacity and layout of shops and other retail businesses;
- a downward trend in property values and rent levels or tenants’ requests for payment holidays, rent reductions and rent cancellations; and
- a decrease in demand for commercial property as a result of a decrease in footfall due to travel restrictions or other confinement measures, a general slowdown of the economy or a change in established working patterns through a sustained shift to “work from home” and “remote working / meeting” arrangements on an extended or permanent basis; and a decline in business travel and tourism, either as a result of travel bans or confinement measures or as a result of changes in people’s behaviours, which in turn, has a severe impact on the demand for trips to shopping centres and retail parks.

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

The Group’s focus on shopping centres and retail parks increases its exposure to trends in consumer behaviour

Given the Group’s focus on shopping centres and retail parks, the Group is vulnerable to changes in trends in the behaviour of consumers and a downturn in consumer preference for shopping centres would have a negative effect on the Group’s business. Lower consumer confidence due to economic downturns, or a shift in consumer preference towards alternative shopping channels, such as mail order companies, discount stores and internet-

based retailers may have an effect on consumer spending levels at shopping centres which could, among other things, result in lower consumer footfall which in turn results in lower tenant turnovers and occupancy rates, with a direct negative impact on the Group's business, financial condition, prospects and results of operations.

Increasing use of online retail providers in particular may have an adverse effect on shopping centre sales and decrease demand for commercial retail premises. The retail industry is currently undergoing a transformation as e-commerce grows and consumers become increasingly comfortable with internet and mobile shopping, especially in the context of the COVID-19 pandemic. Shopping centres are needing to adapt their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers in the future. A significant increase in internet shopping (including as a result of the prolonged closures of stores due to the COVID-19 pandemic, social distancing measures and other restrictions) could decrease shopping centre sales, demand for commercial retail premises and the value of properties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Issuer's investments are, and are expected to remain, concentrated in the Spanish commercial property market and the Issuer has therefore greater exposure to political, economic and other factors affecting the Spanish market than more diversified businesses

The Issuer's investment portfolio consists, and is expected to remain consisting, primarily of direct or indirect interests in commercial property in Spain. This means the Issuer has a significant industry and geographic concentration risk relating to the Spanish commercial property market, and an investment in the Notes may therefore be subject to greater risk than investments in securities issued by companies with more diversified portfolios. The Issuer's performance may be significantly affected by events beyond its control affecting Spain, and the Spanish commercial property market in particular, such as a general downturn in the Spanish economy as a result of the COVID-19 pandemic or otherwise, changing demand for commercial property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions and risks (including those related to independence in Catalonia), the condition of financial markets, the availability of credit, the financial condition of tenants, interest rate and inflation rate fluctuations, higher accounting and control expenses and other developments. Any of these events could reduce the rental and/or capital values of the Issuer's property assets and/or the ability of the Issuer to acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. The COVID-19 pandemic has significantly affected economic activity in Spain. According to an estimate by the International Monetary Fund, the Spanish economy contracted by 10.8% in 2020, its largest decline in 85 years and global gross domestic product ("GDP") is estimated to have contracted by 3.5% (World Economic Outlook January 2021). While vaccine approvals and the rollout of vaccination in most countries have raised hopes of containing the outbreak of COVID-19 in 2021 and the IMF expects major economies to return to growth in 2021, an increase in infections and the prevalence of new strains of the virus could prolong the measures restricting mobility and economic activity. As at the date of this Offering Memorandum, the Spanish government continues to implement measures to contain the spread of the virus, which continue to affect the performance of economic activities such as trade, hospitality and tourism and, therefore, our tenants.

In addition, significant concentration of investments in the Spanish commercial real estate market (and/or any particular sector within that market) may result in greater volatility in the value of the Issuer's investments and consequently its net asset value and any downturn in such markets may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The value of any properties that the Issuer acquired or may acquire and the rental income those properties yield is subject to fluctuations in the Spanish property market

The Issuer's performance is subject to, among other things, the conditions of the commercial property market in Spain, which affect both the value of any properties that the Issuer acquired or may acquire and the rental income those properties yield. Any declines in the performance of the Spanish economy or the Spanish property market could have a negative impact on consumer spending, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

In addition to the general economic climate, the Spanish commercial property market and prevailing rental rates and asset values may also be affected by factors such as an excess supply of properties, the availability of credit, the level of interest rates and changes in laws and governmental regulations (both domestic and international), including those governing real estate usage, zoning and taxes. In addition, rental rates may also be affected by a fall in the general demand for rental property and reductions in tenants' and potential tenants' space requirements. All of these factors are outside of the Issuer's control, and may reduce the attractiveness of holding property as an asset class.

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

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

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

The Issuer faces competition from other property investors for the purchase of desirable properties and in seeking creditworthy tenants for acquired properties. Competitors include not only regional Spanish investors and real estate developers with in-depth knowledge of the local markets, but also other property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. Competitors may have greater financial resources than the Issuer and a greater ability to borrow funds to acquire properties, and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the Issuer may be prepared to accept. In addition, the number of entities and the amount of funds competing for suitable properties may increase. Competition in the commercial property market may also lead to an over-supply of commercial properties through over-development or prices for existing properties being driven up through competing bids by potential purchasers. There can be no assurance that the Issuer has been and will be successful in identifying or acquiring suitable investment opportunities. The existence and extent of competition in the commercial property market may also have a material adverse effect on the Issuer's ability to secure tenants for properties it acquired or may acquire at satisfactory rental rates and on a timely basis and to subsequently retain such tenants. Competition may cause difficulty in achieving rents in line with the Issuer's expectations and may result in increased pressure to offer new and renewing tenants financial and other incentives. Any inability by the Issuer to compete effectively against other property investors or to effectively manage the risks related to competition may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer's business may be materially adversely affected by a number of factors inherent in asset management and sales

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

- sub-optimal tenant rotation policies or lease renegotiations;
- decreased demand by potential buyers for properties or tenants for space;

- material declines in property and/or rental values;
- excessive investment in extensions/refurbishment;
- the inability to recover operating costs such as local taxes and service charges on vacant space;
- incorrect repositioning of an asset in changing market conditions;
- exposure to the creditworthiness of buyers and tenants, which could result in delays in receipt of contractual payments, including rental payments, the inability to collect such payments at all including the risk of buyers and tenants defaulting on their obligations and seeking the protection of bankruptcy laws, the re-negotiation of purchase agreements or tenant leases on terms less favourable to the Issuer, or the termination of purchase agreements or tenant leases;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale or re-letting of such property;
- material litigation with buyers or tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

If the Issuer's revenues earned from sales or tenants or the value of its properties are adversely affected by the above or other factors, the Issuer's business, financial condition, results of operations and prospects may be materially adversely affected.

Property valuation is inherently subjective and uncertain

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

In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, existence of deleterious materials, plant and machinery conditions, environmental matters, permits and licenses, discount rate, vacancy rate, exit yield, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate, particularly during periods of heightened uncertainty such as the current COVID-19 pandemic. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets the Issuer acquired or may acquire and thereby have a material adverse effect on the Issuer's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations have been or will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income proves to be attainable. In relation to the valuation reports obtained as of December 2020, both valuation companies had carried out the valuations under the VPS 3 and

VPGA 10 of the RICS Valuation – Global Valuation Standards. Consequently, less certainty and a higher degree of caution should be attached to these valuations. See “—*Reliance on Valuation*”.

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

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

Any costs associated with potential investments that do not proceed to completion may affect the Issuer’s performance

The Issuer needs to identify suitable investment opportunities, investigate and pursue such opportunities and negotiate property acquisitions on suitable terms, all of which require significant expenditure prior to consummation of the acquisitions. The Issuer may incur certain third-party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance as to the level of such costs and, given that there can be no assurance that the Issuer will be successful in its negotiations to acquire any given property, the greater the number of potential investments that do not reach completion, the greater the likely adverse impact of such costs on the Issuer’s business, financial condition, results of operations and prospects.

The Issuer’s due diligence may not identify all risks and liabilities in respect of an acquisition or investment

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

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

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

The Issuer may not acquire 100% control of investments and may therefore be subject to the risks associated with minority investments and joint venture investments

Pursuant to the Issuer’s investment strategy, the Issuer may enter into a variety of investment structures in which the Issuer acquires less than a 100% interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties. In particular, the Issuer has made, and intends on making, minority

investments with respect to residential property assets. These minority investment or joint venture arrangements may expose the Issuer to the risk that:

- investment partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Issuer having to pay the investment partner's share or risk losing the investment;
- investment partners have economic or other interests that are inconsistent with the Issuer's interests and are in a position to take or influence actions contrary to the Issuer's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Issuer's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Issuer and investment partners, with any litigation or arbitration resulting from any such disputes increasing the Issuer's expenses and distracting the Board and/or the Investment Manager from their other managerial tasks;
- investment partners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- an investment partner breaches agreements related to the property, which may cause a default under such agreements and result in liability for the Issuer;
- income obtained from these minority investments may qualify or not as income received from "**Qualifying Subsidiaries**", meaning (i) Spanish SOCIMIs, as defined below, (ii) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (iii) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in Law 11/2009, of 26 October, which regulates Spanish Listed Public Limited Companies for Investment in the Real Estate Market (*Ley 11/2009, de 26 de octubre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario* or the "**SOCIMI Law**") and hence may affect the Issuer's ability to comply with the SOCIMI Regime (as defined below) (a Spanish Listed Public Limited Company for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario* or "**SOCIMI**" according to its initials in Spanish)). Failing to comply with the requirements to apply the special regime applicable to this kind of entity, the "**SOCIMI Regime**" will lead the Issuer to be subject to regular Spanish corporate income tax (*Impuesto sobre Sociedades*) (the "**Corporate Income Tax**", without being entitled to the tax regime corresponding to a SOCIMI (as described in "*The Issuer may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Issuer and its ability to deliver returns to shareholders*"));
- the Issuer may, in certain circumstances, be liable for the actions of investment partners; and
- a default by an investment partner constitutes a default under mortgage loan financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Issuer.

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

Real estate investments are relatively illiquid

Investments in property can be relatively illiquid for reasons including but not limited to the long-term nature of leases, commercial properties being tailored to tenants' specific requirements and varying demand for commercial property. Such illiquidity may affect the Issuer's ability to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other

conditions. This may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer may be dependent on the performance of third-party contractors when undertaking development, refurbishment or redevelopment of its property assets

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

- failure by such third-party contractors in performing their contractual obligations;
- insolvency of such third-party contractors;
- the inability of the third-party contractors to retain key members of staff;
- cost overruns in relation to the services provided by the third-party contractors;
- delays in properties being available for occupancy;
- fraud or misconduct by an officer, employee or agent of a third-party contractor, which may result in losses to the Issuer and damage to the Issuer's reputation;
- disputes between the Issuer and third-party contractors, which may increase the Issuer's expenses and distract the Board and the Management Team;
- liability of the Issuer for the actions of the third-party contractors;
- inability to identify and acquire a property asset suitable for development, refurbishment or redevelopment;
- inability to obtain governmental and regulatory permits on a timely basis or at all;
- inability to sell the developed, redeveloped or refurbished units at prices that are favourable to the Issuer or at all; and
- inability to rent the units to tenants at rental rates that are favourable to the Issuer or at all.

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

In addition, development, refurbishment or redevelopment projects are based on business plans devised by the Investment Manager and actual results might differ. Speculative developments may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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

The Issuer may be subject to liability following the disposal of investments

The Issuer may be exposed to future liabilities and/or obligations with respect to the properties that it sells. The Issuer may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Issuer may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Issuer breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Furthermore, the Issuer 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. Any claims, litigation or continuing obligations in connection with the disposal of any properties may subject the Issuer to unanticipated costs and may require the Management Team to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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

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

The Investment Manager's insurance may not be sufficient to recoup all of the losses claimed by the Issuer

Pursuant to the terms of the Current Investment Manager Agreement, the Investment Manager is required to maintain at its own cost appropriate professional indemnity insurance to cover potential claims from the Issuer under said agreement until two years after the date of its termination. Such insurance, however, could be subject to customary deductibles and coverage limits and may not be sufficient to recoup all of the losses claimed by the Issuer. The Renewed Investment Manager Agreement is expected to adjust the maximum limit of such civil liability insurance policy to €20 million. Considering the foregoing, the Issuer could suffer losses arising from non-compliance with the Current Investment Manager Agreement or, upon its entry into force, the Renewed Investment Manager Agreement, which may not be fully compensated for by the referenced insurance, or at all. Any material losses uninsured under the Current Investment Manager Agreement or, upon its entry into force, the Renewed Investment Manager Agreement, may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Group faces potential risks related to its indebtedness, in particular with regards to compliance of financial covenants

A number of the Group's current financing agreements contain standard covenants and covenants relating to the interest coverage ratio and net loan to value ratio ("LTV") that, if breached, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The indebtedness incurred by the Group, or that the Group may incur in the future, even within the limits set forth in its business strategy, could reduce the Group's financial flexibility and cash available to the Issuer to pay interest, principal or other amounts on or in connection with the Notes. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, the Group's borrowings and any hedging arrangements that it may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Group is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to prepayment penalties. The Group may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, the Group's costs could increase.

In addition, the use of leverage may increase the exposure of the Group to adverse economic factors such as rising interest rates, downturns in the economy and/or the Spanish real estate and banking sectors, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Issuer is exposed to cyber risks relating to its information systems

The Issuer is exposed to cyber risks relating to its and/or the Investment Manager's information systems, arising either from internal or external attacks or from unintended events. In addition, the Issuer relies on other third-party providers and its own information and IT systems which are exposed to cyber risks that could arise either from internal or external attacks or from unintended events. It is impossible for the Issuer to guarantee that

cyberattacks or other security risks can be avoided by appropriate preventive security measures in every case. The occurrence of any of these risks could result in the loss, corruption or disclosure of sensitive data, including information relating to tenants or financial data. Given the complexity of the issues and the rapidity with which legislation, business models and cyber threats evolve, there can be no assurance that a cyber-attack or other data breach would not have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer may dispose of investments at a time which results in a lower than expected return or a loss on such investments, and may be unable to dispose of investments at all

The Issuer may elect to dispose of investments and may also be required to dispose of an investment at any time, including due to a requirement imposed by a third party (for example, a lending bank). There can be no assurance that, at the time the Issuer seeks to dispose of assets (whether voluntarily or otherwise) relevant market conditions will be favourable or that the Issuer will be able to maximise the returns on such disposed assets. It may be especially difficult to dispose of certain types of real estate during recessionary times or other periods of heightened uncertainty, such as during the current COVID-19 pandemic. To the extent that market conditions are not favourable, the Issuer may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. Furthermore, the Issuer may be unable to dispose of investments at all, which would tie up the capital invested in such assets and could impede the Issuer's ability to take advantage of other investment opportunities. If the Issuer is required to dispose of an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in net asset value and lower returns to shareholders. In addition, if the Issuer disposes of an asset without complying with the minimum holding period (as described in "*Taxation—Spanish SOCIMI Regime*"), gains arising from disposal of the property and the entire income derived from such asset, including rental income, will be taxable at regular Corporate Income Tax rates (i.e., 25%) (see risk factor entitled "*Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime*" and "*Taxation—Spanish SOCIMI Regime—Minimum holding period*" below).

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

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

Reliance on the Valuation

At the Issuer's request, external independent real estate appraisers prepared two valuation reports which, taken together, valued the properties within the Issuer's portfolio at an aggregate amount of approximately €1,475 million as of 31 December 2020 (the "**Valuation**"). The valuation of real estate assets and real estate-related acquisitions is inherently subjective due to their lack of liquidity and, among other factors, the nature of each property, its location, the expected future rental revenues from that particular property or real estate-related acquisitions and the valuation methodology adopted. Any such valuation is subject to a degree of uncertainty and may be made on the basis of assumptions and methodologies which may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the real estate market. In relation to the valuation reports obtained as of December 2020, both valuation companies had carried out the valuations under the VPS 3 and VPGA 10 of the RICS Valuation – Global Valuation Standards. Consequently, less certainty and a higher degree of caution should be attached to these valuations. See the risk factor above "*Property valuations is inherently subjective and uncertain.*"

As of 31 March 2021, investment properties are not presented at their fair value as of such date, but are, instead, presented at their fair value as of 31 December 2020. Accordingly, such values as of 31 March 2021 do not include any possible adjustments that could arise if investment properties were presented at their fair value determined at that date. Those adjustments could have an impact on assets as of 31 March 2021 and could give place to a gain or loss, arising from the change in the fair value of investment properties between 31 December 2020 and 31 March 2021, to be recognised in the consolidated profit and loss account for that period. The independent valuations will be carried out as of 30 June 2021, and adjustments arising from the change in fair

value will be reflected in the interim consolidated financial statements as of 30 June 2021 and for the six months period ended on such date, which, as of the date of this Offering Memorandum, are not be available.

Accordingly, there can be no assurance that the valuations given in the Valuation for each of the properties within the Issuer's portfolio will continue at a level equal to or in excess of such valuations.

Risks relating to laws and regulations

Changes in laws and regulations may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects

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

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

Laws and regulations, which may be amended over time, may impose environmental liabilities associated with investment properties on the Issuer (including environmental liabilities that were incurred or that arose prior to the Issuer's acquisition of such properties). Such liabilities may result in significant investigation, removal, or remediation costs regardless of whether the Issuer originally caused the contamination or other environmental hazard. In addition, environmental liabilities could adversely affect the Issuer's ability to sell, lease or redevelop a property, or to borrow using a property as security and may in certain circumstances (such as the release of certain materials, including asbestos, into the air or water) form the basis for liability to third persons for personal injury or other damages. Environmental laws and regulations may limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. The Issuer's investments may include properties historically used for commercial, industrial and/or manufacturing uses. Such properties are more likely to contain, or may have contained, storage tanks for the storage of hazardous or toxic substances. Leasing properties, such as those containing warehouses, to tenants that engage in industrial, manufacturing and other commercial activities will cause the Issuer to be subject to increased risk of liabilities under environmental laws and regulations. In the event the Issuer is exposed to environmental liabilities or increased costs or limitations on its use or disposal of properties as a result of environmental laws and regulation, this may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer may qualify as an alternative investment fund

The Issuer believes that it does not fall within the scope of the AIFM Directive. The AIFM Directive was implemented through secondary legislation and became effective in all European jurisdictions in July 2014. The legislation seeks to regulate alternative investment fund managers based in the EU ("AIFM") and prohibits such managers from managing any alternative investment fund ("AIF") or marketing shares in such funds to EU investors unless they have been granted authorisation. The AIFM Directive imposes additional requirements, among others, relating to risk management, minimum capital requirements, the provision of information, governance and compliance requirements, with consequent increase, potentially a material increase, in governance and administration expenses.

Based upon legal advice, the Issuer does not believe that it is an AIF, as defined under the AIFM Directive. It, therefore, does not constitute an AIFM and does not need to comply with the AIFM Directive. However, there is no definitive guidance from national or EU-wide regulators whether real estate companies, like the Issuer, are subject to the AIFM Directive or not. As such, there is the possibility that these regulators may, in the future, decide that businesses such as the Issuer fall within the scope of the AIFM Directive, in which case the Issuer will have to comply with this directive (including the abovementioned requirements). The cost of

compliance, including maintaining a minimum level of capital, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Risks relating to the Issuer's financial structure

The Issuer's investment strategy includes the use of leverage, which exposes the Issuer to risks associated with borrowings

The real estate investment business is highly capital intensive. The Issuer's strategy is to fund the acquisition of investments, in part, through borrowings. There can be no assurance that the Issuer will be able to obtain the credit it may need on acceptable terms which could adversely affect its ability to achieve its investment strategy. If the Issuer is unable to obtain credit, it may seek additional capital through the issuance of debt or equity securities to fund further acquisitions.

To the extent the Issuer incurs a substantial level of indebtedness, this could reduce the Issuer's financial flexibility and cash available to pay dividends to shareholders due to the need to service its debt obligations. Prior to agreeing the terms of any debt financing, the Issuer expects to comprehensively consider its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Issuer's ability to make distributions to shareholders in light of cash flow projections. Notwithstanding, if certain extraordinary or unforeseen events occur, including breach of financial covenants, the Issuer's borrowings and any hedging arrangements that they may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Issuer is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment penalties. The Issuer is currently financed through certain financing agreements that include contractual covenants related to value of certain of the Issuer's assets and provide the Issuer with the ability to generate sufficient income to pay its financial obligations, and any decrease in the value of such assets or a reduction in the Issuer's income – both of which could occur as a result of the COVID-19 pandemic – could lead to a breach of these covenants.

In addition, if the rental income of the Issuer's portfolio falls (for example, due to tenant defaults), the use of borrowings will increase the impact of such a fall on the net income of the Issuer and accordingly, will have an adverse effect on the Issuer's ability to pay dividends to shareholders. Moreover, in circumstances where the value of the Issuer's assets is declining, the use of borrowings by the Issuer may depress its net asset value.

The Issuer may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, the Issuer's costs could increase.

Any of the foregoing events may have a material adverse effect on the Issuer's financial condition, business, prospects, results of operations, taxes and ability to make distributions to shareholders, which may affect the Issuer's ability to retain its SOCIMI status.

Risks relating to structure and taxation

The Issuer may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Issuer and its ability to deliver returns to shareholders

The Issuer has elected for Spanish SOCIMI status under the SOCIMI Law and, thus, it will be subject to a 0% Corporate Income Tax rate with the exceptions set forth in "*Taxation*". The requirements for maintaining Spanish SOCIMI status, however, are complex (see "*Taxation*" for additional information on these requirements). Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status. Prospective investors in the Notes should note that there is no guarantee that the Issuer will continue to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise).

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

- delisting;
- substantial failure to comply with its information and reporting obligations, as set forth in Article 11 of the SOCIMI Law, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;

- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described in “—Mandatory dividend distribution” in “—Taxation”. In this case, the SOCIMI status would be lost in respect of the tax year when the undistributed profits were obtained and any subsequent period; or
- failure to meet the requirements established in the SOCIMI Law unless such failure is remedied within the following fiscal year.

Please note that assets must be held for a minimum period of time (see “*Taxation-Spanish SOCIMI Regime-Minimum holding period*”); however, the failure to observe such minimum holding period requirement would not give rise to the loss of SOCIMI status, but (i) the assets that do not meet such requirement would be deemed to be non-qualifying assets; and (ii) income derived from such assets or from their transfer would be taxed at the standard Corporate Income Tax rate (currently 25%).

If the Issuer were to lose such status as a result of any of the above, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (currently 25%), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company.

If the Issuer is unable to maintain its SOCIMI status, the resultant consequences may have a material adverse effect on the Issuer’s financial condition, business, prospects or results of operations and could adversely impact the marketability and liquidity of the ordinary shares and their value.

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

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

In particular, on 13 October 2020 the Spanish Government sent to the Spanish Parliament the Anti-tax Evasion Bill which, among other tax measures, introduces an additional 15% Spanish Corporate Tax rate on SOCIMI’s non-distributed profits, in order to meet the Spanish Government’s objective of achieving social tax justice via the implementation of measures aimed at encouraging the distribution of profits by SOCIMIs. The Anti-tax Evasion Bill has already been passed by the Spanish Congress and the Spanish Senate, and is still pending to be published by the State Official Gazette (*Boletín Oficial del Estado*). Although it is not possible to predict the day of publication of the Anti-tax Evasion Bill as a Spanish Law, once such publication has been completed, this Law shall come into effect on the following day thereof.

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

The Directors contemplate growth through acquisitions for the Issuer. Notwithstanding, the Spanish SOCIMI Regime distribution requirements may limit the Issuer’s ability to fund acquisitions and capital expenditures through retained income and debt financing.

In order to benefit from a 0% Spanish Corporate Tax rate, the Issuer will be required, among other things, to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; (ii) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; and (iii) at least 80% of all other profits obtained (e.g., profits derived from ancillary activities).

If the relevant dividend distribution resolution is not adopted in a timely manner, the Issuer will lose its SOCIMI status as per the year to which the dividends relate and the Issuer will be required to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard rate (currently 25%) as from the relevant tax period in which the Issuer loses such status. In such case, the Issuer will not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. A general guide to the Spanish SOCIMI Regime is included in “—Taxation”.

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

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

The dividend distributions requirements that are necessary to achieve the full tax benefits associated with qualifying as a Spanish SOCIMI can be met by approving such distribution and satisfying the dividend in kind or immediately thereafter, converting credits deriving from such dividends into share capital of the Issuer, provided such dividends qualify as income for tax purposes. However, the Issuer cannot provide assurance that any such distribution will be approved by a general shareholder’s meeting or that the distribution will be considered as income for all shareholders.

These requirements to maintain status as a Spanish SOCIMI could limit the Issuer’s ability and flexibility to make investments and pursue growth through acquisitions.

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

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

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. Notwithstanding, if a qualifying asset is sold before the minimum holding period (as described in “Taxation”) is achieved, then (i) such capital gain would compute as non-qualifying revenue within the 20% thresholds that must not be exceeded for the maintenance of the SOCIMI Regime; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (currently 25%); furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

Furthermore, if the Issuer generates income out of a non-property rental business, the 80%/20% gross asset or net income tests may not be met. In such case, the Issuer will have one-year grace period to cure that infraction. If the gross asset or net revenue tests are not met within that fiscal year, the Issuer will lose its SOCIMI status.

For more information on the Spanish SOCIMI Regime please see “—Taxation”.

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

The Issuer may become subject to a 19% Corporate Income Tax on the gross dividend distributed to any shareholder that holds a stake equal or higher than 5% of the share capital of the Issuer and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Issuer with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Issuer in the terms set forth in the By-Laws (a “**Substantial Shareholder**”).

The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Issuer designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Issuer will be entitled to deduct an amount equivalent to the tax expenses incurred by the Issuer on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Issuer in a worse position). However, the Issuer cannot provide assurance that these

measures will be effective. If these measures are ineffective, the payment of dividends to a Substantial Shareholder may generate an expense for the Issuer (since it may have to pay a 19% Corporate Income Tax on such dividend) and, thus, may result in a loss of profits.

The Issuer may not impose restrictions on the free transferability of its ordinary shares and the acquisition of the ordinary shares by certain investors could adversely affect the Issuer

Under Spanish law, the Issuer may not impose restrictions on the free transferability of its ordinary shares in its By-Laws. Accordingly, the Issuer cannot refuse to register a transfer of any shares in the capital of the Issuer in favour of a person to whom a sale or transfer of shares, or whose direct, indirect or beneficial ownership of shares, would or might (i) cause the Issuer to be required to register as an “investment company” under the US Investment Company Act of 1940 or to lose an exemption or status thereunder to which it might otherwise be entitled; (ii) cause the Issuer to be required to register under the US Securities Exchange Act of 1934 (the “**US Exchange Act**”) or any similar legislation; (iii) cause the Issuer not to be considered a “foreign private issuer” as such term is defined in rule 3b-4(c) under the US Exchange Act; (iv) result in a person holding shares in violation of the transfer restrictions set forth in any offering memorandum published by the Issuer (including in this Offering Memorandum), from time to time; (v) result in any shares being owned, directly or indirectly, by “benefit plan investors” as defined in Section 3(42) of the Employee Retirement Income Security Act of 1974 (“**ERISA**”); (vi) cause the assets of the Issuer to be considered “plan assets” under regulations promulgated by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Regulations**”); (vii) cause the Issuer to be a “controlled foreign corporation” for the purposes of the U.S. Internal Revenue Code of 1986 (the “**Code**”); (viii) result in the ordinary shares of the Issuer being owned by a person whose giving, or deemed giving, of the representations as to ERISA and the Code set forth in the By-Laws is or is subsequently shown to be false or misleading; (ix) result in a person becoming a Substantial Shareholder, or (x) otherwise result in the Issuer incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage. Any of the above could have a material adverse effect on the Issuer’s business, financial condition, results of operations and prospects.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments under the Notes is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes

The ratings assigned to the Issuer and the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the Regulation (EC) No. 1060/2009 (as amended, the “**CRA Regulation**”) from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the United Kingdom are subject to similar restrictions under the CRA Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). As such, United Kingdom regulated investors are required to use, for United Kingdom regulatory purposes, ratings issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (i) endorsed by a United Kingdom registered credit rating agency; or (ii) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant United Kingdom registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the United Kingdom, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the United Kingdom, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Investors may have limited remedies if the Issuer fails to allocate an amount equal to the net proceeds from the offering of the Notes to refinance existing eligible assets within the Issuer’s Green Asset Pool or to satisfy related reporting requirements and other undertakings

Although the Issuer intends to allocate an amount equal to the net proceeds from the Offering to refinance existing eligible assets within the Issuer’s Green Asset Pool, the Conditions will not include covenants or agreements requiring the Issuer to allocate an amount equal to the net proceeds from the Offering to refinance existing eligible assets within the Issuer’s Green Asset Pool or to satisfy the reporting and other undertakings therewith. As a result, it will not be an event of default under the Notes if the Issuer fails to allocate an amount equal to the net proceeds from the Offering to refinance existing eligible assets within the Issuer’s Green Asset Pool or to satisfy such reporting and other undertakings, and Noteholders will have no remedies under the Notes for any such failure.

Furthermore, there can be no assurance that the Green Asset Pool will be capable of being refinanced in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for financing and/or refinancing the Green Asset Pool. Nor can there be any assurance that the refinancing of the Green Asset Pool will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated.

