Calle Príncipe de Vergara, 112, 4º floor

Madrid (SPAIN)

http://www.orbispropertiessocimi.com

# INFORMATION DOCUMENT

29 JULY 2020

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**ON EURONEXT ACCESS PARIS**

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Ce document peut également être consulté sur le site internet ORBIS PROPERTIES SOCIMI, S.A.U. (www.orbispropertiessocimi.com) / Copy of this Information Document is available free of charge at ORBIS PROPERTIES SOCIMI, S.A.U.'s website (www.orbispropertiessocimi.com).

L'opération proposée ne nécessite pas de visa de l'Autorité des Marchés Financiers (AMF). Ce document n'a donc pas été visé par l'AMF. / The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF). This document was therefore not endorsed by the AMF.

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***The articles of association included in this Information Document have been translated from Spanish to English, and their content has been included for information purposes. In case of any discrepancies, and for legal purposes, the Spanish version registered in the Commercial Registry shall prevail over the English version.***

***ARMANEXT ASESORES, S.L. urges to read this entire Information Document carefully, including the risk factors, ORBIS PROPERTIES SOCIMI, S.A.U.´s original Spanish language historical financial statements, and the valuation of both the assets and the Company.***

## COMPANY REPRESENTATIVE FOR INFORMATION DOCUMENT

Mr. Yves Barthels of the Board of Directors, acting for and on behalf ORBIS PROPERTIES SOCIMI, S.A.U., (hereinafter, the "**Company** "or the "**Issuer**" or "**ORBIS**") hereby declares, after taking all reasonable measures for this purpose and to the best of his knowledge, that the information contained in this Information Document is in accordance with the facts and that the Information Document makes no material omission.

ARMANEXT ASESORES, S.L. declares that, to the best of our knowledge, the information provided in the Information Document is accurate and that, to the best of our knowledge, the Information Document is not subject to any (material) omissions, and that all relevant information is included in the Information Document.

# 1 GENERAL DESCRIPTION OF ORBIS PROPERTIES SOCIMI, S.A.U.

ORBIS PROPERTIES SOCIMI, S.A.U. is a Spanish company, running under the SOCIMI special tax regime (Sociedad Cotizada de Inversión en el Mercado Inmobiliario), equivalent to a REIT (Spanish REIT).

The Company was founded on 5 July 2018 under the corporate name of Newsoms Invest S.L.U.

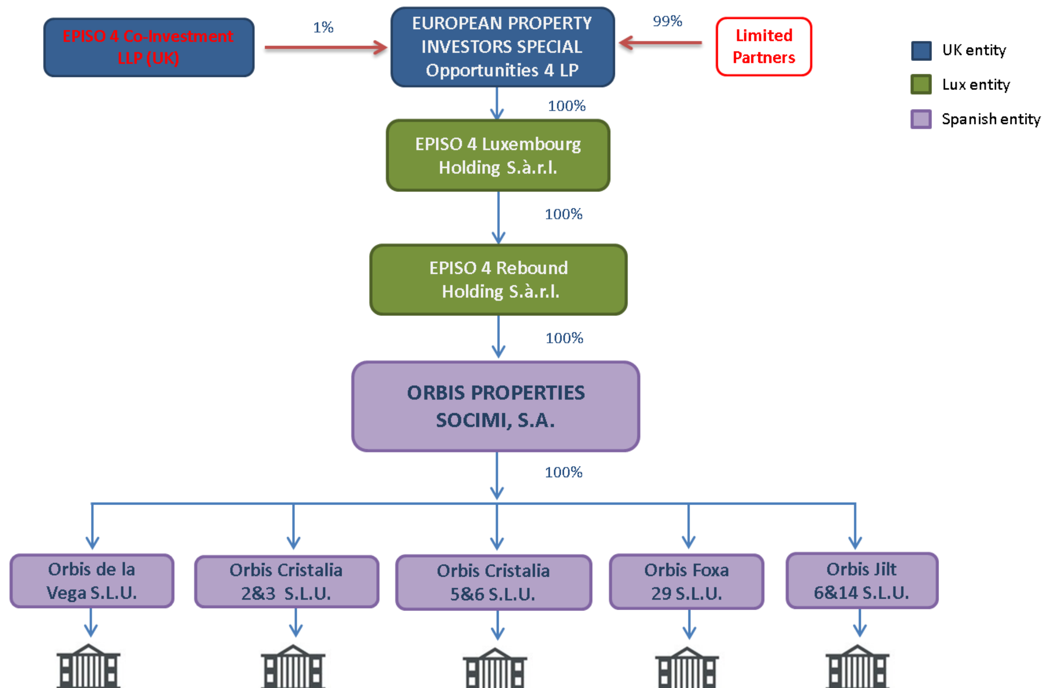
On 19 September 2018, the Company's Sole Shareholder adopted? a resolution on requesting the application of the SOCIMI special tax regime.