The Issuer cannot assure you that the Green Asset Pool to which the Issuer allocates amounts relating to the Offering will satisfy, or continue to satisfy, investor criteria and expectations regarding environmental impact and sustainability performance, nor that the Green Asset Pool criteria and other aspects of the Issuer's Green Bond Framework will satisfy, or continue to satisfy, investor criteria or expectations for sustainable finance products. In particular, no assurance is given that the Green Asset Pool will satisfy, in whole or in part, any present or future investor expectations or requirements, voluntary taxonomies or standards regarding any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations, by its own bylaws or other governing rules or investment portfolio mandates, ratings criteria, voluntary taxonomies or standards or other independent expectations (in particular with regard to any direct or indirect environmental, sustainability or social impact of any eligible assets within the Green Asset Pool or uses, the subject of or related to, the relevant Green Asset Pool). Additionally, the Issuer may revise the Green Bond Framework from time to time, and the criteria used by the Issuer to identify eligible assets for the Issuer's Green Asset Pool may differ in the future. Furthermore, the Issuer cannot assure you that the Issuer will be able to identify sufficient eligible assets qualifying for the Green Asset Pool to which the Issuer could re-allocate amounts equal to the net proceeds from the Offering if the Issuer no longer owns an eligible asset previously allocated to the Green Asset Pool or if an eligible asset previously allocated to the Green Asset Pool no longer meets the applicable criteria.

The Issuer may use or allocate an amount equal to the net proceeds from the Offering in ways with which you may not agree

The Issuer intends to allocate on its Green Bond Register (as defined below) an amount equal to the net proceeds from the Offering primarily to refinance existing eligible assets within the Issuer's Green Asset Pool and the Issuer expects to use the proceeds of the Offering as set forth in "Use of Proceeds". See "Use of Proceeds—Green Bond Framework". The Issuer may also allocate or re-allocate amounts relating to the Offering to other new or existing eligible assets within the Issuer's Green Asset Pool. The Issuer has significant flexibility in allocating amounts relating to the Offering, including re-allocating in the event the Issuer no longer owns assets to which the Issuer allocated amounts relating to this Offering or if the assets to which the Issuer allocated amounts related to this Offering no longer meet the criteria for the Green Asset Pool.

You may not agree with the ultimate allocation of amounts relating to the Offering, even if the Issuer believes the expenditures to which the Issuer allocates such amounts were in respect of the Green Asset Pool. The Issuer cannot assure you that the eligible assets qualifying for the Green Asset Pool to which the Issuer allocates amounts relating to the Offering will satisfy, or continue to satisfy, investor criteria and expectations regarding environmental impact and sustainability performance, nor can the Issuer assure you that the Green Asset Pool criteria and other aspects of the Green Bond Framework will satisfy, or continue to satisfy, investor criteria or expectations for sustainable finance products. In particular, no assurance is given that the use or allocation of such amounts on the Issuer's Green Bond Register for any eligible asset within the Green Asset Pool will satisfy, whether in whole or in part, any present or future investor expectations or requirements, voluntary taxonomies or standards regarding any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations, by its own bylaws or other governing rules or investment portfolio mandates, ratings criteria, voluntary taxonomies or standards or other independent expectations (in particular with regard to any direct or indirect environmental, sustainability or social impact of any eligible assets within the Green Asset Pool or uses, the subject of or related to, the relevant eligible assets in the Green Asset Pool). The Green Asset Pool to which the Issuer expects to allocate amounts relating to the Offering have complex direct or indirect environmental, sustainability or social impacts and such Green Asset Pool may become controversial or criticised by activist groups or other stakeholders. Additionally, the Issuer cannot assure you that the Issuer will be able to identify sufficient eligible assets qualifying for the Green Asset Pool to which we could re-allocate amounts relating to the Offering if the Issuer no longer owns eligible assets previously-allocated to the Green Asset Pool or if an eligible asset previously allocated to the Green Asset Pool no longer meets the applicable criteria.

The value of the Notes may be negatively affected to the extent that investors are required or choose to sell their holdings due to the ultimate allocation of amounts relating to the Offering not meeting their expectations or requirements.

The Notes may not be a suitable investment for all investors seeking exposure to “green” assets.

Pursuant to the recommendation of the Green Bond Principles (as defined below) that issuers use external assurance to confirm their alignment with the key features of the Green Bond Principles, ISS Corporate Solutions, Inc (“ISS”) has been engaged to provide an independent second party opinion (the “**Second Party Opinion**”) in relation to the alignment of the Issuer’s Green Bond Framework with the Green Bond Principles. Accordingly, on 2 July 2021, ISS certified that our Green Bond Framework aligns with the Green Bond Principles. The Second Party Opinion is not incorporated into, and does not form part of, this Offering Memorandum. No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party (whether or not solicited by the Issuer) made available in connection with an issue of Notes issued as green bonds and in particular with any eligible assets within the Green Asset Pool to fulfil any environmental, sustainability, social and/or other criteria. Despite the coming into force of Regulation (EU) 2020/852, there is currently no universally accepted definition (legal, regulatory or otherwise) of, nor market consensus on what precise attributes are required for a particular company to be defined as “green”, “sustainable” or such other equivalent label, and nor can any assurance be given that such a clear definition or consensus will develop over time or any adverse environmental, social and/or other impacts will not occur during the implementation of any eligible assets within the Green Asset Pool. Accordingly, the Issuer cannot assure you that the Green Asset Pool will meet all investor expectations or requirements regarding “green”, “sustainable”, “social” or similar labels or will be aligned with the green frameworks or implementing measures (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment).

Neither the Issuer nor the Joint Lead Managers make any representation as to (i) the suitability of any opinion or certification of any third party (whether or not solicited by the Issuer) of the Notes to fulfil any environmental and sustainability criteria; (ii) whether the Notes will meet any present or future investor criteria and expectations with regard to environmental impact and sustainability performance; or (iii) the characteristics of the Green Asset Pool, including its environmental and sustainability criteria. The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. The Second Party Opinion is not a recommendation by the Issuer, the Joint Lead Managers or any other person to buy, sell or hold securities and is only current as at the date of the Second Party Opinion.

In the event that the Notes are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Joint Lead Managers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any assets or uses, the subject of or related to, any eligible assets in the Green Asset Pool. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance can be given or made by the Issuer, the Joint Lead Managers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Each potential investor in the Notes must make its own determination with respect to the relevance of the information contained in this Offering Memorandum regarding the use of proceeds, and its purchase of Notes should be based upon such investigation as it deems necessary. A withdrawal of the Second Party Opinion or any failure by the Issuer to allocate an amount equal to the net proceeds from the Offering to the Green Asset Pool or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to the Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in “green” assets.

A failure of the Notes issued as green bonds to meet investor expectations or requirements as to their “green”, “sustainable”, “social” or equivalent characteristics including the failure to apply proceeds to the Green Asset Pool, the failure to provide, or the withdrawal of, a third party opinion or certification, the Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or the failure by

the Issuer to report on the use of proceeds or the Green Asset Pool as anticipated, may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in “green” assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor’s investment criteria or mandate).

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer’s operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes as well as other factors. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer’s operating results, financial condition or prospects.

The Notes are subject to optional redemption by the Issuer

In accordance with the Conditions, in particular Condition 5(c) (*Redemption at the option of the Issuer*), the Notes are subject to optional redemption in whole by the Issuer at any time at the Make Whole Amount (as defined in the “*Terms and Conditions of the Notes—Definitions*”) together with interest accrued on those Notes up to (but excluding) the date fixed for redemption. This feature is likely to limit the market value of Notes. The market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Issuer*”.

The Issuer may redeem the Notes for tax reasons

The Issuer may redeem all of the Notes, but not some only, pursuant to Condition 5(b) (*Redemption for taxation reasons*) in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax.

On any such redemption for tax reasons, Noteholders would receive the principal amount of the Notes that they held, together with interest accrued on those Notes up to (but excluding) the date fixed for redemption. As with the optional redemption feature of the Notes referred to above, it may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for taxation reasons*”.

The Notes are subject to optional redemption by the Noteholders

Upon the occurrence of a Change of Control Put Event or a Tender Offer Triggering Event (each as defined in the “*Terms and Conditions of the Notes—Definitions*”), if a Noteholder so requests, the Issuer will be required to redeem in whole (but not in part) the Notes subject to the notice on the Relevant Event Redemption Date (as defined in the “*Terms and Conditions of the Notes—Definitions*”), at 101% of their principal amount together with interest accrued on those Notes up to (but excluding) the Relevant Event Redemption Date. If any such Change of Control Put Event or Tender Offer Triggering Event were to occur and if any such Noteholder so requests, there can be no assurance that the Issuer would have sufficient funds available at the time to pay the price of the outstanding Notes subject of the notice. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Noteholders*”.

Global Notes are held by or on behalf of Clearstream, Luxembourg and investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by Global Notes, except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safe keeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments through Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of the beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The terms of the Notes are subject to modification and waivers

The terms and conditions of the Notes (the “**Conditions**”) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The financial covenants contained in the Conditions of the Notes are limited

In addition to the Negative Pledge, the Conditions contain certain financial covenants pursuant to which the Issuer is required (i) to maintain its Unencumbered Total Assets Ratio and Interest Cover Ratio at certain levels and (ii) not to incur any Financial indebtedness or any Secured Financial Indebtedness if the Consolidated Solvency Ratio or Consolidated Secured Solvency Ratio, respectively, would exceed certain levels (all terms as defined in “*Terms and Conditions of the Notes—Definitions*”). Under the financial covenants the Issuer is only required to certify that it is in compliance with the financial covenants in the Conditions on the 30 June and on the 31 December of each year. Noteholders will not be able to monitor these covenants during the rest of the year.

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List and to trading on the Euro MTF Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Notes are subject to exchange rate risks

The Issuer will pay principal and interest on the Notes in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the “**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes are subject to risks relating to taxation

Risks relating to Spanish withholding tax

The Issuer is required to receive certain information relating to the Notes. If such information is not received by the Issuer, as the case may be, in a timely manner, the Issuer will be required to apply Spanish withholding tax to any payment of interest in respect of the relevant Notes, or to income arising from the payment of Notes issued below par.

Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, payment of income in respect of the Notes will be made by the Issuer without withholding tax in Spain provided that the Fiscal Agent provides the Issuer in a timely manner with a certificate containing certain information relating to the Notes.

The Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes (as described in “*Taxation—Compliance with Certain Requirements in Connection with Income Payments*”). If, despite these procedures, the relevant information is not received by the Issuer in a timely manner, the Issuer will withhold Spanish tax at the then-applicable rate (currently 19%) on any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any of such withholding in any event.

The Issuer and the Fiscal Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. In the event that the current applicable procedures were modified, amended or supplemented by, amongst other things, law, regulation, an interpretation or a ruling of the Spanish Tax Authorities, the Issuer, however, will not assume any responsibility therefor and, in particular, will not pay any additional amounts for this reason.

Furthermore, even if these information procedures are completed in a timely manner, in the case of Notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax (*Impuesto de Sociedades*)) and deposited with a Spanish resident entity acting as depositary or custodian of those Notes, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the current rate of 19%.

According to Royal Decree 1065/2007, as amended, any interest paid under Notes that (i) can be regarded as listed debt securities issued under Law 10/2014, and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another Organisation for Economic Cooperation and Development (“**OECD**”) member state, will be made free of Spanish withholding tax provided that the Fiscal Agent fulfils the information procedures described in “*—Taxation. Compliance with Certain Requirements in Connection with Income Payments.*”

The Issuer considers that the Notes meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax provided that the relevant information about the Notes is timely submitted by the Fiscal Agent to the Issuer, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation by virtue of which identification of Spanish tax resident investors may be provided to the Spanish tax authorities.

The Notes are subject to risks arising in connection with the Spanish Insolvency Law

On 5 May 2020, the Spanish Council of Ministers enacted a Royal Legislative Decree 1/2020 approving the consolidated text of the insolvency law, which entered into force on 1 September 2020 (the “**Spanish**”

Insolvency Law”). The Spanish Insolvency Law is the result of the mandate granted by the Spanish Parliament to recast, harmonise, clarify and organise the Spanish insolvency legislation (essentially contained in the former Law 22/2003 of 9 July, on Insolvency). The Spanish Insolvency Law regulates court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities.

Declaration of insolvency

In the event of insolvency of a debtor, insolvency proceedings can be initiated either by that debtor or by its creditors (although any creditors’ insolvency petition must prove certain circumstances set forth in the Spanish Insolvency Law). In the event that such debtor files the insolvency petition, a “voluntary” insolvency (*concurso voluntario*), such debtor shall provide evidence of the situation of insolvency (whether actual or imminent insolvency). The directors of such debtor company shall request the insolvency within two months from the moment they knew, or ought to have known, of the actual insolvency situation (i.e. that the company cannot regularly pay its due and payable debts), although a Spanish temporary COVID-19 regulation has provided for a moratorium of this legal duty to file for insolvency, which is suspended until 31 December 2021, so that the two (2) months period to file for insolvency will start by then.

A debtor may file for insolvency (or file with the insolvency court a communication under 583 and ss. of the Spanish Insolvency Law informing that it has commenced negotiations with its creditors to agree, among others, a refinancing agreement or an advanced proposal of settlement agreement (*convenio*), to obtain an additional period of three months to negotiate with its creditors) as a protective measure in order to avoid (i) the attachment of its assets (except for public or labour enforcements in certain circumstances) or (ii) enforcement actions that could be taken by its creditors (including enforcement of security interest over assets necessary for the continuation of the business for a certain period of time, as will be described below).

An insolvency petition may be filed in relation to more than one company on a coordinated basis where, for instance, such companies belong to the same group of companies.

Upon receipt of an insolvency petition by a creditor, the insolvency court may issue provisional interim measures to protect the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The insolvency court will issue a court order either rejecting the petition or declaring the insolvency. In the event of declaration of insolvency, the insolvency court order will appoint a court administrator or receiver (*administración concursal*) (“**receiver**”) and will order the publication of such declaration of the insolvency in the State Official Gazette (*Boletín Oficial del Estado*). The declaration of insolvency shall be also filed with the Commercial Registry (*Registro Mercantil*) and the Public Registry of Insolvency (*Registro Público Concursal*).

Certain effects of the insolvency declaration

The general rule is that the declaration of insolvency shall not affect the continuity of the business activity of a debtor company other than in the terms expressly set out in the Spanish Insolvency Law.

In case of voluntary insolvency (*concurso voluntario*), a debtor company will usually maintain administrative control of its affairs, however, the management decisions will be subject to the receiver’s authorisation. In case of necessary insolvency (*concurso necesario*), the receiver will usually assume the administration of the debtor company, unless the insolvency court decides otherwise.

Unless otherwise provided by certain specific rules applicable to a certain type of contracts (e.g. certain insurance or financial collateral agreements), contracts termination based only on the declaration of the insolvency (*declaración de concurso*) of a debtor is not possible. Any provision to the contrary will be null and void.

The debt will cease to accrue interest from the declaration of insolvency, except for such debt secured with security rights in rem, in which case remunerative interests (i.e., non-moratorium) and up to the value of the security.

Judicial or non-judicial enforcements proceedings (*ejecuciones singulares*) cannot be initiated from the declaration of insolvency and the enforcement of in rem security (e.g. pledges or mortgages) will be suspended unless the insolvency court considers that the assets are not necessary to the continuance of the professional activity of the company. However, such suspension is limited to a period ending either (i) with the approval of a settlement agreement (*convenio*) which does not affect the right to enforce or (ii) one (1) year elapses from the

declaration of insolvency provided the liquidation phase has not started. Commencement of the liquidation phase causes the loss of the right to commence a separate enforcement process in relation to those secured lenders who did not commence enforcement either before the declaration of insolvency or after one (1) year since the declaration of insolvency.

Enforcement (except of public claims) over assets necessary for the continuation of the business is also suspended, in case the abovementioned 583 communication is filed, for a three (3) months term period. Nevertheless, secured creditors are entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended for the abovementioned three (3) months period. Enforcement proceedings over any kind of asset that have been brought by creditors holding financial liabilities are prohibited or suspended (as applicable) for such three (3) months period provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of a debtor and its creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorised to handle any enforcement proceedings or interim measures affecting a debtor's assets (whether based upon civil, labour or administrative law).

Classification of the company's debts

The court order declaring the insolvency of the debtor shall contain an express request for the creditors to communicate and declare to the receivers any debts owed to them, within a one-month period starting from the date after the publication of the insolvency in the State Official Gazette (*Boletín Oficial del Estado*), providing documentation to justify such credits. Based on the documentation provided by the creditors, the insolvency receivers draw up a list of acknowledged creditors and classify them according to the categories established under Spanish Insolvency Law¹ as follows: (i) debts against the insolvency estate, (ii) debt benefiting from special privileges, (iii) debt benefiting from general privileges, (iv) ordinary debt and (v) subordinated debt:

- (a) Debts against the insolvency estate (*créditos contra la masa*): which are not subject to ranking and will be paid out of the insolvent company's assets (other than those attached to the specially privileged debts) with preference to any other debt. Debts against the insolvency estate may include, among others, (i) certain employees' claims up to certain thresholds, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising under reciprocal contracts, (iv) certain claims deriving from the exercise of a clawback action (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from the non-contractual liability of an insolvent debtor after the declaration of insolvency and until its conclusion, (vi) 50% of the new funds granted within the context of certain refinancing agreement meeting the requirements set out under the Spanish Insolvency Law (except for those granted by specially related parties) and (vii) certain debts incurred by a debtor following the declaration of insolvency.
- (b) Debts benefiting from special privileges representing attachments on certain assets (basically in rem security) up to the value of the security, to be calculated in accordance to the rules set forth in the Spanish Insolvency Law. These privileges may entail separate proceedings over the related assets, subject to certain restrictions including a waiting period that may last up to one (1) year unless the security qualifies as financial collateral subject to Royal Decree-Law 5/2005, of 11 of March, on urgent measures to improve the productivity and the public trade, implementing the financial collateral directive (Directive 2002/47/EC of the European Parliament and of the council of 6 June 2002 on financial collateral arrangements) in Spain. However, the insolvency court may authorise the sale of the assets/business of the insolvent company before the settlement/liquidation phases subject to certain specific payment rules which do not necessary entail the full recovery of the secured debt.
- (c) Debts benefiting from general privileges, including, among others, certain labour debts, certain taxes, debts arising from non-contractual liability, up to 50% of the debt owed to the creditor who applied for insolvency or new money granted pursuant to a refinancing agreement that comply with certain requirements set out under the Spanish Insolvency Law in the amount not

admitted as a debt against the insolvency estate (*crédito contra la masa*) (except for the new money provided by specially related parties).

- (d) Ordinary debts (non-subordinated and non-privileged creditors) will be paid on a pro-rata basis.
- (e) Subordinated debts (thus classified by virtue of law) include, among others, (A) credits which have been contractually subordinated; and (B) those credits held by specially related parties with a debtor: in the case of an individual, his/her relatives; in the case of a legal entity, any shareholders holding, directly or indirectly, more than 5% (for companies which have issued securities listed on an official secondary market) or 10% (for companies which have not issued securities listed on an official secondary market) of the share capital and companies pertaining to the same group as such debtor and their common shareholders to a group company and the company in insolvency, provided that such shareholders meet the minimum shareholding requirements set forth before in relation to their stake in any group company, and the insolvent company's directors, de facto directors, liquidators and general attorneys and those holding any of such capacities during the two years prior to the insolvency declaration. Subordinated creditors are second-level creditors; they cannot vote on a settlement agreement (but are bound by the contents of the settlement agreement) and will be paid only if and after all privileged and ordinary debts have been fully satisfied.

The Spanish Insolvency Law provides for some exceptions to this subordination regime in respect to certain specially related parties. Additionally, pursuant to Spanish COVID-19 regulations, as regards insolvency proceedings declared prior to 14 March 2022 at the latest, new money provided by specially related persons and any claims in which such specially related person is subrogated after such date due to a payment of debts on behalf of the debtor will have the consideration of ordinary claims, thus not subordinated, regardless the privileges which could exist.

Pursuant to the Spanish Insolvency Law, certain judicially-sanctioned refinancing agreements, as well as settlement agreements (*convenio*) reached by a debtor in an insolvency scenario, are capable of binding dissenting (including absentee) unsecured and secured creditors of financial indebtedness ("**dissenting creditors**") vis-à-vis such debtor. Whether dissenting creditors are bound by a judicially-sanctioned refinancing agreement or a settlement agreement depends on the level of support received from the various types of creditors.

Claw back regime

The acts performed and agreements entered into by a debtor company within the two (2) years immediately preceding the declaration of insolvency may be set aside by the court upon the petition of the receiver or the creditors if such acts are considered to be prejudicial to the company's asset base. The burden of proof is on the receiver or the creditors, as the case may be, alleging that such acts were prejudicial. However:

- (a) certain acts and agreements are presumed to be prejudicial to the company's assets base, without any possibility for the parties to file evidence against this presumption (this is applicable in the case of gifts and early payments of unmatured debts which are not secured with a right in rem);
- (b) in respect of certain acts and agreements (such as, for instance, the creation of security in respect of pre-existing obligations other than certain real estate security, onerous contracts entered into with certain related persons (including intragroup guarantees and security as ruled by the Spanish Supreme Court), or early payments of unmatured debts secured with a right in rem) the burden of proof is reversed, and the burden of proof is on the creditor(s) to rebut, to the court's satisfaction, the presumption that the company's asset base was prejudiced through those acts and agreements; and
- (c) ordinary transactions made within the company's ordinary course of business cannot be rescinded on the basis of being prejudicial to the company's asset base.

The main consequence of rescission is that the reciprocal obligations must be restored and the receivable of the creditor (if any) will be classified as a debt of the insolvency estate (please see paragraph (i) of "*Classification of the company's debts*" above) unless the court finds that the creditor acted in bad faith, in which case its claim will be classified as a subordinated debt. Regarding acts of unilateral nature, the court will order the restoration of the assets that are the subject of the transaction and the inclusion of the relevant counterparty claim

in the list of creditors, with the relevant ranking in accordance to its nature as described above unless such creditor is deemed in bad faith, so that its claim will be classified as subordinated.

The above remedy is without prejudice to the possibility to rescind those acts and contracts entered into by the company (i) in fraud of creditors during the previous four years or (ii) as null and void (*acción de nulidad*) being this later action, as a declarative one, subject to no statute of limitation period.

Lastly, refinancing agreements executed meeting those requirements set forth in the Spanish Insolvency Law, as well as those acts, transactions and payments executed in compliance with the refinancing agreement, irrespective of its nature and legal form, and any security or guarantee perfected in accordance to those, are protected against claw back and rescission actions in the event of a subsequent insolvency (*concurso consecutivo*) declared pursuant to the Spanish Insolvency Act. On the contrary, in the event the refinancing agreement is declared null in case of subsequent insolvency, acts detrimental to the debtor's estate executed by the debtor in the preceding two (2) years before the declaration of insolvency, as well as those carried out when complying with the refinancing agreement, may be subject to claw back or rescission. Additionally, in case of subsequent insolvency, any act carried out by the debtor before the declaration of insolvency, as well as those carried out when complying with the refinancing agreement, is subject to any other challenging action different from the claw back one as so generally allowed by law, which should be brought by the receiver exclusively.

The agreements in relation to the Notes could be challenged if, amongst others things, those transactions were deemed to have been prejudicial, as explained above.

New Global Note form

The NGN form means that the Notes are intended upon issue to be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. The NGN form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

OVERVIEW

The following overview provides the summary of the essential characteristics of the Notes. Any decision by an investor to invest in the Notes should be based on consideration of this Offering Memorandum as a whole, including in particular the “Risk Factors” section and any documents incorporated by reference and any supplements hereto.

Issuer	Lar España Real Estate SOCIMI, S.A.
Legal Entity Identifier	9598002PHMH00MHN3741
Notes	€400,000,000 1.75% Senior Unsecured Green Notes due 2026
Form and denomination	The Notes will be issued in bearer form in euro (the “ Specified Currency ”) in minimum denominations of €100,000, each with Coupons (as defined in the Conditions) attached on issue.
Status	The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a) (<i>Negative Pledge</i>)) unsecured obligations of the Issuer. In the event of insolvency (<i>concurso</i>) of the Issuer, the Notes will (unless they qualify as subordinated debts under Article 281 of the Spanish Insolvency Act or any equivalent legal provision which replaces it in the future, and subject to any legal and statutory exceptions) rank <i>pari passu</i> without any preference among themselves (save for any obligations preferred by applicable law) and with all other outstanding unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding, all as described in “ <i>Terms and Conditions of the Notes – Status</i> ”.
Issue Date and Maturity Date	The Notes will be issued on 22 July 2021 and will mature on 22 July 2026 (the “ Maturity Date ”).
Listing and admission to trading	Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF Market.
Clearing Systems	Euroclear Bank SA/NV and Clearstream Banking S.A.
Global Coordinator	Morgan Stanley Europe SE
Green Structuring Adviser	Morgan Stanley Europe SE
Joint Lead Managers	J.P. Morgan AG and Morgan Stanley Europe SE
Fiscal Agent	Citibank, N.A., London Branch
Negative Pledge	The terms and conditions of the Notes contain a negative pledge provision as described in “ <i>Terms and Conditions of the Notes—Negative Pledge</i> ”.
Financial Covenants	The terms and conditions of the Notes contain certain financial covenants, including: <ul style="list-style-type: none"> • Maintenance of Interest Cover Ratio • Maintenance of Unencumbered Total Assets Ratio • Incurrence of Financial Indebtedness

- Incurrence of Secured Financial Indebtedness

Interest Rate	1.75% per annum
Interest Payment Dates	Interest in respect of the Notes will be payable annually in arrear on 22 July in each year until the Maturity Date, commencing on 22 July 2022.
Issue Price	100.00%
Redemption and purchase	
<i>Redemption at maturity</i>	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.
<i>Redemption for taxation reasons</i>	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with interest accrued to the date fixed for redemption, if the Issuer has or will become obliged to pay any additional amounts as a result of any change in law or regulation and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See “ <i>Terms and Conditions—Redemption and Purchase—Redemption for taxation reasons</i> ”.
<i>Redemption at the option of the Issuer</i>	The Issuer may at any time prior to the Maturity Date redeem all, but not some only, of the Notes, as further described in “ <i>Terms and Conditions—Redemption and Purchase—Redemption at the option of the Issuer</i> ” and “ <i>- Clean-up Call</i> ”.
<i>Redemption at the option of the Noteholders</i>	Upon the occurrence of a Change of Control Put Event or a Tender Offer Triggering Event, each Noteholder may notify the Issuer that it requires the early redemption of some or all of its Notes. The Issuer will redeem in whole, but not in part, the Notes subject of the notice on the Relevant Event Redemption Date at 101% of their principal amount, together with interest accrued to the date fixed for such redemption. See “ <i>Terms and Conditions—Redemption and Purchase—Redemption at the option of the Noteholders</i> .”
Taxation	Subject to Condition 7 (<i>Taxation</i>), all payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
Events of default	The terms and conditions of the Notes contain events of default, including: <ul style="list-style-type: none"> • Non-payment • Breach of Obligations • Breach of Covenant • Cross-Acceleration

- Enforcement Proceedings
- Security Enforced
- Insolvency
- Winding-up
- Authorisation and Consents
- Unlawfulness
- Analogous Events

See “*Terms and Conditions of the Notes—Events of Default.*”

Governing law

Save for Condition 2 (*Status*) which will be governed by Spanish law, the Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance, with English law.

Securities Identifiers

ISIN: XS2363989273

Common Code: 236398927

FISN: LAR ESPANA REAL/ASST BKD 22001231 R

CFI Code: DAFNFB

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in this Offering Memorandum and form part of this Offering Memorandum provided however that any statement contained in any document incorporated by reference in, and forming part of, this Offering Memorandum shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such statement:

1. English language translation of the independent auditor's report and the English language translation of the audited consolidated annual accounts of the Issuer as of 31 December 2020 and for the year then ended

Independent Auditor's Report	p. 2 – 9
Consolidated Statement of Financial Position.....	p.14 – 15
Consolidated Statement of Comprehensive Income	p.16
Consolidated Statement of Changes in Net Equity	p.17
Consolidated Statement of Cash Flows	p.18
Notes to the consolidated financial statements	p.19 – 117
Information on Group Companies	p.118 – 123
Management report	p.124 – 136
Annex I	p.137 – 239

Note: the page numbers in the above table refer to the page numbers of the corresponding pdf.

2. English language translation of the independent auditor's report and the English language translation of the audited consolidated annual accounts of the Issuer as of 31 December 2019 and for the year then ended

Independent Auditor's Report	p. 2 – 8
Consolidated Statement of Financial Position.....	p.13 – 14
Consolidated Statement of Comprehensive Income	p.15
Consolidated Statement of Changes in Net Equity	p.16
Consolidated Statement of Cash Flows	p.17
Notes to the consolidated financial statements	p.18 – 95
Information on Group Companies	p.96 – 99
Management report	p.100 – 108
Appendix I	p.109 – 194

Note: the page numbers in the above table refer to the page numbers of the corresponding pdf.

3. Annual report 2020 of the Issuer

Section 4.2, Real estate valuation.....	p.218 – 229
Section 5.3, EPRA Information	p.270 – 283
Section 6.5, Glossary.....	p.302 – 303

Note: the page number in the above table refers to the page numbers of the corresponding pdf.

DESCRIPTION OF THE ISSUER

Introduction

Lar España Real Estate SOCIMI, S.A. is a Spanish company incorporated on 17 January 2014. The Issuer has an experienced Board, chaired by Mr. José Luis del Valle, and is externally managed by the Investment Manager in the terms and under the conditions set forth in the Current Investment Manager Agreement, which terms shall be renewed, effective as of 1 January 2022, upon the entering into force of the Renewed Investment Manager Agreement. The shares of the Issuer are listed on the Spanish Stock Exchanges and quoted through the SIBE (*Sistema de Interconexión Bursátil or Mercado Continuo*) of the Spanish Stock Exchanges. The Issuer is set up as a Spanish Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) and, thus, is taxed under the SOCIMI Regime which is further described in “Taxation.”

The Issuer’s strategy is to own and operate its rental property portfolio consisting primarily of shopping centres and retail parks in Spain through active property management to deliver income and capital growth for its shareholders. The Issuer relies on active property management to maximise operating efficiency and profitability at the property level. As of the date of this Offering Memorandum, the Issuer’s real estate portfolio comprises the properties described below.

Information on the Issuer

The Issuer was incorporated and registered in Spain on 17 January 2014 pursuant to the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.) under the name Lar España Real Estate, S.A., subsequently changed to Lar España Real Estate SOCIMI, S.A. upon election of SOCIMI special tax regime. The Issuer is incorporated for an unlimited term.

Following its €400 million initial public offering in 2014 making it the first SOCIMI to become a public company, the Issuer acquired a number of shopping centres as well as offices and logistics real estate assets. The Issuer’s €135 million rights issue in 2015 was followed in the same year by the issuance of its €140 million 2.90% senior secured bond due 2022 (the “**Senior Secured Notes**”), the inaugural bond by a SOCIMI. In 2016, the Issuer acquired its first retail park, followed by a €147 million rights issue. In 2017, the Issuer’s portfolio had a gross rental income (“**GRI**”) of €79.8 million and gross leasable area (“**GLA**”) of 899 thousand square metres, both the highest in the Issuer’s history. That same year the Issuer also acquired the Eroski supermarket portfolio, comprised of 22 Eroski supermarkets (the “**Eroski Portfolio**”). By 2018 the Issuer owned 26 assets. In 2019 the Issuer disposed of substantially all offices and logistics real estate, focusing on retail, while a capital expenditure plan was deployed for the purpose of refurbishing the Issuer’s assets. In 2020, the Issuer’s GRI was €96.9 million. As of 31 December 2020, the Issuer held 15 assets. In February 2021, the Issuer further focused on retail properties and sold the Eroski Portfolio. As a result, the Issuer currently owns 14 assets. As of 31 March 2021, the Issuer had corporate loans of €100 million, mortgages of €517 million and the Senior Secured Notes of €140 million outstanding. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent developments*” for more information.

The principal legislation under which the Issuer operates is the Spanish Companies Act and the regulations made thereunder.

The registered office of the Issuer is at calle de María de Molina 39, 28006 Madrid, Spain (Telephone number: +34 91 436 04 37).

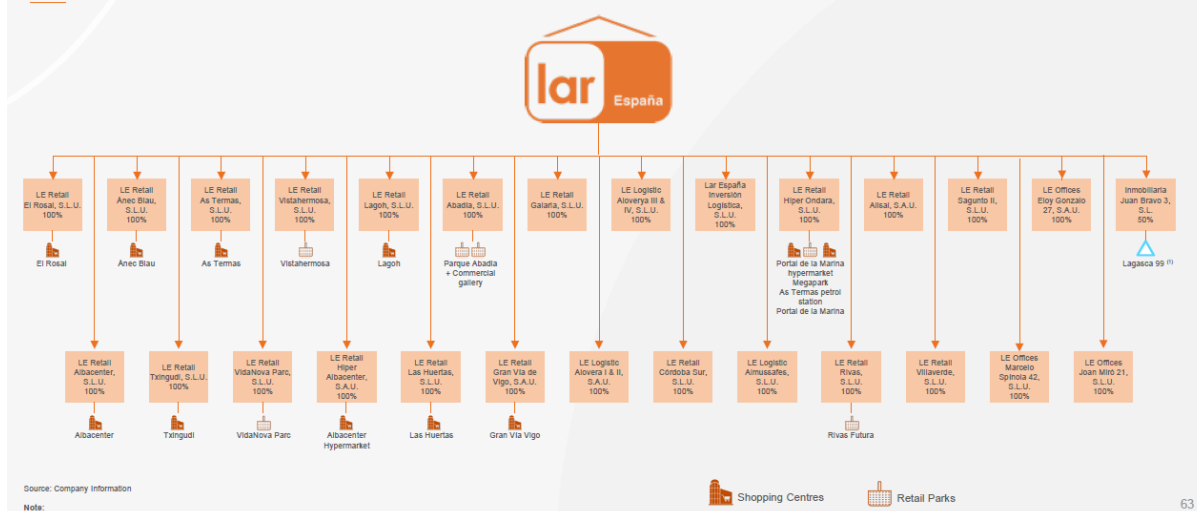
The financial year end of the Issuer is 31 December.

The Issuer, which is domiciled in Spain and resident in Spain for tax purposes, holds Tax Identification Number (*Número de Identificación Fiscal*) A-86918307 and Legal Entity Identifier 9598002PHMH00MHN3741.

The chart below reflects the current position of the Issuer within its corporate group, which it heads.

GROUP STRUCTURE

As of Dec-20 Pro-Forma for Sale of Supermarkets



The Investment Manager and the Management Team

The Issuer has outsourced the management of its properties to Grupo Lar according to the terms of the Current Investment Manager Agreement and, upon its entering into force, of the Renewed Investment Manager Agreement. In order to manage the Issuer's activity, Grupo Lar has appointed the Management Team. All of the members of the Management Team are property and finance professionals with extensive experience in Spanish real estate and a track record of creating value for shareholders.

The Issuer believes that the extensive experience of the Management Team, which is one of the most experienced real estate management teams in Spain, and the Investment Manager's management professionals will continue providing the Issuer with business opportunities which fit with its business strategy. The track record of the Management Team is concentrated principally within Grupo Lar.

Grupo Lar

Grupo Lar was originally formed in 1969 in Madrid and is currently one of the biggest property companies in Spain with over 50 years of experience in the sector and with a presence in six countries in Europe and the Americas. Grupo Lar has a diversified real estate business across asset classes (such as offices, retail, residential, logistics, etc.). Grupo Lar also has experience across the value chain through experience in investment, development, asset management and property management.

In addition, Grupo Lar currently owns 100% of the share capital in Gentalia, the largest retail property manager in Spain. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres.

Grupo Lar is owned by the Pereda Family. Two of the members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Chairs of Grupo Lar. Mr. Miguel Pereda is also a member of the Issuer's Board.

The Business Strengths

The Issuer is the leading owner, operator and developer of retail assets in Spain by owned GLA, with a portfolio comprised of 14 shopping centres and retail parks (as well as 22 supermarkets that were subsequently sold, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent developments*" for more information), valued at more than €1.4 billion which has an occupancy rate of 95% and

a 3-year weighted average unexpired lease term (“WAULT”). The Issuer benefits from a strong balance sheet position, with €166 million in cash and cash equivalents (following the payment of a €27.5 million dividend in May 2021) as of 31 March 2021, and the aid of an experienced active asset manager in Grupo Lar to develop its strategy and take advantage of opportunities in the retail real estate market in Spain. In order to implement its strategy, the Issuer has access to the Investment Manager’s management and administration function which addresses various operational matters, including the provision of various accounting, administrative, registration, reporting and record keeping services. This way, the Management Team can seize opportunities in a timely manner without having to build a large internal infrastructure and access the property management functions of a leading Spanish real estate group in the most management-intensive cycle of the Issuer. The Issuer is focused on creating sustainable income, and strong capital growth, through professionalised management of its assets. As part of its financial policy framework, the Issuer currently keeps the majority of its borrowings at fixed rates, namely at 96% as of 31 December 2020, while maintaining a commitment to distribute 90% of EPRA earnings as dividends.

Additionally, the Issuer enjoys the following key strengths:

Leading retail real estate player in Spain with a diversified portfolio

The Issuer is the leading owner, operator and developer of retail assets in Spain by GLA, owning a total of 550,461 square metres retail property, with an average GLA ownership per asset of 44,457 square metres, and a diversified portfolio comprised of nine shopping centres and five retail parks. The Issuer is also the leading retail real estate player based on the number of retail parks owned and on ownership and decision-making capacity. The Issuer benefits from a diversified portfolio by asset type and by size. As of 31 December 2020, in terms of total gross asset value (“GAV”), 33% of the Issuer’s assets were real estate parks and its retail park exposure has provided greater resiliency during downturns and has provided resiliency during the COVID-19 pandemic due to their open space format. As of 31 December 2020, 78% of the Issuer’s retail assets, in terms of GAV, were classified as large or very large as compared to an average of 41% in Spain. The Issuer also benefits from 100% control of its properties, which provides it flexibility and full decision-making capacity to implement its strategies efficiently.

Portfolio of modern, flagship assets, dominant in their catchment area

The Issuer benefits from a geographically diversified portfolio of retail real estate assets comprised of prime retail assets dominant in their respective catchment areas. The Issuer’s assets are located across Spain, with its rental income derived from and GLA distributed across various regions in Spain. Within their regions, the Issuer’s assets are located in attractive catchment areas with high spending power and lower than average e-commerce penetration. Many of the Issuer’s retail shopping centres and retail parks are also the leading retail offering within their respective catchment areas, with a limited comparable retail offering nearby.

The Issuer’s assets are high quality, modern assets in excellent state of repair. The majority of properties owned were refurbished between 2018 and 2020, undergoing renovations ranging from a simple image redesign to a full-scale refurbishment, aimed at further strengthening the status of the assets as leading hubs in their respective regions. More specifically, the Lagoh property was designed and built to be efficient and sustainable, featuring a central lake and a 11,000 square metre green roof creating a unique ecosystem. Lagoh also has geothermal technology contributing to approximately 35% energy savings, while the use of fossil fuels is kept to a minimum through a system designed to harness renewable sources. Another example is Anec Blau, which underwent a full refurbishment project incorporating a new food court, leisure area, outdoor garden and new fashion square as well as a cinema. Space was redistributed to maximise natural light. Lastly, MegaPark was also refurbished, undergoing an image redesign including improvement of facades, sign posting and lighting of walkways as well as an image uplift of the leisure area geared towards improving the customer journey.

Diversified, blue-chip tenant base with long lease duration providing cash flow visibility and stability

The Issuer benefits from a diversified, blue chip tenant base with high exposure to resilient activities. As of 31 December 2020, 40.6% of GLA was occupied by tenants in the food, home and electronic goods, sports and services industries, while 29.1% of GLA was occupied by tenants in the fashion industry including blue-chip international fashion brands such as Inditex, H&M and Primark. The significant presence of leisure and food and beverage offerings helps to attract customers and drive footfall. As of 31 December 2020, 100% of the Issuer’s assets also featured top supermarket names like Carrefour, Mercadona and Alcampo, which tend to be more resilient and also attract customers and footfall. In addition, the Issuer’s portfolio features what management

believes is an optimal balance between diversification and concentration of its tenant base, with its top 10 tenants representing 32.8% of its portfolio by rent and 37.4% by GLA and occupying a total of 105 units.

The Issuer's property portfolio is also characterised by long lease durations, providing the Issuer a high degree of visibility in respect of its expected rental income and cash flows. As of 31 December 2020, 95% of the Issuer's leases (its rental income as of such date) are scheduled to expire after 2025, while more than 50% of contracts have at least a 5-year duration. Recent leasing activity also highlights the Issuer's solid relationships with top-tier retailers such as Pepe Jeans, Zara and Nike. During the course of 2020, 108 rental leases of a value of €6 million were negotiated, with lease extensions and new lease signings resulting in an average rent increase of 1.3% per area of 25.7 thousand square metres. As of 31 March 2021, a further 12 lease agreements were entered into for a value of €467 thousand and corresponding to 2.8 thousand square metres of rent.

Solid and resilient historical track record

The Issuer's historical performance has consistently outperformed its Spanish retail market peers and proved resilient including through the COVID-19 pandemic. During the period from 2016 through 2020, the Issuer's gross income grew at a compound annual growth rate ("CAGR") of 11.8%, increasing from €62.0 million to €96.9 million, and EBITDA (defined as operating profit/(loss) not considering changes in the fair value of investment property) grew at a CAGR of 40.1%, increasing from €18.1 million to €69.7 million. During the same period, the Issuer's EBITDA margin improved from 29.2% in 2016 to 71.9% EBITDA margin in 2020. During the same period, the GAV of the portfolio also grew at a CAGR of 3.7%, despite the reduction in gross asset value in 2020 caused by the impact of the COVID-19 pandemic. During the period from 2018 to 2020, the Issuer's EPRA earnings per share increased at a CAGR of 36.8%, increasing from € 0.31 to € 0.58. During the same period, the Issuer's WAULT slightly decreased, from 3.5 years to 3.2 years. As of 31 March 2021, the Issuer's LTV, represented by the Issuer's aggregate borrowings (net of cash) as a percentage of the most recent total GAV of the Issuer, was 41.7% (taking into account the payment of a €27.5 million dividend in May 2021), in line with the Issuer's net LTV target of around 40%. In the past five years, occupancy has also remained high, with an occupancy (calculated as occupied area divided by total leasable area ("Occupancy")) of 95% as of 31 March 2021.

The Issuer's portfolio has shown particular resilience during the COVID-19 pandemic, with footfall and sales recovering quickly as soon as the lockdown was lifted in Spain. Despite the pandemic, cash collection rates have remained high over the course of the last year and in the first quarter of 2021 and the Issuer had to make only minimal provisions for bad debt. A provision arising from the COVID-19 pandemic was recorded for an amount of €3.1 million in 2020, while rent under discussion amounted to 6%. One-on-one agreements were reached with the majority of the tenants during this period. Commercial agreements largely consisted in bonuses and discounts in exchange for contract extensions, and elimination of breaks and increases in variable rents.

Industry leading and award-winning sustainability standards

The Issuer has award-winning sustainability standards and a longstanding commitment to sustainability. Of the Issuer's current portfolio, approximately 90% of the properties have achieved a BREEAM "Very Good" or higher designation, among which Gran Via and El Rosal have achieved a BREEAM "Excellent" designation. BREEAM is a leading sustainability assessment method for projects, infrastructure and commercial buildings. Five of the properties in its current portfolio, Vistahermosa, Vidanova Parc, Lagoh, As Termas and El Rosal, have also obtained the AENOR universal accessibility seal. In recognition of the quality and transparency of its ESG information, the Issuer has been awarded the EPRA Gold Award for ESG information made available to stakeholders for three consecutive years and the EPRA Gold Award for financial information made available to them for six consecutive years, recognising the quality, transparency and integrity of such information. Since 2018, the Issuer has participated in the GRESB assessment, increasing its score by 50%. Moreover, the Issuer completed the development of its automated platform which analyses data on the consumption of resources at its shopping centres and retail parks and the mitigation of their environmental impact, and adheres to the FTSEGood index for strong environmental, social and governance practices.

High quality, specialist and experienced management team backed by leading institutional owners

The Issuer's asset portfolio has been externally managed by Grupo Lar since its inception. Grupo Lar is one of Spain's most recognisable real estate companies, with over 50 years of experience in real estate and a long and successful track record of creating value for shareholders by investing in, developing and managing properties in a wide range of real estate asset classes. Given its size and range across real estate assets classes, Grupo Lar is

able to utilise its scale, experience and specialist expertise of its complementary business activities to maximise value through each property's ownership cycle. At the date of this Offering Memorandum, the relationship between the Issuer and Grupo Lar is governed by the Current Investment Manager Agreement, which sets out the scope of Grupo Lar's roles and fees. The Current Investment Manager Agreement was amended in 2018 and will be referred to as the Renewed Investment Manager Agreement upon its novation, the main terms and conditions of which were approved in June 2021 (and will be effective as of 1 January 2022), including an extension to 2026. The agreed terms of the Renewed Investment Manager Agreement reflect the market and the position of the Issuer and its asset portfolio, while also considering value generation for the Issuer, its shareholders and other stakeholders.

The agreed terms of the Renewed Investment Manager Agreement aim to improve the efficiency and cost structure of the Current Investment Manager Agreement, reducing the base fee and allocating a higher proportion of the remuneration scheme to the performance fee, while adding a variable fee for special actions, applicable in cases where the Issuer undertakes asset developments or extensions of its current assets and consisting of a percentage of their all-in-cost (capital expenditure excluding land). The Issuer expects to increase its annual saving under the Renewed Investment Manager Agreement.

As the Issuer's second largest shareholder, currently holding a 11.2% stake, Grupo Lar's interests are aligned with the Issuer's interests. The remainder of the shareholders include long-term institutional owners that management believes are highly committed to the Group.

Through the Investment Manager, the Issuer also has access to the asset and property management operation of Grupo Lar which includes 246 full time property, financial and support staff in six different countries. Grupo Lar currently owns Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres and, of its 91 employees, 50 are fully dedicated to the Issuer. At the date of this Offering Memorandum, it currently manages 32 shopping centres and three other projects in Spain, with a GLA of over 1,000,000 square metres.

The members of the Management Team in turn are a specialist and experienced team fully dedicated to the Group. The members of the Management Team have been well known within the Spanish real estate markets for many years, and have established relationships in these markets with all of the main stakeholders in the property and rental markets, including with commercial real estate lenders, domestic banks, property funds, planning authorities, tenants and private investors. The Issuer believes that the Management Team's distinct knowledge of, and competence within, the Spanish commercial and residential property market make the Issuer well placed to capitalise on the opportunities presented by current and expected market conditions.

Business strategy

The Issuer's principal activity is to acquire, own and operate commercial real estate properties through direct ownership of the property and other acquisition structures in Spain. The Issuer's business strategy focuses on owning and operating for rental its existing property portfolio through active property management and expanding it through the acquisition and operation of real estate properties that fit its investment strategy, mainly undermanaged high quality shopping centres and retail parks. The Issuer expects to continue acquiring commercial properties with the aim of creating value through active property management and maximising operating efficiency and profitability at the property level in order to capture their cash flow and value.

The Management Team believes it has created a high-quality portfolio of commercial real estate properties with strong income and potential for value creation, based on their long-term experience of active management. This portfolio combines high value creation potential properties with a low risk rental profile that are expected to generate recurrent income. The Issuer considers the potential for value enhancement that may be realised following the improved management of the property through, amongst other things, repositioning or re-leasing strategies, or as a result of investments in refurbishing or developing the property or reducing its environmental impact.

The Issuer expects that its value creation strategy is an important means of achieving returns. The Issuer targets good quality properties (or properties with high potential to become good quality properties) with vacancy, refurbishment requirements or more complex property management needs. The Issuer intends to continue to seek opportunities in the same consolidated areas as it has to date and expects that these areas will enjoy a continuing positive evolution in value.

Portfolio approach

The Issuer, through the Management Team, intends to continue implementing a thorough and disciplined approach to property acquisition and management with a view to managing the risk profile of income streams and in-depth underwriting of each capital expenditure plan (including rigorous analysis of tenant financial strength) with the aim of ensuring the optimisation of its existing portfolio in terms of occupancies and achievable rental income through the application of the following key operating principles and measures:

- renegotiating or surrendering of leases, when appropriate. Renegotiating rents at market value to maximise rental yields through a considered approach to contract terms. The Issuer proactively manages lease renewals and pursues new leases to reduce vacancy periods through measures such as (i) early negotiations with tenants whose tenancies are about to expire and (ii) increasing rent on leases which are at below-market rental levels;
- improving lease lengths and tenant profile and establishing direct relationships with tenants to better understand their needs and requirements with an orientation towards creation of long term relationships with tenants with robust credit profiles, which includes satisfaction surveys. Such enhanced relationships may lead to tenant retention and thus increase the attractiveness of the properties;
- repositioning and upgrading properties by improving their condition through refurbishment or otherwise. In 2020, the Issuer continued revamping its portfolio of assets in order to generate more value, investing close to €25 million;
- improving the quality and marketability of the Issuer's portfolio through investing in its conservation and modernisation, with a particular focus on reducing its environmental impact;
- The Issuer, if deemed necessary, will work to reconfigure each of its properties to enhance and optimise the overall condition of the portfolio with the aim of increasing Occupancy and income generation;
- improving the energy efficiency of the properties;
- engaging in technology-driven projects as a tool to gain a better understanding of user behaviours and profiles and to improve their experience at the assets;
- improving floor plans and space efficiency of specific properties;
- increasing control over the properties by acquiring the premises of other co-owners, where relevant; and
- taking advantage of planning opportunities where appropriate.

Investment criteria and property characteristics

In carrying out their functions under the Current Investment Manager Agreement and, when applicable, under the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow certain investment and leverage criteria, with the aim to focus their investment decisions on the acquisition of commercial properties in Spain which require an active asset management and fit within the Issuer's purpose of maintaining a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements, and generate capital returns for the Issuer's shareholders.

The Issuer's investment policy is mainly focused on:

- (a) strategic assets, consisting mainly of shopping centres and retail parks, with strong growth potential - its strategy is focused on identifying shopping centres that are poorly managed and that have strong upside potential, especially centres where there is an opportunity for repositioning or extending them;

- (b) investment opportunities in dominant retail assets in their catchment area that offer significant upside via management, avoiding the segments where there is greater competition; and
- (c) risk diversification, expanding in Spain and primarily investing and developing in retail spaces.

When investing, the Investment Manager and the members of the Management Team focus on mispriced assets or assets with active asset management opportunities, for example through repositioning, rental extension or rental optimisation, and adopt a conservative approach with regard to development opportunities in the context of the whole portfolio. The Issuer applies its investment policy with a focus on ESG matters, for instance, through the renewal of the ISO 14001 certification of the As Termas shopping centre in 2020 or by having been ranked 27th out of 114 in Informe Reporta's general ranking and 6th out of 25 in Informe Reporta's financial and real estate ranking, which analyses the quality of financial and non-financial information that Spanish listed companies publish annually to stakeholders.

The Issuer has the ability to enter into (including at the Investment Manager's request) a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests within the parameters stipulated in the Spanish SOCIMI Regime. For instance, the Issuer made an unprecedented investment in the residential sector through a joint venture with PIMCO, taking a 50% stake in luxury housing development Lagasca99. The construction of all apartments in this new complex was completed, and they were delivered to their tenants in 2020. There is no limit imposed by the Spanish SOCIMI Regime on the proportion of the Issuer's portfolio that may be held through joint ventures. In addition, acquisitions of assets may be done through any type of agreement and structure, including though the acquisition of non-performing loans and other types of financial instruments.

When implementing the Issuer's investment strategy, the Investment Manager will not in any event invest more than 20% of the Issuer's equity capital in a single asset.

Pursuant to the Spanish SOCIMI Regime, the Issuer is required, among other things, to conduct a property rental business and comply with the following requirements: (i) it must invest at least 80% of the Total GAV in leasable urban real estate properties, land plots acquired for the development of leasable urban real property to the extent that development starts within the following three-year period as from acquisition or shares of other SOCIMIs, foreign entities or subsidiaries engaged in the aforementioned activities with similar distribution requirements, and (ii) at least 80% of its net annual income must derive from rental income and from dividends or capital gains in respect of the abovementioned assets.

As of the date of this Offering Memorandum, the Issuer complies with the investment criteria and the dividend distribution requirements set forth under the Spanish SOCIMI Regime.

Investment sourcing

The Management Team is well placed to secure properties which meet the Issuer's investment criteria due to its strong track record in commercial and residential real estate in Spain, its established network to source off-market deals (including as a result of its strong domestic banking contacts and successful reputation working with third party investors as co-investors and joint ventures, among others) and as a result of the high visibility that the Issuer has achieved as a listed vehicle. The Management Team sources deals from competitive auctions, restricted auctions and off-market deals.

Real Estate portfolio and Valuation

Portfolio

As of the date of this Offering Memorandum, the Issuer has deployed €956,774,000 in the acquisition of 14 different properties spread across commercial real estate assets located in different markets throughout the Spanish geography.

A detailed summary table with selected key parameters on each asset is presented below:

Asset	GLA (sqm)	Acquisition Price (€ million)	WAULT (Years)	GAV (€ million) as of 31 December 2020	Occupancy (based on sqm)
Lagoh	69,734	38.5	3.6	-	-
Gran Vía de Vigo	41,447	141.0	1.9	-	-
Portal de la Marina	40,334	89.2	2.6	-	-
El Rosal	50,996	87.5	2.3	-	-
Ànec Blau	29,069	80.0	3.9	-	-
As Termas	35,127	68.8	2.5	-	-
Albacenter	26,310	39.9	3.0	-	-
Txingudi	10,712	27.7	2.2	-	-
Las Huertas	6,267	11.7	1.8	-	-
SHOPPING CENTRES	309,996	584.3	2.9	952.2	95.6%
Megapark	81,577	178.7	2.9	-	-
Parque Abadía	43,109	77.1	1.7	-	-
Rivas Futura	36,447	61.6	3.1	-	-
VidaNova Parc	45,568	12.6	3.4	-	-
Vistahermosa	33,763	42.5	4.1	-	-
RETAIL PARKS	240,464	372.5	2.9	464.4	94.5%
TOTAL LAR ESPAÑA	550,461	956.8	2.9	1,416.6	95.3%

The Issuer's portfolio as of the date of this Offering Memorandum is composed of the assets described below.

Lagoh

On 1 March 2016, the Issuer acquired a shopping centre, Lagoh, in Seville. At 31 December 2020, Lagoh had a GLA of 69,734 square metres. The shopping centre opened on 26 September 2019, and featured 200 retail units already let to occupiers. Located within 4 kilometres from central Seville and within easy reach of adjacent towns and villages, its primary catchment area has over 2.5 million people. Lagoh offers a shopping and leisure experience unique in Andalusia, combining an unrivalled retail and dining offering, extensive green space, a natural lake and a choice of entertainment options. Lagoh also has a range of leisure and dining brands, such as Yelmo Cines, Urban Planet, Pause & Play, Muerde la Pasta, Five Guys, La Campana, Grupo Vips, TGB and 100 Montaditos.

Lagoh is powered by a system designed to harness renewable energy sources. Among other things, a rainwater harvesting system is also under development, while a network of solar panels provides low-carbon electricity and geothermal technology is used to generate heat.

Gran Vía

On 15 September 2016, the Issuer acquired a shopping centre, Gran Vía, located in Vigo, the largest city in Pontevedra and the most populated city in the autonomous region of Galicia. Gran Vía was built in 2006 and is currently undergoing a refurbishment. At 31 December 2020, Gran Vía had a GLA of 41,447 square metres. The shopping centre has an urban location and can be accessed on foot from any point of the city. It can also be

easily reached by car and public transport and features 1,740 parking spaces. Its main catchment area is home to almost 300,000 people, living within 10 minutes of the shopping centre, and it is the principal shopping centre in the region due to its retail mix, premium quality and size. The shopping centre offers a wide range of retailers, including leading retailers such as the Inditex Group, H&M, Bimba y Lola, Tous, Pepe Jeans, C&A and Carrefour.

Portal de la Marina and Hypermarket

On 10 October 2014, the Issuer acquired a 58.78% stake in the share capital of the company Puerta Marítima Ondara, S.L., owner of the shopping centre Portal de la Marina (other than the supermarket premises), in Ondara, Alicante. The remaining share capital of Puerta Marítima Ondara, S.L. is owned by an affiliate of the Investment Manager. The Issuer consolidates Puerta Marítima Ondara, S.L. using the equity method. On 9 June 2015, the Issuer, through its wholly owned subsidiary Global Brisulia, S.L.U., acquired the hypermarket adjacent to the Portal de la Marina shopping centre.

At 31 December 2020, the shopping centre (including the hypermarket) had a GLA of 40,334 square metres. The shopping centre opened in 2008, and underwent renovations in 2019 to give the shopping centre a more up-to-date look and improve the food court area. The shopping centre is home to a wide array of fashion retailers, including the Inditex Group (with its Zara, Lefties, Bershka, Pull & Bear, Massimo Dutti, Oysho and Stradivarius brands), the Tendam Group (with its Cortefiel, Springfield and Women'secret brands), C&A, H&M, Guess, Levis and Jack & Jones. The shopping centre had an Occupancy of 96% at 31 December 2020. The anchor tenant of the hypermarket is Eroski, with a long-term contract until 2030.

This shopping centre is the leading shopping centre in the heart of Marina Alta, the go-to shopping destination for the populations of Denia, Gandia and Calpe, all major tourist hubs. Its catchment area contains more than 320,000 people and it enjoys direct access from Valencia and Aliante, toll-free since 1 January 2020.

El Rosal

On 7 July 2015, the Issuer acquired a shopping centre, El Rosal, located in Ponferrada (León). At 31 December 2020, El Rosal had a GLA of 50,996 square metres. The shopping centre opened in 2007 and is the largest shopping centre in the province of León. The shopping centre has an estimated catchment area of over 200,000 people, and benefits from excellent transport links and direct access to the motorway. Among its retailers are Carrefour, Zara, H&M, Group Cortefiel, Mango and Toys R Us. In addition to its retailers, the shopping centre offers visitors a range of leisure options and a wide variety of services. A comprehensive redesign has also been carried out to give a fresh look to the seating areas, dining areas, terrace and customer service point, all with a view to enhancing visitor comfort.

Anec Blau

On 31 July 2014, the Issuer acquired a shopping centre, Anec Blau, located in Castelldefels, Barcelona. At 31 December 2020, Anec Blau had a GLA of 29,069 square metres. Anec Blau opened in 2006 and is situated in the city of Castelldefels, a tourist destination within the province of Barcelona, 10 minutes from El Prat airport. Its main catchment area is home to 400,000 people. In 2020, Anec Blau underwent a full-scale refurbishment project, incorporating a new food court, leisure area and outdoor garden, giving the centre a new and modern look. The shopping centre also has a new, completely redeveloped fashion court, home to the largest Zara store found in any Catalan shopping centre. This has helped consolidate Anec Blau's position as a leading destination for fashion, leisure and dining in the area.

Among its tenants are Zara, Massimo Dutti, Pull & Bear, Levis, H&M and Mercadona, one of Spain's leading supermarket chains.

As Termas and Petrol Station

On 15 April 2015, the Issuer, through its subsidiary Global Noctua, S.L.U., acquired a shopping centre, As Termas, in Lugo (Galicia), the provincial capital. At 31 December 2020, the shopping centre had a GLA of 35,127 square metres. The shopping centre benefits from 2,200 parking spaces and a petrol station. Open since 2005, As Termas is the leading shopping centre in its catchment area with a primary catchment area of over 200,000 people. Among its tenants are Media Markt, Zara, C&A, Mango, Sfera, H&M, Stradivarius and Aki Bricolage.

Albacenter and Hypermarket and retail units

On 30 July 2014, the Issuer acquired a shopping centre located in Albacete, the largest city in Castilla-La Mancha. On 19 December 2014, the Issuer, through its subsidiary Lar España Shopping Centres, S.A.U., acquired a hypermarket adjacent to the shopping centre. At 31 December 2020, the shopping centre (including the hypermarket) had a GLA of 26,310 square metres.

Located in the heart of Albacete, Albacenter is the leading shopping centre in the province, with a catchment area of 206,828 people. The shopping centre opened in 1996, and was fully refurbished in 2018. In 2019, a renovation project was carried out to divide the hypermarket unit into four individual retail units. The main objective of the refurbishment was to provide the centre with an attractive food and leisure offering. The final phase of the refurbishment of the former hypermarket offices is currently being completed, with the aim of achieving a larger gross rental area.

The shopping centre offers mass market fashion retailers and is anchored by an Mercadona hypermarket. Among its tenants are H&M, Springfield, Pull & Bear, Bershka, Mercadona and Flipa Jump. The tenants of the hypermarket are Eroski, Primark and Orchestra.

Txingudi

On 24 March 2014, the Issuer acquired a shopping centre in a retail park, Txingudi Parque Comercial, in Irún (Basque Country). At 31 December 2020, the shopping centre had a GLA of 10,712 square metres. The retail park opened in 1997 and has a total GLA of 34,700 square metres. Situated close to the French border and San Sebastian airport, the shopping centre has a catchment area of 100,000 people and 25% of its customers travel from France. The shopping centre is anchored by the Alcampo hypermarket and shares a car park and services with an adjacent retail park.

Txingudi is home to a diverse range of local and international brands, including H&M, Mango, Kiabi and the Tendam Group (with its Fifty Factory, Women'secret and Springfield brands). This retail mix is complemented by beauty and health stores, a range of services and a food court.

Las Huertas

On 24 March 2014, the Issuer acquired a shopping centre, Las Huertas, in Palencia (Castilla y León). At 31 December 2020, the shopping centre had a GLA of 6,627 square metres. Las Huertas opened in 1989, and is located in a mixed residential and commercial area, with 35% of visitors arriving by foot. La Huertas is the only shopping centre in Palencia, and more than 81,000 people live within its catchment area. The shopping centre is anchored by a Carrefour hypermarket, and offers a range of stores centred around mass market brands, including multinational and regional retailers such as Springfield, Deichman, Time Road and Sprinter.

Megapark and Megapark Leisure Area

On 16 October 2015, the Issuer acquired a retail park, Megapark, through the purchase of 100% of the share capital of Elisandra Spain VIII, S.L.U., owner of a retail park and an outlet shopping centre. At 31 December 2020, the retail park (including the outlet shopping centre) had a GLA of 81,577 square metres. Megapark is located in Barakaldo, Vizcaya in the Basque Country's largest retail hub. The retail park has a primary catchment area of around 1.8 million people, and has the only outlet centre within a 400 kilometre radius and therefore has almost no direct competition in its main catchment area, which encompasses part of the Basque Country, Cantabria, Castilla and Leon and La Rioja.

The retail park benefits from the presence of prominent national brands, such as the biggest international warehouse brands can be found here, such as Decathlon, Conforama, Media Markt, El Corte Inglés and Forum Sport and a range of international brands such as Adidas and Reebok, Nike, Skechers, Levis, Puma, Guess, Geox, Pepe Jeans, Calvin Klein and Tommy Hilfiger. An adjoining hypermarket, also owned by Lar España, is occupied by Mercadona.

Recently, the shopping centre's has undergone a full-scale refurbishment. With its fresh look and new spaces, the shopping centre has attracted new leisure operators such as On Gravity and Zero Latency. The leisure and dining zone has also attracted leading operators such as Muerde La Pasta, Burger King, Ribs, Tagliatella, Foodo and Juguettos and offers an 11-screen cinema operated by Yelmo, which draws in more than 400,000 filmgoers per year.

Parque Abadía and Commercial Gallery

On 27 March 2017, the Issuer acquired 81% of a retail park, Parque Abadía, in Toledo, and, on 20 February 2018, the Issuer acquired the retail park's shopping centre. At 31 December 2020, the retail park had a GLA of 43,109 square metres. Easily accessed and the go-to retail park in the region, Parque Abadía attracts people from Toledo and the surrounding provinces. The retail park has a catchment area of over 300,000 people who live within just half an hour's drive of the retail park, which is located on the Madrid-Toledo motorway, ten minutes from the capital. The retail park is the largest in Castilla-La Mancha and the most popular in its catchment area due to its retail mix, premium quality and size. The retail park has an extensive retail offering, with over 50 stores. This offering is complemented by the wide variety of products on offer at the Alcampo Hypermarket, Petrol Station and Pharmacy.

Rivas Futura

On 6 February 2018, the Issuer acquired 75% of a retail complex, Rivas Futura, in the municipality of Rivas, just ten minutes from central Madrid, in the metropolitan area's fastest-growing location. At 31 December 2020, the retail complex had a GLA of 36,447 square metres. The retail complex has excellent road connections, with easy access to the M-30, M-40, M-45 and M-50 motorways and to Calle de O'Donnell, one of the city's main arterial roads. A metro station (line 9) and numerous bus routes running from Madrid provide further transport options. The retail park is the third-largest retail complex in Madrid and the ninth-largest in Spain. Almost 400,000 people live within a 20-minute radius of the site. Rivas Futura has an extensive retail offering including big-name brands such as El Corte Inglés, Media Markt, Conforama, Maison du Monde, Kiabi and Norauto.

VidaNova Parc

On 3 August 2015, the Issuer, through its wholly-owned subsidiary Global Regimonte, S.L., entered into an agreement with Actividades Integradas Urbanísticas, S.L., Urban Developer of the PAI (Plan de Actuación Individualizado) for Macrosector-IV and the adjoining PGOU (Plan General de Ordenación Urbana) relating to Sagunto, for the acquisition of a 120,000 square metre land plot in Macrosector-IV in Sagunto, Valencian Community, on which a retail complex was developed and opened its doors for the first time in 2018. Vida Nova Parc was the largest retail park launched in Spain during that year. At 31 December 2020, the retail park had a GLA of 45,568 square metres. The retail park is located in a prized location in a rapidly developing area geared towards tourism and industry, with more than 250,000 people living within its catchment area. The retail park comprises a supermarket and a retail arcade with fashion and service stores. It also includes offering stores that specialise in sports, DIY, decoration, homeware, toys, leisure and entertainment and fashion. Some of the main tenants of the park are Leroy Merlin, Decathlon, Yelmo Cines, Urban Planet, C&A and Worten.

Vistahermosa

On 16 June 2016, the Issuer, through a wholly-owned subsidiary, acquired the retail park, Parque Vistahermosa, located in Alicante. Grupo Lar has been the asset manager of this retail complex since 2014 and owns a 3.5% non-controlling stake in the seller. At 31 December 2020, the retail park had a GLA of 33,763 square metres.

Vistahermosa benefits from its strategic location, located along one of the three main roads in Alicante and has a large catchment area of approximately 450,000 people. The retail park is the only retail park in Alicante and has retailers that cannot be found at other shopping centres in Alicante and significant repositioning potential.

Top tenants

The Issuer's top ten tenants and the percentage that their rent represents both as a proportion of the Issuer's total rental income for the year ended 31 December 2020 (based on their contribution to the revenues of the Issuer during such period) and as a proportion of the Issuer's total GLA are detailed below:

Top 10 Tenants						
As of Dec-20 ⁽¹⁾						
		% GLA	% Accumulated GLA	% GRI	% Accumulated GRI	# Units
1	INDITEX	7.9%	7.9%	7.2%	7.2%	49
2	Carrefour	6.2%	14.1%	5.3%	12.5%	4
3	MediaMarkt	4.3%	18.4%	4.0%	16.5%	6
4	LEROMERLIN	3.2%	21.6%	2.8%	19.3%	2
5	CORTEFIEL	1.9%	23.5%	2.6%	21.9%	27
6	DECATHLON	2.8%	26.3%	2.5%	24.4%	3
7	MERCADONA	2.7%	29.0%	2.3%	26.7%	4
8	Alcampo	3.2%	32.2%	2.1%	28.8%	3
9	Conforama	3.2%	35.4%	2.0%	30.8%	3
10	Urban Planet	2.0%	37.4%	2.0%	32.8%	4
TOTAL TOP 10		37.4%	37.4%	32.8%	32.8%	105

Note:
1. Pro-forma for the 22 Eroski supermarkets portfolio disposal in February 2021

Exclusivity and co-investment rights and conflicts of interest

In accordance with the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, subject to certain exceptions, the Investment Manager has agreed to allocate the Issuer's real estate investments across Spain among retail properties. Should the Issuer resolve to invest in logistics and other types of properties (which shall occur on a case-by-case basis), the Investment Manager's services shall extend to such properties.

In addition, the agreed terms of the Renewed Investment Manager Agreement will include different non-compete provisions that will depend on the catchment area of each of the assets owned by the Issuer and a preferential acquisition right for the Issuer in connection with potential acquisitions of assets in Spain. The non-compete agreement is intended to provide exclusivity within a specific catchment area of each of the assets owned by the Issuer and for its benefit, which will vary as a function of each asset's type of activity (shopping centre, leisure, retail park or factory outlet). If the Issuer acquires a new asset, the exclusivity restriction will apply to all types of assets within a 75 kilometre radius of such asset, unless agreed otherwise. In addition, the Investment Manager will be contractually required to present to the Issuer the opportunity to carry out any potential acquisition of a shopping centre or retail park (existing or in development) within Spain, whenever the corresponding asset meets the investment criteria included in the Issuer's business plan.

In addition, the Issuer expects that there will be conflicts of interest among the Investment Manager and the Issuer, specifically regarding the Investment Manager's wholly-owned subsidiary Gentalia. These conflicts may include:

- Shared legal counsel: Although as of the date of this Offering Memorandum it is not common practice, the Issuer and the Investment Manager may engage common legal counsel in transactions in which both are participating, including transactions in which they may have conflicting interests; and
- Competition for tenants: the Investment Manager, through its wholly-owned subsidiary Gentalia, could be under conflict of interest situations as a result of the provision of property

management services to third parties by Gentalia. See “—*The Investment Manager’s ownership of Gentalia could give rise to a potential conflict of interest with the Issuer*”.

However, under the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement, the Investment Manager and the Investment Manager Affiliates may only carry out investments in retail properties and, on a selective basis, on logistic properties, provided that such investment or investments do not exceed €2 million in aggregate during the term of the relevant investment manager agreement or are waived by the Board of Directors. In addition, the agreed terms of the Renewed Investment Manager Agreement provide for the abovementioned exclusivity restrictions applying to all types of assets within a 75 kilometre radius of the assets acquired by the Issuer, unless agreed otherwise.

Furthermore, the Renewed Investment Manager Agreement is expected to include provisions to ensure that the appropriate measures and mechanisms remain in place so as to avoid Gentalia abusing its position as property manager for other clients or otherwise resulting in the Issuer being negatively impacted by the actions of Gentalia. The above shall also be covered under the related-party regime established by the Spanish Companies Act, pursuant to which any such transactions shall be reported by the Audit and Control Committee (as defined below) and approved by the Board of Directors or by the Issuer’s general shareholders’ meeting and, where such approval has been delegated, shall be approved by such delegated bodies or persons and supervised by the Audit and Control Committee.

In addition, a member of the Management Team sits on the Issuer’s Board of Directors.

Moreover, conflicts of interest could arise as a result of the provision of property management services by Gentalia to the Issuer. See “*Risk Factors—Risks relating to the external management of the Issuer—The Investment Manager’s ownership of Gentalia could give rise to a potential conflict of interest with the Issuer*”.

Investment Manager Agreements

On 8 June 2021, the Issuer and Grupo Lar agreed on the main terms and conditions to renew the Current Investment Manager Agreement entered into on 12 February 2014, as amended on 19 February 2018, which was set to expire on 1 January 2022. Such main terms and conditions will be duly reflected in the Renewed Investment Manager Agreement to be entered into by the Issuer and Grupo Lar, which will have a term of five years starting as of 1 January 2022. As shown in the below chart, pursuant to the terms of the Renewed Investment Manager Agreement, the annual base fee will be equal to 0.62% over the NAV. The annual performance fee, payable when the annual increase in the Issuer’s EPRA NAV exceeds 8.5%, will be calculated as a rate of 10% based on growth in NAV per share and the evolution of the Issuer’s share price and be limited to a maximum amount of 1.5 times the annual base fee. In addition, there will be a new additional variable fee for those cases in which the Issuer undertakes asset developments or extensions of its current assets, calculated as 4% of the Issuer’s all-in costs (capital expenditures excluding land) below or up to €40 million and 3% for all-in costs above €40 million.

Fee scheme	Current Investment Manager Agreement	Renewed Investment Manager Agreement
Annual base fee	<p>The higher of:</p> <ul style="list-style-type: none"> The sum of: <ul style="list-style-type: none"> 1.00% of the portion of EPRA NAV (excl. net cash) < €1 billion 0.75% of the portion of EPRA NAV (excl. net cash) > €1 billion €2 million 	0.62% of EPRA NAV (excluding net cash)

Annual performance fee	<p>Based on a combination of NAV Shareholder Return Outperformance and market capitalization (“MC”) Shareholder Return Outperformance, defined as the annual change in NAV⁽¹⁾ and MC⁽¹⁾ in excess of 10%</p> <p>Promote equal to the lesser of:</p> <ul style="list-style-type: none"> • The sum of: <ul style="list-style-type: none"> – 16% of the NAV Shareholder Return Outperformance in excess of 10% of the EPRA NAV at the end of the previous financial year; and – 4% of the MC Shareholder Return Outperformance in excess of 10% of the MC at the end of the previous financial year; and • 20% of the High Water Mark Outperformance⁽²⁾ <p>Performance fee capped at 3.0% of EPRA NAV at the end of the previous year</p>	<p>Based on a combination of NAV Shareholder Return Outperformance and MC Shareholder Return Outperformance, defined as the annual change in NAV⁽¹⁾ and MC⁽¹⁾ in excess of 8.5% from 2022 onwards</p> <p>Promote equal to the lesser of:</p> <ul style="list-style-type: none"> • The sum of: <ul style="list-style-type: none"> – 8% of the NAV Shareholder Return Outperformance in excess of 10% of the EPRA NAV at the end of the previous financial year; and – 2% of the MC Shareholder Return Outperformance in excess of 10% of the MC at the end of the previous financial year; and • 10% of the High Water Mark Outperformance <p>Performance fee capped at 1.5 times the annual base fee</p>
New additional variable fee for special actions	N/A	<p>For those cases in which the Issuer undertakes asset developments or extensions of its current assets, there would be a new additional variable fee as a percentage of their all in cost (CAPEX excluding land)</p> <p>The applicable percentage will be:</p> <ul style="list-style-type: none"> • 4% of all in costs below or up to €40 million; and • 3% of all in costs above €40 million <p>Refurbishments will not give rise to variable fee and will be covered by the base fee</p>

(1) At year end, adjusted for the net proceeds of any share issuance, plus distributions over the year.

(2) Meaning the amount of millions of euro by which adjusted EPRA NAV at the end of the year exceeds the Relevant High Water Mark, being the adjusted EPRA NAV plus distributions since the end of the most recent year when a performance fee was paid.

This Offering Memorandum includes a description of the main terms and conditions of the Renewed Investment Manager Agreement, as approved on 8 June 2021. Any relevant changes to the agreed terms and conditions, as well as any relevant difference between the Renewed Investment Manager Agreement that is finally entered into by the Issuer and the Investment Manager and the description included in this Offering Memorandum, will be duly communicated to the market by the Issuer.

Set forth below is a detailed description of the Investment Manager and Management Team’s undertakings under both the Current Investment Manager Agreement and the agreed terms of the Renewed Investment Manager Agreement.

Exclusivity in Commercial Property with respect to Investment Manager

The Investment Manager has agreed that, during the term of the Current Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own

behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the investment strategy of the Issuer (except for the following investments (each an “**Exception**”) which are expressly permitted: (A) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Current Investment Manager Agreement (or such a higher amount, if any, approved by the Issuer’s Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Issuer following their undertaking, and (B) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Issuer, for Commercial Property in Spain which is within the parameters of the investment strategy of the Issuer. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement.

Notwithstanding, this exclusivity shall not apply:

- (a) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Current Investment Manager Agreement (i.e., 12 February 2014, which term shall also apply to the Renewed Investment Manager Agreement). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Issuer, in each such case provided that (i) it is done pursuant to a then existing agreement which in each case was in place with the Investment Manager or such Investment Manager Affiliate at the date of the Current Investment Manager Agreement (which term shall also apply to the Renewed Investment Manager Agreement), or (ii) such work relates to real estate properties which are subject to such an existing agreement.
- (b) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties held by the Investment Manager or an Investment Manager Affiliate as of the date of the Current Investment Manager Agreement (i.e., 12 February 2014, which term shall also apply to the Renewed Investment Manager Agreement), or which are or have been acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Current Investment Manager Agreement in accordance with its terms (or, upon its entry into force, those of the Renewed Investment Manager Agreement);
- (c) following the passage of a resolution of the Issuer’s general shareholders’ meeting to discontinue the investment strategy of the Issuer, cease the business and operations of the Issuer, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Issuer; or
- (d) following the service by the Investment Manager of notice of termination of the Current Investment Manager Agreement or, upon its entry into force, the Renewed Investment Manager Agreement, due to a winding up event, an insolvency or court protection event or other similar event affecting the Issuer or an unremedied breach by the Issuer of a material term thereof.

Commitment by members of Management Team

Pursuant to the respective commitment letters entered into by the members of the Management Team in accordance with the Current Investment Manager Agreement or, upon its entry into force, the Renewed Investment Manager Agreement, if any member of the Management Team identifies an investment opportunity which fits within the investment strategy of the Issuer (each such opportunity, a “**Management Team Investment Opportunity**”) in which such member of the Management Team or a person that is controlled by such member of the Management Team (excluding the Investment Manager or any Investment Manager Affiliate which is a corporation) (a “**Controlled Person**”), whether directly or indirectly, intends to participate, such member of the Management Team shall, before proceeding to effect such participation or the acquisition of the property which is the subject of that Management Team Investment Opportunity, give notice in writing of such opportunity to the individual reporting to the Board of Directors and appointed by the Issuer to act as its corporate manager and offer the Issuer the full stake available to him, her or the Controlled Person (as the case may be) in the Management Team Investment Opportunity. These commitments are subject to certain exceptions and shall end on the earlier

of: (i) the date of termination of the Current Investment Manager Agreement or, upon its entry into force, the Renewed Investment Manager Agreement; (ii) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (iii) the date on which a resolution is passed to cease the business and operations of the Issuer.

Conflicts of interest with respect to the Investment Manager

Pursuant to the Current Investment Manager Agreement, the Investment Manager shall not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Issuer or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property.

In addition, the Issuer shall not, during the term of the Current Investment Manager Agreement, sell, transfer or lease assets or properties to the Investment Manager, unless approved by the Issuer's Board of Directors.

The Investment Manager shall disclose in writing to the Issuer any actual or potential conflicts of interests which it and/or any of the Investment Manager Affiliates have or may have from time to time, subject to any obligations of confidentiality to which the Investment Manager is contractually bound.

For the avoidance of doubt, these provisions are expected to remain unchanged in the Renewed Investment Manager Agreement.

Anchor Investor rights

Anchor Investor's right of first offer with respect to certain Commercial Property investments undertaken by the Issuer

If the Issuer seeks or intends to seek equity capital from one or more third parties in connection with any Commercial Property investment under consideration by the Issuer in Spain (a "**Commercial Property Co-Investment Opportunity**"), the Issuer shall in good faith provide LVS Lux XII S.à r.l. (a Luxembourg law governed entity having Pacific Investment Management Issuer LLC (PIMCO) as investment adviser), which held 20.7% of the share capital of the Issuer as of 31 December 2020 (the "**Anchor Investor**") or any entity in its group named by the Anchor Investor (any of them, an "**Anchor Investor Entity**") with a right of first offer to participate together with the Issuer in any such investment, except in certain cases where the Commercial Property Co-Investment Opportunity is offered by a third party investor to the Issuer. In connection with each applicable Commercial Property Co-Investment Opportunity (i) the Issuer shall offer to the Anchor Investor Entity the full stake in the relevant Commercial Property Investment for which the Issuer is seeking a co-investor and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Issuer (but not less than such stake) in the relevant Commercial Property investment.

Reciprocity obligations of Anchor Investor and right of first offer of Investment Manager

The Anchor Investor has agreed not to compete, directly or through any member of its group, with the Issuer or the Investment Manager in competitive processes (including offerings for sale or tenure through an expression of interest, public lot draws, public auctions, requests for offers to purchase or requests for proposals) in respect of Commercial Property investments in Spain, but rather partner with the Issuer and the Investment Manager, upon its entry into force, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Issuer or the Investment Manager is impossible or inadvisable.

In addition, the Anchor Investor has agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property investment only where management services of the type set out in the Current Investment Manager Agreement or, upon entering into force, the Renewed Investment Manager Agreement, are expected to be provided in relation to such opportunity which is being considered by the Anchor Investor group in Spain (an "**Anchor Investor Co-Investment Opportunity**"). The Anchor Investor has acknowledged and agreed that the Investment Manager may be required to offer all or part of the participation in any such Anchor Investor Co-Investment Opportunity to the Issuer pursuant to the terms of the Current Investment Manager Agreement or, when applicable, the Renewed Investment Manager Agreement, in which case the Issuer shall also have the right to participate in such investment opportunity in accordance with the terms of the Anchor Investor

Subscription Agreement. In connection with each Anchor Investor Co-Investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Issuer (if applicable) is not possible or not advisable. There is no requirement that any co-investment opportunity offered by the Anchor Investor to the Investment Manager will be consistent with the investment strategy of the Issuer.

These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement.

Dividend policy

The Issuer intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution and reflects the Issuer's view on the outlook for sustainable recurring earnings. The Issuer will not create reserves that are not available for distribution to its shareholders other than those required by law. The Issuer intends to pay dividends when the Board considers it appropriate. However, under the Spanish SOCIMI Regime, the Issuer is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of:

- (a) at least 50% of the profits derived from the transfer of real estate properties and shares in (i) Spanish SOCIMIs, (ii) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI, and (iii) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Law (jointly, "**Qualifying Subsidiaries**") and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed;
- (b) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and
- (c) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities).

If the relevant dividend distribution resolution is not adopted in a timely manner, the Issuer would lose its SOCIMI status in respect of the year to which the dividends relate.

Structure as a Spanish SOCIMI

As a Spanish SOCIMI, the Issuer has a tax efficient corporate structure with the consequences for shareholders described in "*Taxation*."

Provided that certain conditions and tests are satisfied, as a Spanish SOCIMI, the Issuer will not pay Spanish corporate taxes on most of the profits deriving from its activities. These conditions and tests are further discussed in "*Taxation*."

Share Capital and Significant Shareholders

At the date of this Offering Memorandum, the issued share capital of the Issuer consists of €175,267,460 divided into a single series of 87,633,730 shares in registered book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid.

The Issuer has no convertible or exchangeable debt securities in issue.

Insofar as the Issuer is aware, and according to the information included in the most recent mandatory significant shareholding reports filed by Issuer's shareholders pursuant to the applicable regulations and available at the website of the CNMV at 12 July 2021, the name of each person who, directly or indirectly, holds an interest in the Issuer's share capital of more than 3%, together with the amount of such person's interest and years invested in the Issuer, set out below:

Name	% of share capital	Investor since (year)
LVS II Lux XII S.à r.l. ⁽¹⁾	20.7%	2014
Grupo Lar Inversiones Inmobiliarias, S.A.	11.2%	2014
Santa Lucía S.A. Cía. de Seguros	5.2%	2015
Brandes Investment Partners, L.P.	5.0%	2016
Blackrock Inc.	3.7%	2015
Adamsville, S.L.	3.0%	2020

⁽¹⁾ Luxembourg law governed entity having Pacific Investment Management Issuer LLC (PIMCO) as investment adviser.

The above listed shareholders do not have different voting rights than those corresponding to the Issuer's ordinary shares. The Issuer is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over it as at the date of this Offering Memorandum.

Corporate Governance

Board of Directors

Composition

The business of the Issuer is managed by the Directors, each of whose business address is Calle de María de Molina 39, 28006 Madrid, Spain.

The members of the issuer's Board of Directors and their positions are as follows:

Name	Position	Date of last appointment appointed	Date of expiration
Mr. Jose Luis del Valle	Non-Executive Independent Chairman	17 March 2020	17 March 2023
Mr. Alec Emmott	Non-Executive Independent Director	17 March 2020	17 March 2023
Mr. Roger M. Cooke	Non-Executive Independent Director	17 March 2020	17 March 2023
Ms. Isabel Aguilera	Non-Executive Independent Director	22 April 2021	22 April 2024
Ms. Leticia Iglesias	Non-Executive Independent Director	25 April 2019	25 April 2022
Mr. Miguel Pereda	Non-Executive Proprietary Director	17 March 2020	17 March 2023
Mr. Laurent Luccioni	Non-Executive Proprietary Director	17 March 2020	17 March 2023

There are no Executive Directors of the Issuer. The (non-Director) Secretary of the Board of Directors is Mr. Juan Gómez-Acebo and the (non-Director) Vice-secretary is Ms. Susana Guerrero Trevijano.

Brief biographical details of the Directors, all of whom are non-executive, are as follows:

Mr. Jose Luis del Valle

Mr. José Luis del Valle has extensive experience in the banking and energy sector. From 1988 to 2002 he held various positions with Banco Santander, one of the most relevant financial entities in Spain. In 1999 he was appointed Senior Executive Vice President and chief financial officer (“CFO”) of the bank (1999-2002). Subsequently he was Chief Strategy and Development Officer of Iberdrola, one of the main Spanish energy companies (2002-2008), chief executive officer (“CEO”) of Scottish Power (2007-2008), Chief Strategy and Research Officer of Iberdrola (2008-2010) and Adviser to the Chairman of the aero-generator manufacturer Gamesa (2011-2012). Currently, Mr. del Valle is WiZink Bank Administration Board Chairman; Director of the insurance group Ocaso and Director of the Instituto de Consejeros-Administradores. Mr. José Luis del Valle is a Mining Engineer from Universidad Politécnica (Madrid, Spain), number one of his class, Master of Science and Nuclear Engineer from the Massachusetts Institute of Technology (Cambridge, USA). Furthermore, Mr. del Valle holds an MBA with High Distinction from Harvard Business School (Boston, USA).

Mr. Alec Emmott

Mr. Alec Emmott has an extensive professional career in the listed and unlisted real estate sector in Europe and resides in Paris. He worked as CEO of Société Foncière Lyonnaise (SFL) between 1997 and 2007, and subsequently as senior adviser to SFL until 2012. He is currently the Principal of Europroperty Consulting, and since 2011, is a Director of CeGeREAL S.A. (representing Europroperty Consulting). He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II). He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. Mr. Emmott holds an MA from Trinity College (Cambridge, UK). He has built an extensive career in the real estate sector in Europe, having worked at listed and unlisted companies. He resides in Paris. He worked as CEO of Société Foncière Lyonnaise (SFL) between 1997 and 2007 and later as executive adviser to SFL until 2012. He is currently Director of Europroperty Consulting, and has been a Director of CeGeREAL S.A. (where he represents Europroperty Consulting) since 2011. He is also a member of the advisory committee of Weinberg Real Estate Partners (WREP I/II), Cityhold AP and MITSUI FUDOSAN. He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. He holds an MA from Trinity College (Cambridge, UK).

Mr. Roger M. Cooke

Mr. Roger M. Cooke is an experienced professional with more than 30 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as CEO of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector.

In the 2017 New Year’s honours’ list, Mr. Cooke was awarded an MBE for his services to British businesses in Spain and to Anglo-Spanish trade and investment.

Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Until May 2016, he was the President of the British Chamber of Commerce in Spain. Since September 2017, Mr. Roger Cooke has been Chairman of the Editorial Board of Iberian Property and since January 2020, he has been RICS Chairman in Spain.

Ms. Isabel Aguilera

Ms. Isabel Aguilera has worked for various companies in diverse sectors. She served as President for Spain and Portugal at General Electric, General Manager for Spain and Portugal at Google, Chief Operating Officer at NH Hoteles Group, CEO for Spain, Italy and Portugal at Dell Computer Corporation and member of the board of directors at different companies such as Indra Sistemas, Banco Mare Nostrum, Aegon Spain, Laureate Inc., Egasa Group and HPS (Hightech Payment Systems). Mrs. Isabel is currently a member of the Board of Directors at Cemex Group, Oryzon Genomics, Clínica Baviera, Making Science and Canal de Isabel II.

Mrs. Isabel has a degree in Architecture and Urbanism from the Escuela Técnica Superior de Arquitectura of Seville, a master’s degree in Commercial and Marketing Management from IE, and completed the General Management Programme at IESE and the Executive Management of Leading Companies and Institutions Programme at San Telmo Institute. Mrs. Isabel is currently Associate Professor at ESADE and Strategy and Innovation Consultant.

Ms. Leticia Iglesias

Ms. Leticia Iglesias has extensive experience in both the regulation and supervision of securities markets and in financial services. She started her professional career in 1987, in the audit division of Arthur Andersen. Then from 1989 to 2007 she worked at the Securities Exchange Commission of Spain. From 2007 to 2013 she was CEO of the Spanish Institute of Chartered Accountants (ICJCE). Additionally from 2013 to 2017 she was an independent member of the Board of Directors at BMN, member of the Executive Committee, Chair of the Global Risk Committee and member of the Audit Committee. From 2017 to 2018, she was an independent member of Board of Directors at Abanca Services and Chair of the Audit and Risk Committee. Since May 2018, she has been an independent member of the Board of Directors of Abanca Bank, Chair of the Audit and Compliance Committee, member of the Global Risk Committee. Since April 2019 is Independent Director and Chair of the Audit and Control Committee at AENA SME, S.A. and, since April 2021, Member of its Sustainability and Climate Change Commission. Likewise, since October 22th 2020, She has been an Independent Director and member of the Audit Committee of ACERINOX S.A.

Ms. Leticia has a degree in Economics and Business Studies from Universidad Pontificia Comillas (ICADE) and is member of the Official Registry of Auditors of Spain (ROAC), PRODIS Foundation Special Employment Center Patron, as well as ICADE Business Club Board member.

Mr. Miguel Pereda

Mr. Pereda has more than 25 years of experience in the real estate sector. He is Co-Chairman and shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., and before this, he was CEO of Lar Grosvenor for 6 years. In 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

Miguel also is the sole director of Fomento del Entorno Natural, S.L, chairman of Villamagna, S.A., a company belonging to the Grosvenor Group (as person representing Fomento del Entono Natural S.L.), and he is also chairman of the Altamira Lar Foundation.

He has a degree in business administration from the Universidad Complutense (Madrid, Spain), and an MBA from the Instituto de Empresa (IE). He participated in the Breakthrough programme for Senior Executives at the IMD, has a masters in tax from ICADE and participated in the Real Estate Management Programme at Harvard University.

Mr. Laurent Luccioni

Mr. Luccioni has over 18-years' experience in the investment and financial services sector. He is currently Senior Adviser at PIMCO in Europe. Until the end of 2019 held the position of managing director and portfolio manager at PIMCO's London Office, where he oversaw the European commercial real estate team.

Prior to joining PIMCO in 2013, he was the European CEO for MGPA, the Macquarie-backed private equity real estate investment advisory company. Additionally, he worked with Cherokee Investment Partners in London. Laurent currently sits on the Board of Directors for Carmila SAS.

He holds an MBA from Kellogg School of Management at Northwestern University, and a doctorate in civil and environmental engineering from the University of California, Berkeley.

Under the By-Laws, Directors are appointed for a term of three years, which may be renewed by shareholders. Directors holding office for a consecutive period of more than 12 years, however, cannot qualify as independent Directors.

There are no family relationships between any of the Directors or other relationships, as set out in the Ministerial Order ECC/461/2013 of 20 March, which could be perceived to compromise the independence of Mr. Jose Luis del Valle, Mr. Alec Emmott, Mr. Roger M. Cooke, Ms. Isabel Aguilera and Ms. Leticia Iglesias. Mr. Miguel Pereda is the Investment Manager's nominee pursuant to the Current Investment Manager Agreement (which is expected to remain unchanged in the Renewed Current Investment Manager Agreement) and Mr. Laurent Luccioni is the proprietary director of LVS II Lux XII S.à r.l.

Board regulations

The Spanish Companies Act provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning the business of the

company, subject to the provisions of the company's by-laws and the powers conferred by shareholders' resolutions.

The By-Laws and the regulations of the Board of Directors (the "**Regulations of the Board of Directors**") provide for a Board of Directors consisting of between five and 15 members. Directors are elected by the shareholders to serve for a term of three years and may be re-elected to serve for an unlimited number of terms (this notwithstanding, Directors holding office for a consecutive period of more than 12 years cannot qualify as independent Directors). A Director may resign or be removed from office at the recommendation of the Board of Directors at a general meeting of shareholders. However, the Board of Directors of the Issuer can only make such recommendation in the case of an independent Director if it is a "for cause dismissal" where, for example, a Director has breached an applicable corporate governance recommendation or has not fulfilled his or her duties or when he/she no longer complies with the definition of independent Director.

As at the date of this Offering Memorandum, there are seven Directors on the Board, all of whom are non-executive Directors. Mr. Jose Luis del Valle (the Chairman), Mr. Alec Emmott, Mr. Roger M. Cooke, Ms. Isabel Aguilera and Ms. Leticia Iglesias are each considered independent pursuant to the Spanish Companies Act and the Ministerial Order ECC/461/2013. Mr. Miguel Pereda is not considered to be independent as he is the Investment Manager's nominee pursuant to the Current Investment Manager Agreement. Pursuant to the Current Investment Manager Agreement, the Investment Manager is entitled to nominate one person as a non-executive Director of the Issuer, without prejudice of any right of the Investment Manager to appoint or request the appointment of members of the Board of Directors in its capacity as shareholder of the Issuer (in particular, pursuant to the proportional representation right) in accordance with applicable law and regulations and the Issuer's by-laws. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement. In addition, Mr. Laurent Luccioni is not considered to be independent as he has been nominated and appointed as the proprietary director of LVS II Lux XII S.à r.l.

The Board of Directors of the Issuer is responsible for the management and establishes the strategic, accounting, organisational and financing policies of the Issuer. The By-Laws provide that the Chairman of the Board of Directors shall be elected from among the members of the Board of Directors by the members of the Board. The Board of Directors appoints the senior management team and the authorised signatories and supervises the operations of the Issuer. Moreover, the Board of Directors is entrusted with preparing shareholders' meetings and carrying out their resolutions.

The Directors are also responsible for the determination of the investment policy of the Issuer and have overall responsibility for overseeing the performance of the Investment Manager and the Issuer's activities. The Issuer has entered into the Current Investment Manager Agreement with the Investment Manager (which is expected to be novated upon execution of the Renewed Investment Manager Agreement), pursuant to which, among other things, the Investment Manager is required to produce a business execution plan, the Business Plan, each year for the Issuer setting forth the Investment Manager's strategy for the provision of its services under the Current Investment Manager Agreement and the management of the properties held or acquired by the Issuer. The Investment Manager has full discretionary authority to enter into transactions for and on behalf of the Issuer subject to certain matters which require the consent of the Board. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement.

The By-Laws and the Regulations of the Board of Directors provide that the Board of Directors of the Issuer shall meet as frequently as necessary to effectively execute its duties and whenever its Chairman deems appropriate. In addition, the Board of Directors must meet when required to do so by a Director representing at least one third of its members. The By-Laws provide that a majority of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) constitutes a quorum. Resolutions of the Board of Directors are passed by a majority of the Directors present or represented at a Board meeting unless otherwise indicated in applicable laws or the By-Laws or the Regulations of the Board of Directors.

According to the Regulations of the Board of Directors, the Board shall meet at least eight times in each calendar year and all Directors are to be given full and timely access to the information necessary to assist them in the performance of their duties. In the year ended 31 December 2020, the Board held 11 meetings. As a general rule, an agenda and Board papers are circulated to the Directors in advance of Board meetings to allow them an adequate opportunity for review and preparation for Board meetings. The Secretary of the Board will be responsible for ensuring Board procedures are followed and all Directors have access to his advice and services. Where they judge it appropriate, all Directors shall have access to independent professional advice at the expense of the Issuer.

Any Director co-opted to the Board by the Directors will be subject to election by the shareholders at the first annual general meeting after his/her appointment and, pursuant to the By-Laws, all Directors will be subject to dismissal decision each year at the annual general meeting of the Issuer.

The Investment Manager is entitled to require the Board of Directors to propose to the general shareholder's meeting to remove or replace any such person whom it has nominated as a member of the Board, provided that in the case of any such removal, the Investment Manager shall indemnify and hold harmless the Issuer (and any member of its group) against any and all costs, losses, liabilities and/or expenses suffered by the relevant company in connection with such removal.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of shareholders and considerable importance will be given to communicating with shareholders and other stakeholders. Regular contact will be kept with institutional investors and other stakeholders and presentations will be given by members of the Management Team on the release of the Issuer's annual and interim results.

Pursuant to the Current Investment Manager Agreement, the Chairman of the Board of Directors shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board of Directors and the Investment Manager shall procure that the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. These provisions are expected to remain unchanged in the Renewed Investment Manager Agreement. The Issuer's By-Laws and the Board of Directors' regulations shall permit and regulate such attendance commitment.

Directors are expected to attend all Board meetings and the general shareholders' meeting of the Issuer.

Board Committees of the Issuer

Pursuant to the By-Laws, the Board of Directors will establish an audit and control committee (the "**Audit and Control Committee**"), and an appointments, remunerations and sustainability committee (the "**Appointments, Remunerations and Sustainability Committee**"). All members of the Audit and Control Committee and of the Appointments, Remunerations and Sustainability Committee must be non-executive Directors, but they are not required to be independent Directors except as described below.

Audit and Control Committee

The Audit and Control Committee is responsible, among others, for:

- overseeing the elaboration and presentation of all required financial and non-financial information, including, among others, reporting to the general shareholders' meeting on financial issues, supervising the auditing process and fulfilling the Issuer's financial obligations;
- responding to any questions that shareholders at general meetings may have in relation to the responsibilities of the Audit and Control Committee;
- submitting to the Board the proposals for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process, in accordance with the applicable rules and regulations, and performing other functions related to the Issuer's external audit activity;
- liaising with the auditors in order to become aware of any factor which may affect the auditor's independence, and any other factors arising out of the audit process, and any other communications with the auditors required by law or by relevant regulations. In any case, the Audit and Control Committee must receive an annual confirmation of independence from the Issuer's auditors and from the auditors of any related entities, as well as details of any services rendered by the auditors or any related parties to these entities;
- supervising the Issuer's and its group's risk management and control function, as well as its information systems; in addition, supervising the internal audits and ensuring (i) that the internal audit function is appropriately overseeing the functioning of information and internal control systems, and (ii) that it is and remains independent. Also, receiving information on the activities performed by the risk management and control function and assessing annually its functioning, among others;

- ensuring the proper functioning of the Issuer's technological, cybersecurity and IT services, evaluating their effectiveness and, in particular, reviewing them in order for the main risks related thereto to be properly identified, managed and disclosed;
- supervising and evaluating the preparation and the integrity of the financial and non-financial information of the Company and, where appropriate, the Group, checking the fulfilment of legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles and, in particular, being aware of, understanding and monitoring the effectiveness of the internal control over financial reporting system ("ICFR");
- regarding the Issuer's corporate governance obligations, supervising that the Issuer complies with (i) its obligations as a listed company, including its duty to publish an annual report before annual accounts are published setting out the committee's views on the auditor's independence, (ii) anti-money laundering undertakings and compliance, and (iii) the provisions applicable to the Issuer as an entity under the SOCIMI Law. Commenting on any of the additional services detailed above;
- supervising the calculation of the fees to be paid to the Investment Manager;
- appointing and supervising the services provided by the external appraisers in connection with the valuation of the Issuer's real estate assets;
- informing and reporting on (i) the incorporation or acquisition of ownership interests in special purpose vehicles or entities residing in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group, and (ii) related-party transactions to be approved by the general shareholders' meeting or the Board of Directors, as applicable, as well as supervising the internal procedures that the Issuer has put in place when such approval has been delegated; and
- any other tasks attributed to it under the By-Laws or the Regulations of the Board of Directors or assigned to it by the Board of Directors of the Issuer.

The Audit and Control Committee must have a minimum of three and a maximum of five members, who are appointed by the Board of Directors following proposals from the Appointments, Remunerations and Sustainability Committee. Only external or non-executive Directors can form part of the Audit and Control Committee. The majority of the members must be independent and at least one of them must have been appointed because of his or her knowledge and experience on accounting, auditing or risk management matters. In addition, the Board shall endeavour to ensure that they have knowledge and experience in such other areas as may be appropriate for the overall performance of its duties, such as finance, internal control and technology. Members of the Audit and Control Committee serve for a term of up to three years and may be re-elected to serve for an unlimited number of terms of the same duration.

The chairman of the Audit and Control Committee can serve a term of up to three years, after which he or she may not be re-elected until a year after the end of that appointment. The role of secretary and vice-secretary of the Audit and Control Committee will be carried out by the Secretary and Vice-secretary of the Board of Directors, respectively.

In accordance with the By-Laws and the Regulations of the Board of Directors, the Audit and Control Committee will meet quarterly to review periodic financial information to be submitted to the relevant regulatory authorities as well as any information which the Board of Directors must approve to include in the annual accounts. Any member of the Audit and Control Committee can also request that a meeting be held.

The chairman of the Audit and Control Committee may also call a meeting, and he or she must do so upon the request of the Board of Directors or its Chairman, anytime it is necessary to approve a proposal, or when required to perform its role. A meeting of the Audit and Control Committee will be quorate if a majority of the members are present or represented, and resolutions will also be passed by a majority vote. The chairman of the Audit and Control Committee will have a casting vote.

Minutes of the meetings of the committee must be prepared and passed on to the Board of Directors.

The members of the Audit and Control Committee are Ms. Leticia Iglesias (Chair of the Committee), Mr. José Luis del Valle and Ms. Isabel Aguilera.

Appointments, Remunerations and Sustainability Committee

The Appointments, Remunerations and Sustainability Committee is responsible for:

- the composition of the Board and its committees including, among others, (i) setting out criteria for the composition of the management team of the Issuer and the selection of Directors and informing the Board of Directors of the Issuer in relation to gender diversity and qualifications of candidates, (ii) ensuring that, when there are vacancies or new directors are appointed, the selection procedures do not suffer from implicit biases or discrimination, (iii) propose to the Board the diversity policy thereof, (iv) annually verify that diversity in the Board composition is increased, (v) advising the Board on the most appropriate configuration thereof, (vi) annually verify the categories of directors, and (vii) inform or raise proposals regarding the appointment or removal of committee members;
- the appointment procedures for directors and senior managers, among others, (i) identifying potential candidates for their appointment as directors and submitting proposals or reports, as appropriate, to the Board, (ii) submitting to the Board of Directors proposals for appointment of independent directors, (iii) reporting at the request of the Chairman of the Board of Directors, on proposals for the appointment proposals of the remaining directors, as well as proposals for the re-election, and (iv) reporting on proposals relating to the appointment or removal of senior managers;
- the appointment of internal posts at the Board, among others, reporting on such proposals, including those for the Chairman and Vice chairman, as well as the Secretary and Vice secretary;
- carrying out the directors' evaluations
- reporting to the Board, and making proposals to the Board, regarding the potential removal of non-independent and independent directors, respectively, in the event of breach of their duties;
- presenting to the Board of Directors of the Issuer, at the request of the chairman of the Appointments, Remunerations and Sustainability Committee, any proposals concerning remuneration policies affecting the senior management team and the basic conditions of their contracts, as well as carrying out other functions related to the remuneration of directors and senior managers;
- environmental and social functions including, among others, (i) supervising that the environmental and social practices of the Issuer comply with its strategy and policy, and reporting to the relevant corporate bodies, (ii) evaluating and periodically assessing the sustainability policy so that it promotes the Issuer's corporate interest and takes into consideration the legitimate interests of stakeholders, and assessing the degree of compliance therewith, and (iii) supervising relationships with other stakeholders; and
- any other tasks attributed to it under the By-Laws or the Internal Regulations or assigned to it by the Board of Directors of the Issuer.

The Appointments, Remunerations and Sustainability Committee must have a minimum of three and a maximum of five members. The members will be external or non-executive Directors, appointed by the Board of Directors following recommendations from the Chairman of the Board of Directors. The majority of its members should be independent Directors. At the date of this Offering Memorandum, two of the four members of the Appointments, Remunerations and Sustainability Committee are independent directors. However, in order to ensure its independence, the Chairman of the Appointments, Remunerations and Sustainability Committee, who is an independent director, has a casting vote.

Directors who are members to the Appointments, Remunerations and Sustainability Committee will carry out their role while they still hold the position of Director, unless otherwise agreed by the Board of Directors.

The re-appointment, re-election or termination of the appointment of a member of the Appointments, Remunerations and Sustainability Committee will be in accordance with what was agreed by the Board of Directors.

The members of the Appointments, Remunerations and Sustainability Committee will have the appropriate knowledge, aptitudes and experience for the functions they are called on to perform, without prejudice to also seeking to promote diversity within the Appointments, Remunerations and Sustainability Committee. Accordingly, the Board will (i) endeavour to ensure that the members of the Appointments, Remunerations and Sustainability Committee, as a whole, are appointed taking into account their knowledge of and experience in fields such as human resources, selection of directors and senior managers and design of remuneration policies and plans; and (ii) favour proportionality, ensuring that the Appointments, Remunerations and Sustainability Committee's composition is varied in terms of gender, professional experience, competences, personal skills, sectorial knowledge or international background; all of this taking into account the limitations arising from the smaller size of the Committee when compared to the Board.

The Secretary and Vice-secretary of the Board of Directors, who will have no voting rights, will be the secretary and vice-secretary of the Appointments, Remunerations and Sustainability Committee, respectively.

The Appointments, Remunerations and Sustainability Committee will meet, ordinarily, at least three times per year. Similarly, it will meet on request by any of its members and whenever called by its Chairman, who must do so whenever the Board or its Chairman request the issuance of a report or the adoption of proposals and, in any event, whenever appropriate for the correct progress of its functions.

A meeting of the Appointments, Remunerations and Sustainability Committee will be quorate if a majority of the members are present or represented, and resolutions will be passed by majority voting. The chairman of the Appointments, Remunerations and Sustainability Committee will have a casting vote. The committee must keep minutes of its meetings and circulate them to the members of the Board of Directors.

The members of the Appointments, Remunerations and Sustainability Committee are Mr. Roger Cooke (Chairman of the Committee), Mr. Alec Emmott, Mr. Miguel Pereda and Mr. Laurent Luccioni.

Internal controls

The Board acknowledges it is responsible for overseeing the efficiency of the system of internal control and risk management maintained by the Investment Manager on behalf of the Issuer, in order to safeguard the Issuer's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Issuer. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Officers

Mr. Jon Armentia is the Corporate Director & CFO of the Issuer. He joined Lar España in 2014. Mr. Jon Armentia was appointed CFO of Grupo Lar in 2006, covering the area of retail properties. Previously he worked in Deloitte (formerly Arthur Andersen) for four years. Mr. Jon Armentia has a Bachelors Degree in Business Management and Administration from Universidad de Navarra and a General Management Program (PDG) from IESE and has over 19 years of experience in audit, finance and real estate, in which he has participated in several Committees and Boards of Directors.

Ms. Susana Guerrero is the Legal Manager and Vice-secretary of the Board of Directors of the Issuer. She joined Lar España in November 2014. Previously she worked as a corporate and M&A lawyer at Uría Menéndez for 10 years and has extensive experience in corporate governance, serving as Secretary of the Board of Directors at companies across a range of different sectors. Furthermore, she is currently Deputy Director of the ESADE Center for Corporate Governance and head of its opinion and public debate area. Ms. Susana Guerrero studied Law at the Complutense University in Madrid and has an LLM in Business Law from Instituto de Empresa (IE).

Mr. Hernán San Pedro is the Head of investor relations of the Issuer. He joined Lar España in January 2016. Previously he worked at Grupo Sacyr Vallehermoso as Head of IR, Skandia-Old Mutual Group and Banco Santander. Mr. Hernán San Pedro studied Law at Universidad San Pablo CEU (Madrid), holds an MTA from

Escuela Europea de Negocios and has over 30 years of experience in different positions in the financial, insurance, construction and real estate sectors.

Conflicts of interest

Subject to certain exceptions, the Spanish Companies Act and the By-Laws generally prohibit Directors from voting at Board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material, or a duty which conflicts or may conflict with the interests of the Issuer. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote.

The Investment Manager is effectively controlled by members of the Pereda Family, which includes two members of the Management Team, Mr. Luis Pereda and Mr. Miguel Pereda, who are also directors of the Investment Manager. In addition, Mr. Miguel Pereda is a member of the Issuer's Board of Directors.

The Issuer's Chairman (Mr. Jose Luis del Valle) and each of Mr. Alec Emmott, Mr. Roger M. Cooke, Ms. Isabel Aguilera and Ms. Leticia Iglesias are independent in connection with both the Issuer and the Investment Manager.

Remuneration arrangements

Pursuant to the By-Laws and the Regulations of the Board of Directors, non-proprietary Directors, as members of the Board of Directors of the Issuer, shall be entitled to receive per diem allowances for any meetings which they attend consisting of a fixed annual amount per Director to be set by the general meeting of shareholders. The shareholders can also decide when or for what reason such amount can be reviewed and/or updated periodically. Under the Current Investment Manager Agreement, the Investment Manager shall be responsible for remunerating the Issuer's Corporate Director and Chief Financial Officer (whose remuneration shall be deducted from its base fee). Under the agreed terms of the Renewed Investment Manager Agreement, and in order to avoid complexities and conflicts of interest in the relationship between the Issuer and the Investment Manager, none of the Issuer's officers, senior managers or employees shall be remunerated by the Investment Manager.

Directors' letters of appointment

Directors do not have service contracts. Each Director has the same general legal responsibilities to the Issuer as any other Director of the Issuer and the Board of Directors of the Issuer as a whole is collectively responsible for the overall success of the Issuer.

No compensation is payable to any of the Directors in the event of the lawful termination of his or her appointment.

Other directorships and partnerships

Save as set out below, and except for directorships in the subsidiaries of the Issuer or subsidiaries of the Investment Manager — (in the case of Mr. Miguel Pereda, as well as for Mr. Roger M. Cooke's chairmanship and Mr. Miguel Pereda's directorship in Inmobiliaria Juan Bravo 3, S.L., one of the subsidiaries of the Issuer), the Directors have not held any directorships of any company, other than the Issuer.

Name	Current Directorship in listed companies	Current Directorship in non-listed companies
Mr. Jose Luis del Valle	-	Wizink Bank Ocaso Seguros Instituto de Consejeros-Administradores
Mr. Alec Emmott	CeGeREAL S.A (representing Europroperty Consulting)	-

Mr. Roger M. Cooke	-	-
Ms. Isabel Aguilera	Oryzon Genomics, S.A. Cemex S.A.B. Clínica Baviera, S.A.	Making Science Canal de Isabel II
Ms. Leticia Iglesias	AENA SME, S.A. ACERINOX, S.A.	ABANCA Corporación Bancaria, S.A.
Mr. Miguel Pereda	-	Fomento del Entono Natural Villamagna S.A. (as person representing Fomento del Entono Natural S.L.)
Mr. Laurent Luccioni	Carmila	-

Within the period of five years preceding the date of this Offering Memorandum, none of the Directors:

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

Save as discussed above, there are no arrangements or understandings with major shareholders, members, suppliers or others pursuant to which any Director was selected.

Governance practices

The Board supports high standards of corporate governance and the development of corporate governance policies and procedures in compliance with the requirements of the Spanish Corporate Governance Code and other relevant national and international standards.

Tender Offer

As announced by the Issuer on 12 July 2021, in conjunction with the offer of the Notes, the Issuer is conducting a cash tender offer (the “**Tender Offer**”) to purchase and cancel any and all of Senior Secured Notes on the terms contained in a tender offer memorandum dated 12 July 2021 (the “**Tender Offer Memorandum**”). The purpose of the Tender Offer is to provide liquidity for investors in the Senior Secured Notes.

The Tender Offer Memorandum provides that when considering allocation of the Notes, the Issuer may in its sole discretion elect to give preference to those holders of the Senior Secured Notes who validly tender (or give a firm intention that they intend to tender) their Senior Secured Notes pursuant to the Tender Offer. The results of the Tender Offer are currently expected to be published on 20 July 2021.

The Issuer intends to cancel any Senior Secured Notes acquired by it pursuant to the Tender Offer.

Issuer's financial information

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Consolidated Statement of Financial Position

31 December 2020

(Expressed in thousands of Euros)

Assets	As of 31 December	
	2020	2019
	<i>(audited)</i>	<i>(audited)</i>
	(thousands of €)	
Intangible assets	2	2
Investment property.....	1,373,480	1,449,344
Equity-accounted investees	1,082	5,100
Non-current financial assets	13,618	13,149
Trade and other long-term receivables.....	17,996	3,857
Total non-current assets	1,406,178	1,471,452
Non-current assets held for sale	106,755	103,790
Trade and other receivables	28,463	14,644
Other current financial assets	369	189
Other current assets	3,038	2,650
Cash and cash equivalents.....	134,028	160,527
Total current assets	272,653	281,800
Total assets.....	1,678,831	1,753,252

Net Equity and Liabilities	As of 31 December	
	2020	2019
	<i>(audited)</i>	<i>(audited)</i>
	(thousands of €)	
Capital	175,267	175,267
Issue premium	475,130	475,130
Other reserves and other contributions.....	281,005	254,358
Retained earnings.....	(53,668)	80,730
Treasury shares.....	(16,474)	(762)
Valuation adjustments	(1,610)	(1,943)
Total net equity.....	859,650	982,780
Financial liabilities from issue of bonds and other marketable securities	139,685	139,376
Bank borrowings	570,608	506,641
Deferred tax liabilities	17,201	17,201
Derivatives	4,685	2,846
Other non-current liabilities	19,993	19,593
Total non-current liabilities.....	752,172	685,657
Liabilities connected to non-current assets held for sale	1,576	1,570
Financial liabilities from issue of bonds and other marketable securities	3,482	3,482
Bank borrowings	40,593	41,127

Derivatives	3,137	2,393
Short-term borrowings from Group companies and associates	-	3,199
Trade and other payables.....	<u>18,221</u>	<u>33,044</u>
Total current liabilities	67,009	84,815
Total net equity and liabilities.....	<u>1,678,831</u>	<u>1,753,252</u>

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income for the period ended

31 December 2020

(Expressed in thousands of Euros)

Consolidated Statement of Comprehensive Income	For the period ended 31 December	
	2020	2019
	<i>(audited)</i>	<i>(audited)</i>
	(thousands of €)	
Revenue.....	93,324	81,128
Other income.....	3,566	3,274
Employee benefits expense	(474)	(424)
Amortisation and depreciation charges	-	-
Other operating expenses	(26,715)	(25,726)
Changes in the fair value of investment property.....	(100,656)	40,037
Profit and loss from the disposal of investment property	-	1,008
Operating profit/ (loss).....	<u>(30,955)</u>	<u>99,297</u>
Financial revenue	40	12
Financial expenses	(20,096)	(18,977)
Inclusion of financial expenses under assets	-	659
Changes in the fair value of financial instruments	(2,914)	(1,836)
Share in profit (loss) for the period of equity-accounted investees.....	257	473
Profit for the period from continuing operations...	<u>(53,668)</u>	<u>79,628</u>
Corporate income tax.	-	1,102
Profit for the period	<u>(53,668)</u>	<u>80,730</u>
Basic earnings per share (in euros).....	(0.63)	0.90
Diluted earnings per share (in euros).....	<u>(0.63)</u>	<u>0.90</u>

Consolidated Statement of Comprehensive Income	Period ended 31 December	
	2020	2019
	<i>(audited)</i>	<i>(audited)</i>
	(thousands of €)	
Profit for the period (I).....	(53,668)	80,730
Other Comprehensive Income Directly Recognised in Net Equity (II).....	(653)	(821)
Other amounts transferred to the income statement		

(III).....	986	1,488
Total Comprehensive Income (I+II+III)	(53,335)	81,397

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows for the period ended

31 December 2020

(Expressed in thousands of Euros)

	Period ended 31 December	
	2020	2019
	(audited)	(audited)
	(thousands of €)	
A) Cash flows from/ (used in) operating activities	8,538	16,797
<i>Profit/(loss) for the period before tax</i>	<i>(53,668)</i>	<i>79,628</i>
<i>Adjustments to profit/(loss)</i>	<i>123,369</i>	<i>(21,150)</i>
Profits/(losses) from adjustments to the fair value of investment property	100,656	(40,037)
Amortisation and depreciation of fixed assets	-	-
Impairment adjustments	-	226
Financial revenue.....	(40)	(12)
Financial expenses	20,096	18,977
Inclusion of financial expenses under assets	-	(659)
Changes in the fair value of financial instruments	2,914	1,836
Share in profits/(losses) in associates' periods....	(257)	(473)
Profit/(loss) from the disposal of investment property	-	(1,008)
<i>Changes in working capital</i>	<i>(44,387)</i>	<i>(26,247)</i>
Trade and other receivables	(28,211)	(1,061)
Other current and non-current assets and liabilities	(662)	(981)
Trade and other payables	(15,514)	(24,205)
<i>Other cash flows from operating activities</i>	<i>(16,776)</i>	<i>(15,434)</i>
Interest payments	(16,776)	(15,446)
Interest collections	-	12
B) Cash flows from/ (used in) investing activities	(24,582)	(53,114)
<i>Investment payments</i>	<i>(24,582)</i>	<i>(134,373)</i>
Net outflow of cash in business acquisitions	-	-
Investment property	(24,582)	(134,373)
<i>Proceeds from sales on investments and dividends</i>	<i>-</i>	<i>81,259</i>
Other financial assets	-	-
Associated companies	-	-
Net inflow of cash in business sales	-	3,000
Disposal of investment property	-	78,259
C) Cash flows from/ (used in) financing activities	(7,570)	5,613
<i>Payments made and received for equity instruments</i>	<i>(15,719)</i>	<i>(39,551)</i>
Cash proceeds from issuing capital	-	6,425
Acquisition / disposal of equity instruments	(15,719)	(45,976)
<i>Payments made and received for financial liability instruments</i>	<i>62,243</i>	<i>117,764</i>

Issue of:		
Bank borrowings	101,327	156,955
Borrowings with Group companies and associates	1,000	3,100
Return and amortisation of:		
Bank borrowings.....	(40,084)	(42,291)
<i>Payments for dividends and remunerations from other equity instruments</i>		
Dividend payments.....	(54,094)	(72,600)
D) Cash and cash equivalents in non-current assets held for sale	(2,885)	(97)
E) Net increase/ decrease in cash and cash equivalents	(26,449)	(30,801)
F) Cash and cash equivalents at the beginning of the period	160,527	191,328
G) Cash and cash equivalents at the end of the period.....	134,028	160,527

USE OF PROCEEDS

The Issuer expects to receive €400,000,000 of gross proceeds from the Offering. An amount equal to the net proceeds of the issue of the Notes will be allocated to refinance, in whole or in part, a selected pool of existing assets that promote the transition to low-carbon and climate resilient growth and which meet the criteria outlined below (the “**Green Asset Pool**”) in alignment with the four core pillars of the Green Bond Principles. Pending the allocation of an amount equal to the net proceeds to refinance existing assets in the Green Asset Pool, the Issuer expects to apply a portion of the net proceeds of the issue of Notes towards payments in respect of the Senior Secured Notes that are validly tendered and accepted for purchase in the Tender Offer.

Green Bond Framework

The Issuer has developed the Green Bond Framework (available at <https://www.larespana.com>) which follows the guidelines specified in the 2021 Green Bond Principles as promulgated by the International Capital Market Association, available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf> (the “**Green Bond Principles**”) (the “**Green Bond Framework**”). The Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing green bonds. The Green Bond Framework outlines the Issuer’s commitments with respect to any green bonds that will be issued including the Notes. For details regarding the Issuer’s Green Bond Framework as it relates to the financing and/or refinancing of the Green Asset Pool with an amount equal to the net proceeds of the Offering.

The following description is a summary of the material provisions of the Issuer’s Green Bond Framework and refers to the Issuer’s Green Bond Framework and related documentation. This description does not restate the Issuer’s Green Bond Framework in its entirety. Investors should read the Issuer’s Green Bond Framework.

The Issuer’s Green Bond Framework illustrates the alignment between the Issuer’s operations and financing on the one hand, and its commitment to the responsible management of assets and the creation of wealth within the communities in which it operates. The Issuer aims to allocate on its Green Bond Register an amount equal to the net proceeds of the Offering towards projects, currently in operation and being developed, helping it to meet this commitment.

The Issuer believes that the Green Bond Framework is aligned with the Green Bond Principles. This conclusion is confirmed by the Second Party Opinion. See “—*Second Party Opinion*”.



Green Asset Pool

Each category of assets within the Green Asset Pool has been identified as aligning with the applicable United Nations’ Sustainable Development Goal (“**SDG**”).

Eligibility Criteria

The following is a table setting out the eligibility criteria for assets in the Green Asset Pool.

Green Bond Principles Eligible Categories	Eligibility Criteria and Example Projects	SDG Targets
Green Buildings	1) New or existing commercial buildings owned and managed by the Issuer that have obtained or will obtain the below certifications ⁽¹⁾ : <ul style="list-style-type: none">• Building Research Establishment Environmental Assessment Method (“BREEAM”): Outstanding, Excellent or Very Good; or	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance

	<ul style="list-style-type: none"> Other equivalent internationally and/or nationally recognised certifications. 	with their respective capabilities 
Renewable Energy	New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy such as solar photovoltaic (PV) technology.	7.2 Increase substantially the share of renewable energy in the global energy mix 

(1) A number of assets within the Issuer's portfolio are currently undergoing BREEAM re-certification. The new certificates are expected to be awarded before year-end 2021.

Collectively, the assets in the above categories will form eligible assets for the Green Asset Pool. Assets will be recognised at their market value and shall qualify for refinancing without a specific look-back period. Expenditures (if any) shall qualify for refinancing with a maximum three-year look-back period before the Offering.

Project Selection

The Issuer's Green Bond Committee (the "**Committee**") will oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in "*Use of Proceeds*" above and with the Issuer's corporate responsibility strategy. The Committee will be chaired by the Issuer's CFO and Corporate Director and representatives from each of the Issuer's Technical, Asset Management, Corporate and Financing teams, and will meet twice a year. The Committee will be responsible for:

- reviewing and approving the selection of projects for the Green Asset Pool based on the selection criteria defined in "*Eligibility Criteria*" above;
- monitoring the Green Asset Pool, throughout the life of the Notes;
- removing from the Green Asset Pool any projects that no longer meet the eligibility criteria, and replacing them with new projects as soon as feasible; and
- reviewing and validating the annual report for investors and external verification.

Management of Proceeds

The Issuer's Finance team will establish a green bond register (the "**Green Bond Register**") for the purpose of recording the assets and projects in the Green Asset Pool.

It is the Issuer's intention to maintain an aggregate amount of assets in the Green Asset Pool that is at least equal to the aggregate net proceeds of the Offering that is concurrently outstanding. However, there may be periods when a sufficient aggregate amount of assets have not yet been allocated to fully cover an amount equal to the net proceeds of the Offering, either as the result of changes in the composition of the Green Asset Pool or the issue of additional bonds pursuant to the Issuer's Green Bond Framework.

The Issuer is committed on a best efforts basis to ensure the allocation of proceeds within 24 months of the Offering.

Payment of principal and interest on the Notes will be made from the Issuer's general funds and will not be directly linked to the performance of the Green Asset Pool.

Reporting

Within one year from issuance of the Notes and annually until full allocation the Issuer will prepare and make readily available information on the allocation of net proceeds to the Green Asset Pool and associated impact metrics. See "*Allocation Reporting*" and "*Impact Reporting*". The information will be made available on the Issuer's corporate website (<https://www.larespana.com/>) and/or within its sustainability report. In addition, the Issuer may provide qualitative descriptions of the outcomes and impacts of selected eligible projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by the Issuer.

Allocation Reporting

To the extent practicable, the Issuer will provide information such as:

- The total amount of proceeds allocated;
- The share of financing versus refinancing;
- The number of projects and level of certification; and
- The balance of unallocated proceeds.

Impact Reporting

To the extent possible, Lar España plans to report on the environmental impact in aggregate for green bond project categories, together with the aforementioned allocation status in future green bond reports. Examples of possible environmental indicators could include:

Green Buildings:

- Number and floor space of Green Buildings meeting the eligibility criteria; and
- BREEAM certification level (Outstanding, Excellent or Very good).

Renewable Energy:

- Total installed capacity (MW).

There can be no assurance that the Issuer will be able to provide any or all of the indicators mentioned above.

External Review

Second Party Opinion

The Issuer has appointed ISS-ESG to provide an independent Second Party Opinion report on this Framework. The Second Party Opinion will be made publicly available on Lar España's corporate website at: <https://www.larespana.com/>.

Verification

An independent external party will verify the internal tracking method and allocation of funds, confirming that an amount equivalent to the net proceeds of the Offering has been allocated in compliance with all material respects of the eligibility criteria set forth in the Issuer's Green Bond Framework.

Other

Information contained in, or accessible through, the Issuer's website (<https://www.larespana.com/>) and in the Issuer's green bond reports is not incorporated in, and is not part of, this Offering Memorandum. The Notes do not require the Issuer to allocate an amount equal to the net proceeds from the offering of the Notes as described above, and any failure by the Issuer to comply with the foregoing will not constitute a breach of or default under the Notes. The above description of the Green Bond Framework is not intended to modify or add any covenant or other contractual obligation undertaken by the Issuer under the Notes. See *"Risk Factors—Risks relating to the Notes—Investors may have limited remedies if the Issuer fails to allocate an amount equal to the net proceeds from the offering of the Notes to refinance existing eligible assets within the Issuer's Green Asset Pool or to satisfy related reporting requirements and other undertakings"*, *"Risk Factors—Risks relating to the Notes—The Issuer may use or allocate an amount equal to the net proceeds from the Offering in ways with which you may not agree"* and *"Risk Factors—Risks Relating to the Notes—The Notes may not be a suitable investment for all investors seeking exposure to "green" assets"*.

CASH AND INDEBTEDNESS

The following table sets forth our cash and indebtedness as of 31 March 2021 on an actual basis and on an as adjusted basis after giving effect to the Offering. The adjusted information below is illustrative only and does not purport to be indicative of the Issuer's capitalisation following completion of the Offering.

The table below should be read in conjunction with “*Use of Proceeds*,” “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” and our consolidated annual accounts as of 31 December 2020 and 2019 and for the years then ended and related notes thereto incorporated in this Offering Memorandum.

(thousands of €)	As of 31 March 2021					
	Actual		Adjustment	As Adjusted		
	Amount	LTV		Amount	LTV	
	(unaudited)		(unaudited)	(unaudited)		
Cash and cash equivalents.....	(165.5) ⁽¹⁾		7.0	(158.5)		
Mortgage loans.....	516.6		(267.0) ⁽²⁾	249.6		
Corporate loans.....	100.0		-	100.0		
Gross Debt (i).....	616.6		-	349.6		
Net Debt (ii).....	451.1		-	191.1		
Senior Secured Notes.....	140.0		(140.0)	-		
New Unsecured Notes.....	-		400.0	400.0		
Total Group Debt (i/ GAV as of 31 March 2021).....	756.6	53.4%	-	749.6	52.9%	
Total Net Debt (ii/ GAV as of 31 March 2021).....	591.1	41.7%	-	591.1	41.7%	

⁽¹⁾ Adjusted for €27.5 million dividend paid in May 2021.

⁽²⁾ Includes mortgage loans linked to Megapark, Portal de la Marina, Gran Via and Vistahermosa.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information set forth in the audited consolidated annual accounts of the Issuer as of and for the years ended 31 December 2020 and 2019, which are incorporated by reference to this Offering Memorandum.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. The Issuer's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in "Risk Factors" and "Description of the Issuer."

References in this section to "we," "our" and "us" refer to the Issuer.

Key factors affecting our results of operations

Our results of operations are affected by a number of factors, including the following:

Macroeconomic market conditions

The rental income and market value of our real estate portfolio depend to a significant degree on general macroeconomic and market factors. The level of economic activity in Spain has an impact on the desire and ability of prospective tenants to rent the Issuer's properties, which in turn increases the Issuer's rental income. Furthermore, increased demand in the Spanish real estate market results in higher property valuations because these valuations reflect the rental income-generating potential of the properties in question. Therefore, the level of demand in the Spanish real estate market drives the valuation of the Issuer's portfolio and, as a result, the Issuer's EPRA NAV.

The outbreak of the COVID-19 pandemic and resultant economic effects have led to recessionary economic conditions and have negatively impacted GDP growth, employment rates, corporate earnings, consumer confidence and other economic indicators in the Eurozone, and in particular in Spain. The Spanish economy (measured in GDP growth) has contracted by a total of 10.8% in 2020 according to the European Commission and is expected to grow by 5.9% in 2021 and 6.8% in 2022. (Source: European Commission, Spring 2021 Report).

This scenario led the Spanish government to introduce several measures to protect the Spanish economy and in particular long term employment. Despite these measures, the unemployment rate increased to 15.5% in 2020 and is expected to further increase in the second half of 2021 to 15.7% with a decrease to 14.4% expected in 2022. (Source: European Commission, Spring 2021 Report). The Consumer Confidence Indicator according to Eurostat averaged -6.2 during 2019 on a monthly basis, it reached -29.2 in April 2020 at the outset of the COVID-19 pandemic in Spain and has now recovered to -9.9 in May 2021. (Source: Eurostat).

Although growth is currently expected, with Oxford Economics estimating that European GDP will recover to pre-pandemic levels in late 2022 or early 2023, any adverse change in general economic conditions in Spain or in the real estate market in Spain, including as a result of measures taken to stop the spread of new strains of COVID-19, could have a material adverse effect on our business, results of operations and financial condition.

Cyclicality of the real estate industry

Our results of operations are affected by the cyclical nature of the real estate industry. Property values and rental rates are affected by, among other factors, supply and demand for comparable properties, the liquidity of real estate investments, interest rates, inflation, the rate of economic growth, tax laws and political and economic developments and demographic and social factors in the regions in which we have operations. Cyclical changes in the real estate market, particularly in Spain, could result in fluctuations in our results of operations.

Following the financial crisis, investment volumes started to increase in Spain during 2013 and this trend continued until the COVID-19 pandemic in early 2020, with the result that in 2020 as a whole, real estate investment in Spain (excluding hotels) fell by more than 40%, although volumes are expected to pick up by around 15% in 2021.

Although investment levels are expected to increase, the companies operating in the real estate sector in Spain suffered significant downward adjustments of the valuation of asset portfolios. Our portfolio value dropped from €1,552 million as of 31 December 2019 to €1,475 million as of 31 December 2020, a 4.9% decrease. Given the cyclical nature of the real estate industry, such downturns and valuation adjustments are likely to occur again in the future.

Impact of interest rate changes and cost of financing

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

In addition, changes in interest rates affect our cost of financing. They affect the conditions at which we may obtain fixed rate financing and affect interest payment obligations under our floating rate debt obligations. A portion of our business is debt-financed, according to the leverage criteria described in “*Description of the Issuer.*” We depend on the availability of debt financing and our results of operations may be materially affected by financing costs.

Portfolio size and occupancy and rental rates

Our GRI is a material factor affecting our total income. The amount of GRI earned depends primarily on our rent per square meter and relevant rented space, which in turn depends primarily on the location and quality of our properties, as well as general economic conditions. Significant changes in our levels of rental income result primarily from property acquisitions, which affect the size of our total Portfolio and may have an impact on the average GRI per square meter. Moreover, as leases expire or are terminated, the corresponding properties become available again for rental to the market. Our rental income is dependent on our ability to attract tenants and increase or maintain rental rates.

Occupancy rates also have a considerable effect on our earnings, as a decline in occupancy rates can negatively affect the level of rental income and allowable operating expenses. The occupancy rate of our portfolio was 95% at 31 March 2021, 95% at 31 December 2020 and 95% at 31 December 2019. Occupancy rates can also vary by region and asset class throughout the real estate cycle.

Investment in our real estate portfolio

We have invested, and we plan to continue investing, in the acquisition of new properties as well as the refurbishment of properties in our real estate portfolio. Some of our properties require refurbishment or development before they begin generating rental income, and, given the timing of our investments relative to the income that they produce, our results of operations or other indicators of our financial performance may not be directly comparable across different financial periods. Our actual investments in our real estate portfolio, as well as the contribution to the revenue of our real estate business in the future, may be less or more than the amounts we currently expect or describe in this Offering Memorandum.

Property values and valuation

The value of the real estate properties that comprise our portfolio has a significant effect on our financial performance, both in terms of the valuation of our real estate properties reflected in our annual accounts and the prices we will be able to achieve upon the sale of any real estate properties. Furthermore, the management fee paid to Grupo Lar is based on our EPRA NAV and is also tied to the evolution of our market capitalisation.

Our consolidated EPRA NAV is based on the most recent valuation of our real estate properties on a consolidated basis. Valuations of our consolidated real estate assets are made as of each 30 June and 31 December.

We engage external, independent appraisers to value our real estate properties at each relevant reporting date, in accordance with the RICS Valuation – Global Valuation Standards. Real estate valuation is, however, inherently subjective, in part because all real estate valuations are made on the basis of assumptions which may not prove to be accurate and in part because of the individual nature of each real estate properties. In relation to the valuation reports obtained as of December 2020, both valuation companies had carried out the valuations under the VPS 3 and VPGA 10 of the RICS Valuation – Global Valuation Standards. Consequently, less certainty and a higher degree of caution should be attached to these valuations. See “—*Reliance on Valuation*”.

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

Tax treatment

The application of the SOCIMI Regime provides us with significant tax relief and in turn has a significant effect on our overall financial performance. The Issuer has elected for Spanish SOCIMI status under the SOCIMI Law, and, thus, it is subject to a 0% Corporate Income Tax rate subject to the exceptions set forth in “*Taxation*”. The requirements for maintaining Spanish SOCIMI status, however, are complex, and the Spanish SOCIMI Regime is relatively new with no practical history of interpretation. Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status.

Key statistics

We believe that the following key statistics relating to our business are helpful in understanding the discussion and analysis of our results of operations in this section. Additional operating statistics and other information concerning our business are set forth in “*Description of the Issuer*”.

The following table shows certain unaudited financial and operating data as of 31 December 2020 and 31 December 2019.

	As of 31 December 2020 <i>(unaudited)</i>	As of 31 December 2019 <i>(unaudited)</i>
Number of assets	15	15
GLA (sqm)	578,370	579,286
Total GAV (thousands of €).....	1,475,490	1,551,564
Total debt net of cash (thousands of €) ⁽¹⁾	620,340	530,099
Loan-to-value (%) ⁽²⁾	42.0	34.2
EPRA NAV (thousands of €)	881,376	1,003,760
Revenue (thousands of €)	93,324	81,128
EBITDA (thousands of €) ⁽³⁾	69,701	59,260
Annualised gross rent (thousands of €)	97,900	96,200
Footfall (thousands of visits)	63,900	64,500
Like-for-like GRI (%).....	1.8	1.2
Like-for-like net operating income (%)	0.8	1.6
Reversionary Yield (%)	6.6	6.2
EPRA topped-up NIY (%)	5.9	5.9

⁽¹⁾ At 31 December 2020, gross debt (defined as current and non-current financial liabilities from issue of bonds and other marketable securities and current and non-current bank borrowings) was 754.4 thousands of € and cash and cash equivalents was 134.0 thousands of €. At 31 December 2019, gross debt (defined as current and non-current financial liabilities from issue of bonds and other marketable securities and current and non-current bank borrowings) was 690.6 thousands of € and cash and cash equivalents was 160.5 thousands of €.

⁽²⁾ Calculated by dividing the total debt net of cash by the gross asset value.

⁽³⁾ Defined as operating profit/(loss) not considering changes in the fair value of investment property.

As of 31 March 2021, the Issuer’s portfolio comprised of 14 assets and 551,000 square metres in GLA. Total GAV was at €1.4 billion and LTV was at 41.7% (calculated using €757 million gross debt, €166 million cash (adjusted for the payment of a €27.5 million dividend in May 2021) and €1,417 million GAV (adjusted for the sale of the Eroski Portfolio). EPRA topped-up NIY was at 5.9% and GRI was at €92.9 million, both calculated as the reported December 2020 figure adjusted for the Eroski Portfolio disposal in February 2021. Moreover, the Issuer benefited from an occupancy rate of 95% and a 3-year WAULT, as well as a strong balance sheet position with €166 million in cash and cash equivalents (adjusted for the payment of a €27.5 million dividend in May 2021).

Critical accounting policies

The 2020 audited consolidated annual accounts (the “**2020 Annual Accounts**”) and the accompanying notes contain information that is relevant to the discussion and analysis of our results of operations and financial condition set forth below. The preparation of financial statements in conformity with IFRS-EU requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available

information and experience. Actual results could differ from these estimates under different assumptions or conditions. We believe that, in particular, the critical accounting policies and estimates discussed below are important to an understanding of our financial information. For a detailed description of our significant accounting policies, see Note 5 to the 2020 Annual Accounts.

Recognition of income

We recognise revenue from leases at the fair value of the consideration received or receivable therefrom. Discounted and waived rent is recognised by allocating the total amount of rent waived during the rent-free period or of the allowance on a straight-line basis over all the periods in which the lessee's contract is in force. Specifically, the rent allowances granted in the context of the COVID-19 pandemic, in the event such allowances comprise a change to the contract (as an extension of the duration thereof) have likewise been recognised on a straight-line basis. Should the lease agreement end sooner than expected or the real estate asset be sold, the unrecognised portion of the rent allowance or waiver will be recorded in the last period prior to contract termination.

Investment property and intangible assets

Investment property is property, including that which is under construction or being developed for future use as investment property, which is earmarked totally or partially to earn income or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes within the Group or for sale in the ordinary course of business.

Assets classified as investment property are in operation and occupied by various tenants. These properties are intended for lease to third parties. We do not consider the disposal of these assets in the year ended 31 December 2021 to be very likely and have therefore decided to maintain these assets in the consolidated statement of financial position as investment property, except those indicated in Note 10 to the 2020 Annual Accounts.

We recognise investment property at fair value at the reporting date, and it is not depreciated. Profits or losses derived from changes in the fair value of the investment properties are recognised when they arise. Execution and finance costs are capitalised during the period in which the works are carried out. When an asset enters into service, it is recognised at fair value.

When determining the fair value of an investment property, we commission independent appraisers to appraise all of our assets at each 30 June and 31 December. Buildings are appraised individually, taking into consideration each of the lease contracts in force at the appraisal date. Buildings with areas that have not been rented out are appraised on the basis of estimated future rents, minus a marketing period.

As a general rule, we initially value intangible assets at their purchase price or cost of production. The value of these assets is subsequently reduced by the corresponding accumulated amortisation and, where appropriate, impairment losses. Said assets are amortised based on their useful lives.

Results of operations

Principal income statement line items

The following is a brief description of certain captions in our consolidated income statements:

Revenue

Our revenue consists of income from our rental properties.

Other Income

Other income consists mainly of mall income (primarily income derived from temporary kiosks included in our shopping centres) related to our shopping centres.

Employee Benefits Expense

Employee benefits expense consists of wages, salaries and similar items, including social security costs, contributions and provisions to pension schemes and other similar costs. Employee benefits expense does not include management fees paid to Grupo Lar as our Investment Manager.

Other Operating Expenses

Other operating expenses mainly include a variety of costs that we assume with respect to our properties, the most significant of which are professional services, including the management fee paid to Grupo Lar (including the base fee and the performance fee), taxes, Board remuneration and advertising and publicity costs.

Changes in the Fair Value of Investment Property

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

Profit and Loss from the Disposal of Investment Property

Profit and loss from the disposal of investment property consist of the fair value of the consideration received for a property asset that is sold, less any sales costs, as compared to the carrying amount of the delivered asset.

Financial Revenue

Financial revenue consists mainly of interest income on security deposits placed with public bodies, and interest accrued on credit granted to equity accounted investees.

Financial Expenses

Financial expenses consist of interest paid on mortgage loans and other indebtedness, including the outstanding debt securities.

Inclusion of Financial Expenses under Assets

Inclusion of financial expenses under assets consist of the positive effect of financial expenses capitalised in relation to development projects.

Changes in the Fair Value of Financial Instruments

Changes in the fair value of financial instruments consist of the difference in the market value of the Group's financial instruments from one period to another.

Share in Profit/(Loss) for the Period of Equity-Accounted Investees

Share in profit/(loss) for the period of equity-accounted investees consists of income earned or losses recorded with respect to our investments in companies that are accounted for under the equity method.

Corporate Income Tax

Corporate income tax reflects the sum of the current tax expense, derived by applying the current tax rate to the tax base for the period after taking into account all applicable tax credits and relief, and the change in deferred tax assets and liabilities recognised in the income statement.

Overview of results of operation

	Period ended 31 December	
	2020	2019
	<i>(audited)</i>	<i>(audited)</i>
	(thousands of €)	
Revenue	93,324	81,128
Other income	3,566	3,274
Employee benefits expense	(474)	(424)
Amortisation and depreciation charges	-	-
Other operating expenses	(26,715)	(25,726)
Changes in the fair value of investment property	(100,656)	40,037
Profit and loss from the disposal of investment property	-	1,008
Operating profit/(loss)	(30,955)	99,297
Financial revenue	40	12
Financial expenses	(20,096)	(18,977)
Inclusion of financial expenses under assets	-	659
Changes in the fair value of financial instruments	(2,914)	(1,836)

Share in profit/(loss) for the period of equity-accounted investees.....	257	473
Profit for the period from continuing operations	(53,668)	79,628
Corporate income tax	-	1,102
Profit for the period	(53,668)	80,730

Period ended 31 December 2020 compared to period ended 31 December 2019

Differences between our results of operations for the years ended 31 December 2020 and 2019 were due mainly to the impact of COVID-19 on our tenants' ability to pay rental income and a decrease in the GAV of our portfolio.

Revenue. Revenue totalled €93,324 thousand in the year ended 31 December 2020 compared to €81,128 thousand in the year ended 31 December 2019, all of which was rental income generated by our portfolio properties. This rental income was from shopping centres, retail parks and other retail assets, which represented 100.0% of our revenues for the year ended 31 December 2020.

Other Income. Other income totalled €3,566 thousand in the year ended 31 December 2020 compared to €3,274 thousand in the year ended 31 December 2019.

Employee Benefits Expense. Employee benefits expense totalled €474 thousand in the year ended 31 December 2020 compared to €424 thousand in the year ended 31 December 2019, and principally related to salaries and wages to our employees.

Amortisation and Depreciation Charges. Amortisation and depreciation charges totalled € zero in the year ended 31 December 2020 (2019: € zero).

Other Operating Expenses. Other operating expenses totalled €26,715 thousand in the year ended 31 December 2020 compared to €25,726 thousand in the year ended 31 December 2019 and principally related to the management fees paid to the Investment Manager, recurrent services that are directly linked to the everyday management of the assets (supplies, property tax, etc. and impairment losses and uncollectability of trade and other receivables of €4,242 thousand in the year ended 31 December 2020). The base fee for the year ended 31 December 2020 totalled €8,496 thousand compared to €9,877 thousand in the year ended 31 December 2019.

Changes in the Fair Value of Investment Property. Changes in the fair value of investment property totalled negative €100,656 thousand in the year ended 31 December 2020, compared to €40,037 thousand in the year ended 31 December 2019, according to the independent valuations given by Cushman & Wakefield and Jones Lang LaSalle.

Profit and Loss from the Disposal of Investment Property. Profit and loss from the disposal of investment property totalled € zero in the year ended 31 December 2020, compared to €1,008 thousand in the year ended 31 December 2019.

Operating Profit/(Loss). As a result of the factors described above, operating loss totalled €30,955 thousand in the year ended 31 December 2020 compared to operating profit of €99,297 thousand for the year ended 31 December 2019.

Financial Revenue. Financial revenue totalled €40 thousand in the year ended 31 December 2020 compared to €12 thousand in the year ended 31 December 2019 and related mainly to amounts earned on interest accrued on credits granted to equity accounted investees and interest accrued on deposits.

Financial Expenses. Financial expenses totalled €20,096 thousand in the year ended 31 December 2020 compared to €18,977 thousand in the year ended 31 December 2019 and related mainly to interest accrued on our mortgage loans and outstanding bonds and derivatives.

Inclusion of Financial Expenses under Assets. Inclusion of financial expenses under assets totalled € zero in the year ended 31 December 2020, compared to €659 thousand in the year ended 31 December 2019.

Changes in the Fair Value of Financial Instruments. Changes in the fair value of financial instruments totalled negative €2,914 thousand in the year ended 31 December 2020, compared to negative €1,836 thousand in the year ended 31 December 2019.

Share in Profit/(Loss) for the Period of Equity-Accounted Investees. Share in profit for the period of equity-

accounted investees totalled €257 thousand in the year ended 31 December 2020, compared to a profit of €473 thousand in the year ended 31 December 2019.

Profit for the Period from Continuing Operations. As a result of the factors described above, loss for the period from continuing operations totalled €53,668 thousand in the year ended 31 December 2020, compared to a profit of €79,628 thousand in the year ended 31 December 2019.

Corporate Income Tax. Corporate income tax totalled € zero in the year ended 31 December 2020, compared to an income of €1,102 thousand in the year ended 31 December 2019.

Profit for the Period. As a result of the factors described above, loss for the period totalled €53,668 thousand in the year ended 31 December 2020, compared to a profit of €80,730 thousand in the year ended 31 December 2019.

Liquidity and capital resources

Our business is capital-intensive, and we expect to have significant liquidity and investment requirements in order to finance and grow our business.

Liquidity

To date, our liquidity needs have been met largely from the proceeds of our equity offerings as well as from a combination of financing from credit institutions, the proceeds from the issuance of bonds and internally generated cash flow arising from the rental of our properties.

We will continue to need significant cash resources following the offering to, among other things:

- acquire additional properties;
- meet our debt service requirements
- fund our capital expenditure requirements; and
- fund our operating expenses.

We occasionally finance a property through a bank loan using such asset to secure its respective loan. As we seek financing for an asset, the credit institutions providing the financing and we typically consider the reasonableness of the loan-to-value ratio of the given asset, the ability of the property to generate sufficient cash flow to service the financing costs of the debt and the length of the maturities of the financing agreements, with respect to which we seek to have medium to long-term maturities. Of the 14 properties that we own as of the date of this Offering Memorandum, most were acquired fully paid using the proceeds of our securities offerings and bank financings.

If we are unable to refinance our debt prior to its maturity and do not have the funds to pay the outstanding balance thereunder, then we would default on the agreement, which could in turn trigger cross-default and cross-acceleration provisions in our other financing agreements. Moreover, if we do not have enough cash to service our other debt, meet obligations thereunder and fund other liquidity needs, we may be required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital. We cannot assure you that any of these remedies, including obtaining appropriate waivers from our lenders or refinancing our debt, can be effected on reasonable terms or at all.

Capital resources

The following table provides a profile of our capital resources as of 31 December 2020 and 2019.

	As of 31 December 2020 (thousands of €) <i>(audited)</i>	As of 31 December 2019 (thousands of €) <i>(audited)</i>
Current bank borrowings.....	40,593	41,127

Non-current bank borrowings	570,608	506,641
Total bank borrowings	611,201	547,768
Current financial liabilities from issue of bonds and other marketable securities	3,482	3,482
Non-current financial liabilities from issue of bonds and other marketable securities	139,685	139,376
Total financial liabilities from issue of bonds and other marketable securities	143,167	142,858
Cash and cash equivalents	134,028	160,527
Total debt net of cash	620,340	530,099

Borrowings

As of 31 December 2020, we had €611.2 million of debt outstanding (excluding the €140 million principal amount of bonds outstanding as of such date), all of which was secured by certain of our properties. The outstanding bonds are secured by mortgages over certain of our properties as well as pledges over shares or share quotas of certain of our subsidiaries that own our properties. Below is further information regarding certain of our borrowings.

Institution	Effective rate	Maturity	Limit 31/12/20 (thousands of €)	Limit 31/12/19 (thousands of €)	Fair value at 31/12/20* (thousands of €)	Fair value at 31/12/19* (thousands of €)	Guaranteee
LE Retail As Termas, S.L.U.	Euribor 3M + 1.8% spread	25 June 2020	–	37,345	–	37,245	As Termas shopping centre (b)
LE Retail El Rosal, S.L.U.	Euribor 3M + 1.75% spread	7 July 2030	50,000	50,000	48,738	49,441	El Rosal shopping centre (b)
LE Retail Hiper Ondara, S.L.U.	Euribor 3M + 1.7% spread	24 February 2023	97,000	97,000	96,607	96,319	Megapark shopping centre (a)(b)(c)
LE Retail Hiper Ondara, S.L.U.	Euribor 3M + 1.7% spread	24 February 2023	60,000	60,000	59,043	58,646	Portal de la Marina shopping centre (a)(b)(c)
LE Retail Gran Via de Vigo, S.A.U.	Euribor 3M + 1.75% spread	14 March 2022	82,400	82,400	81,683	81,204	Gran Via de Vigo shopping centre (a)(b)(c)
LE Retail Vistahermosa, S.L.U.	Euribor 3M + 1.85% spread	2 March 2022	21,550	21,550	21,453	21,340	Vistahermosa business park (a)(b)
LE Retail Abadia, S.L.U.	1.80% (until 23/11/20) - Euribor 3M + 1.75%	23 May 2024	34,750	34,750	34,253	34,122	Abadia business park (a)(b)
LE Retail Abadia, S.L.U.	1.93% (until 23/11/20) - Euribor 3M + 1.75%	23 May 2024	7,310	7,310	7,292	7,230	Abadia shopping centre (a)(b)
LE Retail Hiper Ondara, S.L.U.	Euribor 3M + 1.7% spread	24 February 2023	8,250	8,250	6,208	4,786	Megapark shopping centre (a)(b)(c)
LE Retail VidaNova Parc, S.L.U.	Euribor 3M + 1.85% spread	31 December 2024	28,000	28,000	27,449	27,248	VidaNova Parc
LE Retail Rivas, S.L.U.	1.90%	19 December 2024	34,500	34,500	34,333	34,286	Rivas business park (b)

LE Retail Lagoh, S.L.U.	Euribor 3M + 2 (+2.25% until 09/2019)	29 June 2025	98,500	98,500	94,117	95,889	Lagoh shopping centre (b)
LE Retail Lagoh, S.L.U.	Euribor 3M + 2 (+2.25% until 09/2019)	30 June 2020	–	4,000	–	–	Lagoh shopping centre (b)
Lar España Real Estate SOCIMI, S.A.	Euribor 12M + 1.60%	16 May 2021	30,000	25,000	29,940	–	–
Lar España Real Estate SOCIMI, S.A.	1.67%	04 May 2027	70,000	70,000	70,085	12	
TOTAL			622,260	658,605	611,201	547,768	

* Amount includes outstanding accrued interest.

- (a) In addition to the mortgage security on the loan, the Group companies have pledged shares, current accounts and credit accounts derived from the lease contract of the property.
- (b) With respect to said mortgage loans, there are certain clauses linked to the keeping of the LTV “Loan to Value” ratio below 50%-70%. If the LTV is not kept below 50%-70%, all or part of the debt will mature early. Additionally, the loans corresponding to the companies LE Retail El Rosal, S.L.U., LE Retail Hiper Ondara, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Gran Via de Vigo, S.A.U., LE Retail Abadía, S.L.U., LE Retail Lagoh, S.L.U., Lar España Real Estate SOCIMI, S.A. and LE Retail Rivas, S.L.U. have clauses for maintaining a minimum debt service coverage ratio of between 1.1% and 3.0%; otherwise all or part of the debt will be called in early.
- (c) In addition to the previously mentioned ratios, there are clauses linked to keeping the shopping centre’s occupancy rate above 85%. If the occupancy rate does not meet this minimum, all or part of the debt will mature early.

Cash flow analysis

The following table sets forth our consolidated cash flow information for the periods indicated.

	Period ended 31 December (thousands of €)	
	2020 (audited)	2019 (audited)
Cash flows from/ (used in) operating activities.....	8,538	16,797
Cash flows from/ (used in) investing activities	(24,582)	(53,114)
Cash flows from/ (used in) financing activities.....	(7,570)	5,613
Cash and cash equivalents at end of period.....	134,028	160,527

Cash Flows from/ (used in) Operating Activities

Total net cash from operating activities was €8,538 thousand for the year ended 31 December 2020 and €16,797 thousand for the year ended 31 December 2019.

Cash Flows from/(Used in) Investing Activities

Total net cash used in investing activities was €24,582 thousand for the year ended 31 December 2020, and related mainly to capital expenditure investment. Total net cash used in investing activities was €53,114 thousand for the year ended 31 December 2019 and related mainly to the development of properties and capital expenditure investment, offset by the proceeds from sales/divestments.

Cash Flows from / (Used in) Financing Activities

Total net cash used in financing activities was €7,570 thousand for the year ended 31 December 2020 and related mainly to payments for dividends and equity instruments, as offset by net amounts received from financial entities. Total net cash from financing activities was €5,613 thousand for the year ended 31 December 2019 and related mainly to amounts received from the financial entities, as offset by payment for dividends and equity instruments.

Capital expenditures

Our capital expenditures consist primarily of investments we make in our properties for refurbishments and renovations designed to increase their future profitability. These investments are made to ensure that our properties, in particular our shopping centres, remain at a high standard and are energy efficient, potentially leading to increases in value. Our investment payments were €24,582 thousand in the year ended 31 December 2020, calculated as the sum of investment property and the net outflow of cash in business acquisitions.

Off-balance sheet arrangements

As of the date of this Offering Memorandum, we do not have any off-balance sheet arrangements.

Risk management

Market risk

We are exposed to market risk due to the potential for vacancies in our properties or the need to negotiate rent reductions upon expiration of our leases. Should either of these risks materialise, it could have a direct negative impact on the valuation of our assets. We mitigate these risks with policies designed to select and attract reputable and financially-strong tenants and to negotiate leases with mandatory compliance, enabling us to maintain stable occupancy levels and to continue to receive steady rental income. In connection with the COVID-19 pandemic, we had to take specific measures to reduce the impact the pandemic, which caused the Group's real estate assets to be completely or partially closed, resulting in uncertainty regarding the cash flows thereof.

Credit risk

Credit risk is defined as the risk of financial loss for the Group if a customer or counterparty fails to discharge its contractual obligations. The Group has formal procedures in place to detect the impairment of trade receivables. By means of these procedures and the individual analysis by business area, delays in payment can be detected and methods for estimating the impairment loss can be established.

Historically, the Group has not had significant concentrations of credit risk. Receivables from lessees are not considered high risk, as they are collected at the beginning of the month and are guaranteed by the security deposits, deposits and sureties covered in the lease agreement. Notwithstanding, due to the COVID-19 pandemic and the total and partial closure of its real estate assets, the Group began negotiations with substantially all lessees to reach rent allowances that relieved lessees most affected by the situation. Not all of these agreements were formalised at year-end. This led to there being outstanding balances invoiced to customers at 31 December 2020 in the amount of €17,741 thousand (€1,678 thousand at 31 December 2019). Accordingly, at 31 December 2020, the Group performed an individual study on each debtor, analysing its respective situation and recording a total impairment in the amount of €4,242 thousand, of which €3,126 thousand is due to the COVID-19 pandemic. This impairment corresponds to the receivables from lessees whose debt is considered unlikely to be recovered by Group management, after subtracting the amount of any security deposits, deposits and sureties.

Tax risk

We are exposed to the risk that we could be in breach of the Spanish SOCIMI Regime, for example, if shareholders were not to approve a dividend distribution proposed by the Board in accordance with the SOCIMI Regime. In such an event, we would lose our SOCIMI status in respect of the year to which the dividends relate and would be required to pay Corporate Income Tax on the profits deriving from our activities at the standard Corporate Income Tax rate (currently 25%), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years.

Recent developments

On 23 February 2021, the Issuer sold 22 supermarkets to Igcel Investments, S.L. (Blackbrook Capital) for an aggregate amount of €59,522 thousand.

TERMS AND CONDITIONS OF THE NOTES

The following, save for the paragraphs in italics, are the terms and conditions of the Notes which will be incorporated by reference into the global Notes and endorsed on the Notes in definitive form.

The issue of the €400,000,000 1.75% Senior Unsecured Green Notes due 2026 (the “**Notes**”, which expression shall in these terms and conditions of the Notes (the “**Conditions**”), unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (*Further Issues*)) was approved by a resolution of the Board of Directors of Lar España Real Estate SOCIMI, S.A. (the “**Issuer**”) passed on 5 July 2021. A fiscal agency agreement dated the Closing Date (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Citibank, N.A., London Branch as fiscal agent and the paying agents named therein. The fiscal agent and the paying agents for the time being are referred to below respectively as the “**Fiscal Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Notes and the coupons relating to them (the “**Coupons**”).

Copies of the Fiscal Agency Agreement (which contains these Conditions) will be available for inspection at reasonable times, during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of the Paying Agents and will be provided by email to any Noteholder following their written request to any Paying Agent together with the Noteholder’s proof of holding and identity (in a form satisfactory to the relevant Paying Agent). The holders of the Notes (the “**Noteholders**”) and the holders of the Coupons (whether or not attached to the relevant Notes) (the “**Couponholders**”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

The Issuer, as required by Spanish law, has executed an *escritura pública* (the “**Public Deed**”) before a Spanish notary public in relation to the issue of the Notes and has registered the Public Deed with the Commercial Registry of Madrid. The Public Deed contains, among other information, these Conditions.

1. Form, Denomination and Title

(a) Form and denomination

The Notes are serially numbered and in bearer form in the denomination of €100,000, each with Coupons attached on issue.

(b) Title

Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status

The Notes and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer. In the event of insolvency (*concurso*) of the Issuer, they will (unless they qualify as subordinated debts under Article 281 of the Spanish Insolvency Law, or any equivalent legal provision which replaces it in the future, and subject to any legal and statutory exceptions) rank *pari passu* without any preference among themselves and (save for any obligations preferred by applicable law) at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding.

In the event of insolvency (concurso) of the Issuer, under the Spanish Insolvency Act claims relating to the Notes (which are not subordinated pursuant to article 281 of the Spanish Insolvency Act) will be ordinary credits (créditos ordinarios) as defined in the Spanish Insolvency Act. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a general or special privilege (créditos con privilegio general o especial). Ordinary credits rank above subordinated credits and the rights of shareholders. Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations.

Under Spanish law, accrual of interest on the Notes shall be suspended as from the date of any declaration of insolvency (concurso) of the Issuer.

3. Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital), to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security is approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

(b) Financial Covenants

For so long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement):

(i) *Incurrence of Financial Indebtedness*

the Issuer will not, and will not permit any Subsidiary to, incur directly or indirectly any Financial Indebtedness or any guarantee and/or indemnity in respect of any Financial Indebtedness (excluding for the purposes of this Condition 3(b)(i) any Permitted Refinancing Financial Indebtedness) if, on the date of such incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds), the Consolidated Solvency Ratio would exceed 0.60;

(ii) *Incurrence of Secured Financial Indebtedness*

the Issuer will not, and will not permit any Subsidiary to, incur directly or indirectly, any Secured Financial Indebtedness (excluding for the purposes of this Condition 3(b)(ii) any Permitted Refinancing Financial Indebtedness relating to the same previously secured assets) if, on the date of such incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds) the Consolidated Secured Solvency Ratio would exceed 0.40;

(iii) *Maintenance of Interest Cover Ratio*

the Issuer shall ensure that as at each Reference Date, the Interest Cover Ratio shall not be below 2:1;

(iv) *Maintenance of Unencumbered Total Assets Ratio*

the Issuer shall ensure that as at each Reference Date, the Unencumbered Total Assets Ratio shall not be below 1.25:1;

(v) *Valuations*

the Issuer shall engage external independent international valuation companies and real estate consultants, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of real estate assets being valued, to value at least 90% (by market valuation) of the Group's standing investments, developments and land as at each Reference Date (the "**Valuation Report**");

(vi) *Certificates*

the Issuer shall make available for inspection by any Noteholder or Couponholder, free of charge at its own registered office a certificate dated each Reporting Date signed by an Authorised Officer of the Issuer, certifying that the Issuer is in compliance with the covenants set out in this Condition 3 at the relevant Reference Date. This certificate will be accompanied by the corresponding Relevant Financial Statements and a Valuation Report; and

(vii) *Notifications*

the Issuer will promptly notify the Noteholders in writing in accordance with Condition 12 (*Notices*) in the event that any of the ratios or levels in Conditions 3(b)(i) (*Incurance of Financial Indebtedness*) to 3(b)(iv) (*Maintenance of Unencumbered Total Assets Ratio*) are breached on any Reference Date.

4. Interest

(a) **Interest Rate**

Subject to Condition 4(b) (*Accrual of Interest*), the Notes bear interest from and including the Closing Date at the rate of 1.75% per annum (the “**Rate of Interest**”) payable annually in arrear on 22 July in each year (each an “**Interest Payment Date**”) until the Maturity Date.

In these Conditions, the period beginning on and including the Closing Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Where interest is to be calculated in respect of a period which is shorter than an Interest Period, the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

Interest in respect of any Note shall be calculated per €100,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the corresponding rate of interest set out in these Conditions, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(b) **Accrual of Interest**

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (ii) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

5. Redemption and Purchase

(a) Maturity

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 20 July 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by an Authorised Officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) Redemption at the option of the Issuer

The Issuer may, on giving not less than 10 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem all, but not some only, of the Notes:

- (i) on any date from (and including) 22 April 2026 (the "**Par Call Redemption Date**") to (but excluding) the Maturity Date at their outstanding principal amount; or
- (ii) at any time prior to the Par Call Redemption Date at a redemption price per Note equal to the Make Whole Amount,

together, in each case, with interest accrued to but excluding the Optional Redemption Date.

Any notice of redemption given under this Condition 5(c) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(b) (*Redemption for taxation reasons*).

(d) Redemption at the option of the Noteholders

Upon the occurrence of a Change of Control Put Event or a Tender Offer Triggering Event, each Noteholder may, during the Relevant Event Period, notify the Issuer, as further provided below, that it requires the early redemption of some or all of its Notes. The Issuer will redeem in whole (but not in part) the Notes subject of the notice on the Relevant Event Redemption Date at 101% of their principal amount, together with interest accrued to the Relevant Event Redemption Date.

A Change of Control Put Event or Tender Offer Triggering Event shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) by the Issuer within 14 calendar days of its occurrence (a “**Change of Control Notice**” or a “**Tender Offer Triggering Event Notice**”, as applicable). Any such notification will indicate the Relevant Event Period and the Relevant Event Redemption Date. In order to exercise the option contained in this Condition 5(d), the holder of a Note must, on any Business Day during the Relevant Event Period, deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed put option notice (a “**Put Option Notice**”) in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a “**Put Option Receipt**”) to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 5(d), may be withdrawn; provided, however, that if, prior to the Relevant Event Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Relevant Event Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(e) **Clean-up Call**

If at any time 80% or more of the aggregate principal amount of the Notes (including for these purposes, any further securities issued pursuant to Condition 13 (*Further Issues*) so as to be consolidated and form a single series with the Notes) has been redeemed by the Issuer or purchased by the Issuer or any of its Subsidiaries and cancelled pursuant to these Conditions, then the Issuer may, at its option, having given not less than 10 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes at their outstanding principal amount, together with any accrued interest thereon to but excluding the date of redemption.

(f) **Notice of redemption**

All Notes in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(g) **Purchase**

The Issuer may at any time purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 5(h) (*Cancellation*) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased may be held, re-issued or re-sold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11 (*Meetings of Noteholders and Modifications*).

(h) **Cancellation**

All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

6. Payments

(a) Method of Payment

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the Specified Office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Surrender of unmatured Coupons

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date for the relevant payment of principal.

(d) Payments on Business Days

A Note or Coupon may only be presented for payment on a day which is a Business Day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 7 falling after the due date.

(e) Paying Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Fiscal Agent, (ii) a Paying Agent having its Specified Office in at least two major European cities and (iii) a Paying Agent with a Specified Office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated. Notice of any change in the Paying Agents or their Specified Offices will promptly be given to the Noteholders in accordance with Condition 12 (*Notices*).

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain, or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) **Other connection**

by or on behalf of a holder or beneficial owner of a Note who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Spain other than (i) the mere holding of the Note or Coupon; or (ii) the receipt of principal, interest or any other amount of such Note;

(b) **Presentation more than 30 days after the Relevant Date**

more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days;

(c) **Estate, inheritance, gift etc.**

where taxes are imposed by Spain or any political subdivision or any authority thereof or therein having power to tax that are (i) any estate, inheritance, gift, sales, transfer, personal property or similar taxes imposed by Spain or any political subdivision or any authority thereof or therein having power to tax or (ii) solely due to the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent, person or entity acting on behalf of the investor of the Notes or similar person in relation to such Notes; and

(d) **Information requested by Spanish tax authorities**

in respect of which the Issuer has not received such information as may be necessary to allow payments on such Note to be made free and clear of Spanish withholding tax or deduction on account of Spanish taxes, including a duly executed and completed certificate from the Paying Agent, pursuant to Law 10/2014, of 26 June, as amended, and Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July, and any implementing legislation or regulation, or pursuant to any other law or regulation substituting or amending such law or regulation.

For the avoidance of doubt, payments will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any regulations or agreements thereunder, any official interpretations thereof, and any law implementing an intergovernmental approach thereto, as provided in Condition 6 (*Payments*). No additional amounts will be paid on the Notes with respect to any such withholding or deduction.

“**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (“**Events of Default**”) shall have occurred and be continuing:

(a) **Non-Payment**

the Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest;

(b) **Breach of Obligations**

the Issuer does not perform or comply with any one or more of its obligations under the Notes (other than any obligation for the payment of principal and interest in respect of the Notes as referred to in Condition 8(a) (*Non-Payment*) above and other than as referred to in Condition 8(c) (*Breach of Covenant*) below) which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer and to the Fiscal Agent at its Specified Office by any Noteholder;

(c) **Breach of Covenant**

the Issuer does not perform or observe any provision of Condition 3 (*Covenants*) which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer and to the Fiscal Agent at its Specified Office by any Noteholder;

(d) **Cross-Acceleration**

any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised (i) becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described but subject to any applicable grace period), or (ii) is not paid when due or, as the case may be, within any originally applicable grace period, provided that the amount of indebtedness referred to in (i) and/or in (ii), individually or in aggregate, exceeds €30 million;

(e) **Enforcement Proceedings**

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, and is not discharged or stayed within 45 days, provided that the amount levied, enforced or sued on such distress, attachment or execution, individually or in aggregate with any other amount levied, enforced or sued, exceeds 10% of Consolidated Total Assets;

(f) **Security Enforced**

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person), provided that the individual or aggregate value of all assets subject to the enforcement exceeds 15% of Consolidated Total Assets;

(g) **Insolvency**

the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt (*concurso*) or unable to pay its debts when due, or is declared or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries;

(h) **Winding-up**

an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of the Issuer or any of its Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and

followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or other of its Subsidiaries;

(i) **Authorisation and Consents**

any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of England is not taken, fulfilled or done;

(j) **Unlawfulness**

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under or in respect of any of the Notes; and

(k) **Analogous Events**

any event occurs which under the laws of Spain has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 8.

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. Meetings of Noteholders and Modifications

(a) **Meetings of Noteholders**

The Fiscal Agency Agreement contains provisions for convening meetings of the Noteholders (including by way of conference call using a videoconference platform) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Fiscal Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any matter defined in the Fiscal Agency Agreement as a Reserved Matter, including the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding.

The Fiscal Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

(b) Modification

The Fiscal Agent and the Issuer may agree to amend the Notes and these Conditions without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) Notification to the Noteholders

Any modification, waiver or authorisation in accordance with this Condition 11 shall be binding on the Noteholders and the Couponholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

12. Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*), and, for as long as the Notes are on the Luxembourg Stock Exchange's Euro MTF market and the rules of that exchange so require, published in one daily newspaper in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any global Note is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders in accordance with their respective rules and operating procedures. Any such notice shall be deemed to have been given to the Noteholders on the day on which the notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 12 (*Notices*).

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

14. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

15. **Governing Law**

(a) **Governing Law**

Save as described below, the Fiscal Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law. Condition 2 shall be governed by, and shall be construed in accordance with, Spanish law.

(b) **Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 15(b) is for the benefit of each of the Noteholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited as its agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16. **Definitions**

In these Conditions, unless otherwise provided:

“**Adjusted EBITDA**” means the consolidated profit/(loss) of the Issuer before taxes, depreciation, amortisation and impairments and excluding any revaluation changes, financial income and financial expenses and any other exceptional or non-recurring items, as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer;

“**Authorised Officer**” means any director of the Issuer (or, in each case, any signatory authorised to act on its behalf);

“**Board of Directors**” means either the board of directors, or the equivalent body, of the Issuer, as the case may be, or any duly authorised committee of that board or body;

“**Business Day**” means a day (other than a Saturday or Sunday) which is a TARGET Business Day on which commercial banks and foreign exchange markets are open in the relevant city;

“**Calculation Amount**” has the meaning given to it in Condition 4(a) (*Interest Rate*);

a “**Change of Control**” shall occur if a person or persons acting together acquire Control of the Issuer;

“Change of Control Notice” has the meaning given to it in Condition 5(d) (*Redemption at the option of the Noteholders*);

“Change of Control Period” means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control, or if later, 60 calendar days following the date on which a Change of Control Notice is given to Noteholders as required by Condition 5(d) (*Redemption at the option of the Noteholders*);

a **“Change of Control Put Event”** will be deemed to occur if a Change of Control occurs and either:

- (a) a Rating Downgrade shall have occurred within the Change of Control Period; or
- (b) a Negative Rating Event shall have occurred;

“Clearstream, Luxembourg” means Clearstream Banking S.A.;

“Closing Date” means 22 July 2021;

“CNMV” means Spain’s Comisión Nacional del Mercado de Valores;

“Code” has the meaning given to it in Condition 7 (*Taxation*);

“Consolidated Interest Charges” means, for any period, all charges, interest, commission, fees, discounts and other finance costs in respect of Financial Indebtedness incurred by the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer, excluding any costs incurred in connection with the early repayment or early redemption of outstanding debt, as recognised in the consolidated financial statements of the Issuer;

“Consolidated Secured Solvency Ratio” means, in respect of any Reference Date, the Secured Consolidated Total Debt divided by Consolidated Total Assets;

“Consolidated Solvency Ratio” means, in respect of any Reference Date, the Consolidated Total Debt divided by Consolidated Total Assets;

“Consolidated Total Assets” means the total assets (excluding intangible assets) of the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated statement of financial position of the Issuer;

“Consolidated Total Debt” means the total Financial Indebtedness of the Group as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated statement of financial position of the Issuer;

“Control” means:

- (a) the acquisition or control of more than 50% of the Voting Rights; and/or
- (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise and **“controlled”** shall be construed accordingly;

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer and appointed at its own expense;

“Determination Date” will be set out in the relevant notice of redemption;

“€” or **“euro”** means the currency of the economic and monetary union established pursuant to the Treaty on the Functioning of the European Union, as amended;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Event of Default**” has the meaning given to it in Condition 8 (*Events of Default*);

“**FA Selected Bond**” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to the Par Call Redemption Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in euro and of a comparable maturity to the remaining term to the Par Call Redemption Date;

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of Notes, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) shares which are expressed to be redeemable;
- (i) without double counting, any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) without double counting, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

“**Group**” means the Issuer and its Subsidiaries taken as a whole;

“**IFRS**” refer to International Financial Reporting Standards as adopted by the European Union;

“**Interest Cover Ratio**” means the ratio of Adjusted EBITDA, net of the impact of acquisitions and disposals, to the Consolidated Interest Charges as at each Reference Date, calculated in respect of the most recent Relevant Period;

“**Interest Payment Date**” has the meaning given to it in Condition 4(a) (*Interest Rate*);

“**Interest Period**” has the meaning given to it in Condition 4(a) (*Interest Rate*);

“**Investment Grade Rating**” means the following Ratings: (a) “BBB-” or higher in the case of Fitch Ratings Ltd. and (b) “BBB-” or higher in the case of Moody’s Investors Services Limited and (c) the most nearly equivalent of “BBB-” or higher in the case of any other internationally recognised rating agency;

“Make Whole Amount” means an amount calculated by the Determination Agent equal to the higher of:

- (a) 100.00% of the principal amount outstanding of the Notes; and
- (b) the sum of the present values of the principal amount outstanding of the Notes and the Remaining Term Interest on the Notes (exclusive of interest accrued to the relevant date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (on the relevant day count basis) at the Reference Bond Rate, plus the Redemption Margin;

“Maturity Date” means 22 July 2026;

“Negative Rating Event” means the event when neither the Issuer nor the Notes are rated by a Rating Agency and a Change of Control occurs, and:

- (a) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating of the Notes; or
- (b) if the Issuer does so seek and use such endeavours, at the expiry of the Change of Control Period the Issuer has not obtained an Investment Grade Rating of the Notes, provided that the Rating Agency publicly announces or publicly confirms in writing that its declining to assign an Investment Grade Rating was the result of the applicable Change of Control;

“Optional Redemption Date” has the meaning given to it in Condition 5(c) (*Redemption at the option of the Issuer*);

“Par Call Redemption Date” has the meaning given to it in Condition 5(c) (*Redemption at the option of the Issuer*);

“Permitted Refinancing Financial Indebtedness” means any Financial Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Financial Indebtedness of the Issuer or any member of the Group (other than intra-group Financial Indebtedness); provided that:

- (a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Financial Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Financial Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (b) such Permitted Refinancing Financial Indebtedness has a final maturity date, or may only be redeemed or repaid at the option of the Issuer, either (i) no earlier than the stated final maturity date of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;
- (c) if the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Financial Indebtedness is subordinated at least to the same extent in right of payment to the Notes; and
- (d) if the Issuer was the obligor on the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Financial Indebtedness is incurred by the Issuer;

“Permitted Security Interest” means any Security Interest created in respect of any Relevant Indebtedness:

- (a) where such Security Interest was granted in respect of such Relevant Indebtedness (or such guarantee or indemnity in respect of Relevant Indebtedness) prior to the Closing Date; or
- (b) of a company which has merged with the Issuer or one of its Subsidiaries or which has been acquired by the Issuer or one of its Subsidiaries, provided that such Security Interest was already in existence at the time of the merger or the acquisition, was not created for the purpose of financing the merger or the acquisition and is not increased in amount and not extended following the merger or the acquisition;

“Proceedings” has the meaning given to it in Condition 15(b) (*Jurisdiction*);

“Put Option Notice” has the meaning given to it in Condition 5(d) (*Redemption at the option of the Noteholders*);

“Put Option Receipt” has the meaning given to it in Condition 5(d) (*Redemption at the option of the Noteholders*);

“Rate of Interest” has the meaning given to it in Condition 4(a) (*Interest Rate*);

“Rating” means any rating that may be assigned to the Notes by a Rating Agency from time to time, at the invitation of the Issuer or by such Rating Agency’s own volition;

“Rating Agency” shall mean Fitch Ratings Ltd., Moody’s Investors Services Limited or any of their respective successors or any other internationally recognised rating agency substituted for any of them by the Issuer from time to time;

“Rating Downgrade” means the rating previously assigned to the Issuer or the Notes by a Rating Agency is:

- (a) withdrawn and not subsequently reinstated within the Change of Control Period; or
- (b) save as provided in (c) below, changed to a rating lower than Investment Grade Rating and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period; or
- (c) (if the rating assigned to the Issuer or the Notes by any Rating Agency immediately prior to the commencement of the Change of Control Period is lower than Investment Grade Rating), lowered one or more full rating category/ies and not subsequently upgraded, within the Change of Control Period, to such rating assigned to the Issuer or the Notes (as the case may be) prior to the commencement of the Change of Control Period,

provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the reduction was the result of the applicable Change of Control. Notwithstanding the above, save from during a Change of Control Period, the Issuer may in its sole discretion cease to be rated by any Rating Agency;

“Redemption Margin” shall be 0.40%;

“Reference Bond” means OBL 0% 04/10/26 (ISIN: DE0001141836) or if such bond is no longer outstanding on the Determination Date, the FA Selected Bond;

“Reference Bond Price” means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any redemption date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such redemption date;

“Reference Date” means 30 June and 31 December of each year as the context requires provided that for the purposes of (i) these Conditions (other than Condition 3(b)(iv)), the first Reference Date shall be 31 December 2021; and (ii) Condition 3(b)(iv) the first Reference Date shall be 30 June 2022;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer (or the Determination Agent on its behalf), or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any redemption date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 5:00 pm (Brussels time) on the Determination Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

“Relevant Date” has the meaning given to it in Condition 7 (*Taxation*);

“Relevant Event Period” means in relation to a Change of Control, the Change of Control Period and, in relation to a Tender Offer Triggering Event, the Tender Offer Triggering Event Period;

“Relevant Event Redemption Date” means the date specified by the Issuer in the Change of Control Notice or the Tender Offer Triggering Event Notice, as applicable, being a date not earlier than five Business Days nor later than 10 Business Days after expiry of the Relevant Event Period;

“Relevant Financial Statements” means the most recent annual or semi-annual, as applicable, financial statements of the Issuer prepared as of and for the Relevant Period ending on each Reference Date;

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of or represented by marketable securities (either through a public offering or a private placement), including any notes, bonds, debentures, debenture stock, loan stock or other securities which are or are intended by the issuer thereof to be quoted, listed, ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market;

“Relevant Period” means the most recent 12-month period ending on each Reference Date falling on 31 December or the most recent 6-month period ending on each Reference Date falling on 30 June, as applicable, for which Relevant Financial Statements are available;

“Remaining Term Interest” means with respect to the Notes, the aggregate amount of scheduled payment(s) of interest on the Notes for the remaining term to the Par Call Redemption Date, determined on the basis of the rate of interest applicable to the Notes from and including the date on which the redemption in respect of which the Remaining Term Interest is being calculated is to occur and assessed by reference to the Rate of Interest;

“Reporting Date” means a date falling no later than 30 days after (i) the approval by the Issuer’s general shareholders’ meeting of the Issuer’s audited financial statements, with respect to a Reference Date falling on 31 December, or (ii) the approval by the Issuer’s Board of Directors of the Issuer’s semi-annual financial statements, with respect to a Reference Date falling on 30 June, provided that the first Reporting Date shall be the date falling no later than 30 days after the approval by the Issuer’s Board of Directors of the Issuer’s annual financial statements as of and for the period ended 31 December 2021;

“Reserved Matter” has the meaning ascribed to it in the Fiscal Agency Agreement;

“Secured Consolidated Total Debt” means such amount of Consolidated Total Debt that is secured by a Security Interest granted by the Issuer or a Subsidiary of the Issuer;

“Secured Financial Indebtedness” means any Financial Indebtedness or any guarantee and/or indemnity in respect of any Financial Indebtedness that is secured in whole or in part by a Security Interest granted over any assets of any member of the Group;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“Specified Office” has the meaning ascribed to it in the Fiscal Agency Agreement;

“Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer;

“TARGET Business Day” means, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Madrid and Luxembourg and on which the TARGET System is operating;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto;

“Tender Offer” means a tender offer (including a competing tender offer) made in accordance with applicable Spanish laws and regulations;

“Tender Offer Triggering Event” means the approval by the CNMV of a Tender Offer which could result, immediately following completion of the Tender Offer, in the offeror and/or any person acting together with the offeror having Control of the Issuer;

“Tender Offer Triggering Event Notice” has the meaning given to it in Condition 5(d) (*Redemption at the option of the Noteholders*);

“Tender Offer Triggering Event Period” shall mean the period commencing on and including the date the Tender Offer Triggering Event occurs and ending on and including the last date on which the Tender Offer is open for acceptance;

“Unencumbered Consolidated Total Assets” means such amount of Consolidated Total Assets not pledged as a Security Interest for Financial Indebtedness;

“Unencumbered Total Assets Ratio” means in respect of any Reference Date, the ratio of Unencumbered Consolidated Total Assets to Unsecured Consolidated Total Debt;

“Unsecured Consolidated Total Debt” means such amount of Consolidated Total Debt that is not Secured Consolidated Total Debt;

“Valuation Report” has the meaning given to it in Condition 3(b)(v) (*Valuations*); and

“Voting Rights” means, in respect of any person, the right generally to vote at a general meeting of shareholders of such person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

TAXATION

The following summary is a general description of certain tax considerations relating to the Notes. It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Notes, as applicable, whether in Spain or elsewhere, and does not deal with the tax consequences applicable to all categories of investors (such as look-through entities), some of which might be subject to special rules. Prospective investors should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes.

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

References in this section to Holders include the beneficial owners of the Notes. Investors should also note that the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Spanish SOCIMI Regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Issuer's understanding of current Spanish law in respect of the current SOCIMI Regime. The SOCIMI Regime was enacted originally in October 2009 and that has been amended in years 2012, 2014 and 2016. The amendments introduced in 2012 have improved the regime and have facilitated the incorporation of the first SOCIMI during the second semester of 2013. Accordingly interpretation of the rules is likely to develop as participants gain exposure to the regime. This summary is based on the key aspects of the Spanish SOCIMI Regime as they apply to the Issuer. The Issuer filed a request with the Spanish General Directorate of Taxes ("**DGT**") for the DGT to clarify certain aspects of the SOCIMI Law. The resultant ruling was issued on 10 February 2014. Investors should seek their own advice in relation to taxation matters.

Overview

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

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

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

Qualification as Spanish SOCIMI

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

Trading requirement

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

Purpose of the SOCIMI / Minimum share capital

SOCIMIs must take the form of a listed joint stock corporation, such a *sociedad anónima*, with a minimum share capital of €5 million. Furthermore, the SOCIMI's shares must be in registered form, nominative and only one single class of shares is permitted.

A SOCIMI must have as their main corporate purpose:

- The acquisition, development and refurbishment of urban real estate for rental purposes;
- The holding of shares of other SOCIMIs or Qualifying Subsidiaries; and/or
- The holding of shares in real estate collective investment funds, regulated by Law 35/2003, of 4 November, on Collective Investments Institutions, or the regulation that replaces it in the future.

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

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

Restrictions on investments

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

- Urban real property to be leased. Urban real estate property is understood to be that which is located on qualified urban land in accordance with Spanish urban planning legislation;
- Land plots acquired for the development of urban real property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date;
- Participations in Qualifying Subsidiaries (see "Purpose of the SOCIMI / Minimum share capital" above); and/or
- Participations in real estate collective investment funds.

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

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

There are no asset diversification requirements.

Restrictions on income

At least 80% of a SOCIMI's net annual income must derive (i) from the lease of qualifying assets (as described in "Restrictions on investments" above) with persons or entities in respect of whom none of the

circumstances set out in Article 42 of the Spanish Commercial Code apply, irrespective of their residence (i.e. lease agreements between related entities would not be deemed a qualifying activity and, therefore, the rent deriving from such agreements cannot exceed 20% of the SOCIMI's income); or (ii) from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds and companies.

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

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

Minimum holding period

Real estate properties must remain leased for a minimum period of 3 years, including the period during which those assets were offered for lease, with a maximum of one year. That period shall be initiated (i) in the case of real estate properties owned by the SOCIMI prior to the time of applying for the SOCIMI Regime, from the date of the first tax period in which the SOCIMI Regime is applied, provided that the property was leased or offered for lease on that date; and (ii) in other cases, from the date on which it was first leased or offered for lease.

Shares of other SOCIMIs or Qualifying Subsidiaries must be held by the SOCIMI for at least three years from their acquisition date or, where applicable, from the beginning of the first tax period in which the SOCIMI Regime applies.

Failure to comply with this minimum holding period shall result in:

- In the case of real estate properties, the taxation of all the income generated by the relevant asset in all the tax periods in which the SOCIMI Regime would have been applicable under the standard Corporate Income Tax rate (i.e. 25%); and
- In the case of shares of other SOCIMIs or Qualifying Subsidiaries, the taxation of that part of the income generated on the transfer under the standard Corporate Income Tax rate (i.e. 25%).

Mandatory dividend distribution

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

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

Leverage

SOCIMI has no specific limitation on indebtedness.

Limitations with regard to tax deduction of financial expenses and annual depreciation, carrying-forward of tax losses and tax credits should have no practical impact provided that the SOCIMI is taxed at a 0% Corporate Income Tax rate.

Sanctions

The loss of the SOCIMI status triggers adverse consequences for the SOCIMI. Causes for such loss of status are:

- Delisting.
- Substantial failure to comply with its information and reporting obligations as set forth in Article 11 of the SOCIMI Law, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year.
- Failure to adopt dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under “Mandatory dividend distribution” above. In this case, the loss of SOCIMI status would have effects in the tax year in which the profits not distributed were obtained.
- Waiver of the SOCIMI Regime by the company.
- Failure to meet the requirements established in the SOCIMI Law unless such failure is remedied within the following fiscal year. However, the failure to observe the minimum holding period of the assets would not give rise to the loss of SOCIMI status, but (i) the assets would be deemed non-qualifying assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (i.e. 25%).

Should the SOCIMI falls into any of the above scenarios, the SOCIMI Regime will be lost and it will not be eligible for the special tax regime for three years. In such case, the Issuer must pay Corporate Income Tax at the regular rate (i.e. 25%). The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company.

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

Spanish tax considerations

Spanish tax considerations

The information provided below has been prepared in accordance with the following Spanish tax legislation in force at the date of this Offering Memorandum:

- of general application, First Additional Provision of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit entities (“**Law 10/2014**”), along with Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes (“**Royal Decree 1065/2007**”);
- for individuals with tax residency in Spain who are individual income tax (“**IIT**”) tax payers, Law 35/2006, of 28 November, on IIT and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law (“**IIT Law**”), as well as Royal Decree 439/2007, of 30 March 2007, promulgating the IIT Regulations, as amended, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax (“**NWT Law**”) and Law 29/1987, of 18 December 1987, on the Inheritance and Gift Tax (“**IGT Law**”);
- for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax, Law 27/2014, of 27 November, on CIT (“**CIT Law**”), and Royal Decree 1777/2004 of 30 July promulgating the CIT Regulations; and
- for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax (“**NRIT**”), Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law (“**NRIT Law**”), as amended, and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, along with NWT Law and IGT Law.

This analysis is a general description of the tax treatment under the Spanish common legislation, currently in force, and does not include a description of the regional tax regimes in the Historical Territories of the Basque Country and the Community of Navarre, nor the provisions passed by Autonomous Communities which may apply to investors for certain taxes.

Indirect taxation

Whatever the nature and residence of the beneficial owners of the Notes, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from transfer tax and stamp duty, in accordance with the Consolidated Text of such taxes promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from VAT, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

Individuals with Tax Residency in Spain

Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Payments of both interest periodically received and income derived from the transfer, redemption or repayment of the Notes constitute return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Article 25.2 of the IIT Law, and must be included in the investor's IIT savings taxable base and taxed according to the then-applicable rate. The savings taxable base is currently subject to the rate of 19% up to € 6,000.00; 21% from € 6,000.01 up to € 50,000.00; 23% from € 50,000.01 up to € 200,000.00; and 26% from € 200,000.01 upwards.

No withholding on account of IIT will be imposed by the Issuer on interest or on income derived from the redemption or repayment of the Notes, obtained by individual investors subject to IIT provided that certain requirements are met in accordance with Article 44.5 of Royal Decree 1065/2007, in particular in the case of listed debt securities issued under Additional Provision of Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state (as Euroclear and Clearstream):

- it would not be necessary to provide the relevant Issuer with the identity of the Noteholders who are individuals resident in Spain for tax purposes or to indicate the amount of income attributable to such individuals; and
- interest paid to all Noteholders (whether tax resident in Spain or not), as well as income derived from the redemption or repayment of the Notes, should be paid free of Spanish withholding tax provided that the information procedures explained under the section “—*Compliance with Certain Requirements in Connection with Income Payments*” are complied with.

The Issuer understands that, according to Royal Decree 1065/2007, it has no obligation to withhold any tax amount for interest or income derived from the redemption or repayment of the Notes corresponding to Noteholders who are individuals with tax residency in Spain provided that the information procedures (which do not require identification of the Noteholders) are duly and timely complied with by the Fiscal Agent, through the supply of a Payment Statement (as defined below).

If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer will withhold the relevant percentage (currently 19%) and will not pay additional amounts with respect to any such withholding.

Finally, income derived from the transfer of the Notes may be subject, under certain circumstances, to a withholding on account of IIT that may have to be deducted by other entities (such as depositaries or financial entities) provided that such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory at the current rate of 19%.

In any event, the individual holder may credit any withholding against his or her final IIT liability for the relevant tax year.

Reporting Obligations

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to beneficial owners of the Notes who are individuals resident in Spain for tax purposes.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Individuals with tax residency in Spain will be subject to Net Wealth Tax (“NWT”) which imposes a tax on their net wealth (i.e. property and rights regardless of the place where the assets are located or where the rights may be exercised) in excess of € 700,000 held on the last day of any year.

Spanish tax resident individuals whose net worth is above € 700,000 and who hold Notes on the last day of any year would therefore be subject to NWT for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis.

However, those rates may vary depending on the Autonomous Region of residency of the investor. As such, prospective investors should consult their tax advisers.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax (“IGT”) in accordance with applicable Spanish regional and state rules. The applicable tax rates may range currently between 0% and 81.6%, depending on relevant factors, although the final tax varies depending on applicable autonomous region laws.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Payments of both interest periodically accrued and income derived from the transfer, redemption or repayment of the Notes must be included in the profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for such tax. The current general tax rate is 25%.

No withholding on account of Corporate Income Tax will be imposed by the Issuer on interest as well as on income derived from the redemption or repayment of the Notes obtained by Spanish Corporate Income Tax taxpayers provided that certain information procedures according to Royal Decree 1065/20017 are met (including that the Fiscal Agent provides the Issuer, in a timely manner, with a duly executed and completed Payment Statement). See “—Compliance with Certain Requirements in Connection with Income Payments.”

If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer will withhold the relevant percentage (currently 19%) and will not pay additional amounts with respect to any such withholding. In any event, legal entities with tax residency in Spain may credit the withholding against their Corporate Income Tax liability for the relevant year.

Reporting Obligations

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to beneficial owners of the Notes who are legal persons or entities resident in Spain for tax purposes.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Entities subject to Corporate Income Tax in Spain are not subject to NWT.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish IGT but must include the market value of the Notes in their taxable income for Corporate Income Tax purposes.

Individuals and Legal Entities that are not Tax Resident in Spain

Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)

- (i) Non-Spanish tax resident investors acting through a permanent establishment in Spain

If the Notes 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 Notes are, generally, the same as those set out above for Spanish Corporate Income Tax taxpayers. See “*Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*.” Ownership of the Notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to beneficial owners of the Notes who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

(ii) Non-Spanish tax resident investors not acting through a permanent establishment in Spain

Both interest payments periodically received and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met, including that the Fiscal Agent provides the Issuer, in a timely manner, with a duly executed and completed Payment Statement. See “—*Compliance with Certain Requirements in Connection with Income Payments*.”

If the Fiscal Agent fails or for any reason is unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income under the Notes, the Issuer will withhold Spanish withholding tax at the then-applicable rate, currently 19% on such payment of income on the Notes and the Issuer will not pay additional amounts with respect to any such withholding tax.

Beneficial owners not resident in Spain for tax purposes and entitled to exemption from NRIT, but the payment to whom was not exempt from Spanish withholding tax due to the failure by the Fiscal Agent to deliver a duly executed and completed Payment Statement, will receive a refund of the amount withheld, with no need for action on their part, if the Fiscal Agent provides the Issuer with a duly executed and completed Payment Statement no later than the 10th calendar day of the month immediately following the relevant payment date.

Beneficial owners entitled to receive income payments in respect of the Notes free of Spanish withholding taxes but in respect of whom income payments have been made net of Spanish withholding tax may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Notwithstanding the provisions included in the double tax treaties entered into by Spain, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above € 700,000.00 and who hold Notes on the last day of any year would be subject to NWT for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis. However, non-Spanish individuals will be exempt from NWT in respect of Notes which income is exempt from NRIT.

Individuals that are not resident in Spain for tax purposes but who are resident in an European Union or European Economic Area Member State may apply the rules approved by the Autonomous Region where the assets and rights with more value (i) are located; (ii) can be exercised; or (iii) must be fulfilled.

Non-Spanish resident legal entities are not subject to NWT.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Non-Spanish tax resident individuals who acquire ownership or other rights over Notes by inheritance, gift or legacy, will be subject to IGT in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to IGT. In such case, the provisions of the relevant double tax treaty will apply.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to IGT in accordance with Spanish legislation. As such, prospective investors should consult their tax advisers.

Notwithstanding the foregoing, if the deceased, the heir or the donee are residents of a Member State of the European Union or of the European Economic Area, depending on the specific case, the regulations approved by the corresponding Autonomous Region may be applicable, following specific rules. As such, prospective investors should consult their tax advisers. Likewise, in its judgments of 19 February, 21 March and 22 March 2018, the Spanish Supreme Court, based on the European right to the free movement of capital, has declared that the application of the regional rules corresponding to the relevant Autonomous Region according to the law should be extended in some circumstances to deceased heirs or donees who are resident outside of the European Union or of the European Economic Area.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the investor.

Obligation to inform the Spanish Tax Authorities of the Ownership of the Notes

With effect from 1 January 2013, Law 7/2012, of 29 October, as implemented by the Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e. individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Notes are deposited with or placed in the custody of a non-Spanish entity, Noteholders resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish Tax Authorities, between 1 January and 31 March every year, the ownership of the Notes as held on 31 December of the immediately preceding year (e.g. to declare between 1 January 2022 and 31 March 2022 the ownership of the Notes held on 31 December 2021).

This obligation would only need to be complied with if certain thresholds are met: specifically, if the only rights/assets held abroad are the Notes, this obligation would only apply if the value of the Notes together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with NWT rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Notes together with other qualifying assets increases by more than €20,000 in relation to the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Notes before 31 December should be declared if such ownership was reported in previous declarations.

Compliance with Certain Requirements in Connection with Income Payments

As described under “—Individual and Legal Entities that are not Tax Residents in Spain,” “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*)” and “—Individuals with Tax Residency in Spain—Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*),” provided the conditions set forth in Law 10/2014 are met (including that the Fiscal Agent provides the Issuer, in a timely manner, with a duly executed and completed Payment Statement), income paid in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish Corporate Income Tax or IIT taxpayers, will not be subject to Spanish withholding tax. For these purposes, “income” means interest paid on an Interest Payment Date or the amount of the difference, if any, between the aggregate redemption price paid upon the redemption of the Notes of a series (or a portion thereof) and the aggregate principal amount of such Notes.

In accordance with sub-section 5 of Article 44 of Royal Decree 1065/2007, as amended, a duly executed and completed Payment Statement must be submitted to the Issuer by the Fiscal Agent before the close of business on the business day immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes is due. In accordance with the form attached as Annex to Royal Decree 1145/2011, of 29 July, the Payment Statement shall include the following information:

- (a) identification of the Notes with respect to which the relevant payment is made;
- (b) the date on which the relevant payment is made;
- (c) total amount of income to be paid on the relevant payment date; and
- (d) total amount of income corresponding to Notes held through each clearing and settlement system for securities located outside Spain (including Euroclear and Clearstream).

In light of the above, the Issuer and the Fiscal Agent will enter into an agency agreement which, among other things, will provide for the timely provision by the Fiscal Agent of a duly executed and completed payment statement in connection with each interest payment under the Notes (the “**Payment Statement**”) and set forth certain procedures agreed by the Issuer and the Fiscal Agent which aim to facilitate such process, along with a form of the Payment Statement to be used by the Fiscal Agent. If, despite these procedures, the relevant information is not received by the Issuer on each payment date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Offering Memorandum, 19%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

Notwithstanding the above, if, before the tenth calendar day of the month following the month in which the relevant income is paid, the Fiscal Agent provides the required information, the Issuer will reimburse the amounts withheld. In addition, investors may apply directly to the Spanish tax authorities for any refund to which they may be entitled.

Prospective investors should note that the Issuer does not accept any responsibility relating to the procedures established for the timely provision by the Fiscal Agent of a duly executed and completed Payment Statement in connection with each income payment under the Notes. Accordingly, Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

Set out below is Exhibit I. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Exhibit I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.

The language of this Offering Memorandum is English. The Spanish language text of Exhibit 1 has been included in order that the correct technical meaning may be ascribed to such text under applicable Spanish law. Any foreign language text included in this Offering Memorandum does not form part of this Offering Memorandum.

EXHIBIT 1

Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Don (nombre), con número de identificación fiscal (...)⁽¹⁾, en nombre y representación de (entidad declarante), con número de identificación fiscal (...)⁽¹⁾ y domicilio en (...) en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number (...)⁽¹⁾, in the name and on behalf of (entity), with tax identification number (...)⁽¹⁾ and address in (...) as (function - mark as applicable):

(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Management Entity of the Public Debt Market in book entry form.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

(d) Agente de pagos designado por el emisor.

(d) Issue and Paying Agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Makes the following statement, according to its own records:

1 En relación con los apartados 3 y 4 del artículo 44:

1 In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores

1.1 Identification of the securities

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

2 En relación con el apartado 5 del artículo 44.

2 In relation to paragraph 5 of Article 44.

2.1 Identificación de los valores

2.1 Identification of the securities

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

2.2 Income payment date (or refund if the securities are issued at discount or are segregated)

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

Lo que declaro ena dede

I declare the above in on the.... of..... of....

⁽¹⁾ En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia

⁽¹⁾ In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

SUBSCRIPTION AND SALE

Subscription Agreement

The Joint Lead Managers have, pursuant to a subscription agreement dated 20 July 2021 (the “**Subscription Agreement**”), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at 100% of their principal amount plus accrued interest, if any. The Issuer has agreed to reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain limited circumstances prior to payment being made to the Issuer.

As further described in the section of this Offering Memorandum “*Description of the Issuer-Tender Offer*”, the offering of the Notes is being conducted in conjunction with the Tender Offer for any and all of the Issuer’s Senior Secured Notes. The Tender Offer Memorandum provides that when considering allocation of the Notes, the Issuer may in its sole discretion elect to give preference to those holders of the Senior Secured Notes who validly tender (or give a firm intention that they intend to tender) their Senior Secured Notes pursuant to the Tender Offer. The results of the Tender Offer are currently expected to be published on 20 July 2021.

Selling Restrictions

General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has undertaken to the Issuer that it will to the best of its knowledge and belief comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Memorandum or any related offering material, in all cases at its own expense.

Persons into whose hands this Offering Memorandum comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or possess, distribute or publish this Offering Memorandum or any other offering material relating to the Notes, in all cases at their own expense.

The offer and marketing (as such term is defined in the AIFM Directive) of the Notes is being conducted only to professional clients (as defined under MiFID II and UK MiFIR (as applicable)) in the Approved Jurisdictions and is not being conducted in any other European Union member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a person to whom the Notes cannot be marketed in accordance with the AIFM Directive as implemented and interpreted in accordance with the laws of each European Union member state and of the United Kingdom, or the UK Alternative Investment Fund Regulations 2013 (as applicable), it should not participate in the offering and the Notes are not being offered or marketed to it.

The agreements of the Joint Lead Managers referred to in this “*Subscription and Sale*” section are subject to certain exceptions in relation to the AIFM Directive.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Notes within the United States.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period (as such term is defined in Rule 902 of Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act.

United States Treasury Regulation §1.163-5(c)(2)(i)(D) (“**TEFRA D**”) is applicable in relation to the Notes. In respect of Notes:

- (i) except to the extent permitted under TEFRA D, each Joint Lead Manager (a) has represented and agreed that it has not offered or sold, and has agreed that during a 40-day restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (b) has represented that it has not delivered and agreed that it will not deliver within the United States or its possessions Definitive Notes that are sold during the restricted period;
- (ii) each Joint Lead Manager has represented and agreed that it has and that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;
- (iii) if it is a United States person, each Joint Lead Manager has represented and agreed that it is acquiring Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it will only do so in accordance with TEFRA D (including the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6)); and
- (iv) with respect to each affiliate of a Joint Lead Manager that acquires Notes from such Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager has repeated and confirmed the representations and agreements contained in subparagraphs (i) to (iii) on such affiliate’s behalf.

Terms used in paragraphs (i) to (iv) above have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including TEFRA D.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the

meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Memorandum, or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable regulations.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of the Offering Memorandum or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the “**Prospectus Regulation**”) and any applicable provision of Italian laws and regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Memorandum or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must:

- be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- comply with any other applicable laws and regulations or requirements imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) any/or any other Italian authority.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)

of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Fiscal Agency Agreement, the Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

Nominal Amount and Exchange

The nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear and Clearstream, Luxembourg or any permitted alternative clearing system (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Temporary Global Note and the Permanent Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Note shall be exchanged in whole or in part for interests recorded in the records of the relevant Clearing Systems in the Permanent Global Note 40 days after the Issue Date.

The Permanent Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below (i) if the Permanent Global Note is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Notes is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

If principal in respect of any Notes is not paid when due and payable the holder of the Permanent Global Note may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in “—*Default*” below), require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (provided that, if the Permanent Global Note is held by or on behalf of a relevant Clearing System, that relevant Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for Definitive Notes on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date, the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

“**Exchange Date**” means a day falling not less than 40 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant Clearing System is located.

Payments

No Payments will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made to its holder against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of the Fiscal Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose) and each payment so made will discharge the Issuer’s obligations in respect thereof. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing Systems, but any failure to make the entries in the records of the relevant Clearing Systems shall not affect the discharge referred to above. Condition 6(e)(iii) (*Paying Agents*) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Permanent Global Note, Condition 6(d) (*Payments on Business Days*) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Notes.

Notices

So long as the Notes are represented by the Permanent Global Note and the Permanent Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that, so long as the Notes are listed and/or admitted to trading, notices required to be given to the Noteholders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading.

Prescription

Claims against the Issuer in respect of principal (including any Make Whole Amount) and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal and any Make Whole Amount) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

Purchase and Cancellation

On cancellation of any Note represented by the Permanent Global Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems, and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by the Permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

Default

The holder of the Permanent Global Note may exercise the right to declare Notes represented by this Global Note due and payable under Condition 8 (*Events of Default*) by stating in the notice (the “**default notice**”) to the Fiscal Agent the principal amount of Notes (which may be less than the outstanding principal amount hereof) to which such notice relates.

If principal in respect of any Notes is not paid when due and payable (but subject as provided below), the holder of the Permanent Global Note may from time to time elect that direct rights under the provisions of the Schedule to the Permanent Global Note shall come into effect. Such election shall be made by notice to the Fiscal Agent and presentation of the Permanent Global Note to or to the order of the Fiscal Agent for reduction of the principal amount of Notes represented by the Permanent Global Note to € zero (or to such other figure as shall be specified in the notice). Upon such notice being given the appropriate direct rights shall take effect.

No such election may however be made on or before an Exchange Date fixed in accordance with this Global Note with respect to the Notes to which that Exchange Date relates unless the holder elects in such notice that the exchange in question shall no longer take place.

Redemption at the option of Noteholders

The Noteholders’ put option in Condition 5(d) (*Redemption at the option of the Noteholders*) may be exercised by the holder of the Permanent Global Note, giving notice to the Fiscal Agent, within the time limits specified in Condition 5(d) (*Redemption at the option of the Noteholders*), substantially in the form of the put option notice available from any Paying Agent, in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg. Following the exercise of any such option, the Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by the Permanent Global Note shall be by the aggregate nominal amount stated in the relevant exercise notice.

GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on its Euro MTF Market.

The estimated expenses related to admission to trading will be approximately €7,750.

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, and performance of its obligations, under the Notes. The issue, and performance of its obligations under, the Notes was approved by a resolution of the Board of Directors passed on 5 July 2021.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the managers and directors of the Issuer, and their private interests and/or other duties.

Significant/Material Change

There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer, in each case since 31 December 2020.

Legal and Arbitration Proceedings

Neither the Issuer nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.

Legend Concerning US Persons

Each Note and Coupon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) with Common Code 236398927. The International Securities Identification Number (ISIN) for the Notes is XS2363989273. The Financial Instrument Short Name (FISN) is LAR ESPANA REAL/ASST BKD 22001231 R and the Classification of Financial Instruments Code (CFI Code) is DAFNFB.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer’s business, which could result in any member of the Issuer’s group being under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations to noteholders in respect of the Notes being issued.

Documents on Display

For the life of the Offering Memorandum and the Notes, physical copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, at Calle de María de Molina 39, 28020 Madrid, Spain:

- the Fiscal Agency Agreement (which includes the form of the Global Notes, the definitive Notes, and the Coupons);
- the Articles of Association (“*estatutos sociales*”) of the Issuer;

- the audited consolidated annual accounts of the Issuer as of and for the years ended 31 December 2020 and 2019;
- a copy of this Offering Memorandum together with any supplement to this Offering Memorandum; and
- all valuation reports and statements by any expert any part of which is extracted or referred to in this Offering Memorandum.

Eurosystem Eligible Collateral

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended, upon issue, to be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (“**Eurosystem eligible collateral**”) either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.

Independent Auditor to the Issuer

Deloitte, S.L., whose registered office is at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, Spain (Independent Auditors) has audited the accounts of the Issuer since its incorporation. Deloitte, S.L. is registered with the *Registro Oficial de Auditores de Cuentas de Espana* (Official Registry of Auditors in Spain) under number S0692.

Other Relationships

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, and/or their affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead 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 (including bank loans) for its own account and for the accounts of its customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. The Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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