On 26 March 2020, the Company changed its denomination to ORBIS PROPERTIES SOCIMI, S.A.U.

The Company is fully owned by EPISO 4 Rebound Holding Luxemburg S.à.r.l. which holds 100% of ORBIS's shares and is duly represented by Mr. Yves Barthels as class A manager.

ORBIS has invested, through its subsidiaries, in the following real estate properties:

- Avenida de la Vega 15, Alcobendas, Madrid (Spain)
- Cristalia Business Park 2&3, Madrid (Spain)
- Cristalia Business Park 5&6, Madrid (Spain)
- Calle Agustín de Foxá 29, Madrid (Spain)
- Calle Juan Ignacio Luca de Tena 14, Madrid (Spain)



The purpose of EPISO 4 Rebound Holding S.à.r.l is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and in any real estate properties, and the management of such participations. It may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. It may invest in real estate whatever the acquisition modalities including but not limited to the acquisition by way of sale or enforcement of security.

There are no Beneficial Owners.

## 1.1 COMPANY NAME, REGISTERED OFFICE, AND REGISTRATION FOR THE SOCIMI SPECIAL TAX REGIME

### *1.1.1 Company name*

The company´s full legal name is ORBIS PROPERTIES SOCIMI, S.A.U.

### *1.1.2 Registered office*

Calle Príncipe de Vergara 112, 4º floor, Madrid (Spain).

### *1.1.3 Data of Registration with the Commercial Registry*

Registered at the Madrid Commercial Registry.

| | |
|---|---|
| **Date** | 13 July 2018 |
| **Book** | 37,755 |
| **Sheet** | 196 |
| **Section** | 8 |
| **Page** | M-672592 |

### *1.1.4* Registration for the SOCIMI special tax regime

The Company and its five subsidiaries requested to the Tax Agency to be subject to the SOCIMI special tax regime, established in Law 11/2009 on 28 September 2018.

## 1.2 DURATION *(ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)*

***ARTICLE 3.- DURATION OF THE COMPANY AND START OF OPERATIONS***

1. *The Company is incorporated for an indefinite duration.*
2. *The Company started its operations on the day of execution of the deed of incorporation.*

## 1.3 COMPANY PURPOSE *(ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)*

***ARTICLE 2.- CORPORATE PURPOSE***

1. *The corporate purpose is the exercise of the following activities:*

    a) *Acquiring and promoting urban real estate in order to lease it. The promotion activity includes the refurbishment of buildings on the terms established in Law 37/1992, of28 December, on Value Added Tax.*

    b) *Holding the share capital of real estate investment listed companies ("SOCIMIs") or in the share capital of other entities not resident in the Spanish territory that have the same corporate purpose and are subject to a similar regime to that established for SOCIMIs as regards the mandatory legal or bylaw-mandated policy on distribution of profits.*

    c) *Holding the share capital of other entities, whether or not resident in the Spanish territory, whose main corporate purpose is the acquisition of urban real estate in order to lease it and which are subject to the same regime established for SOCIMIs as regards the mandatory legal or bylaw-mandated policy to distribute profits and comply with the investment requirements for these companies according to the provisions of article 3 of the SOCIMI Law.*

    d) *Holding shares in publicly traded or private Real Estate Collective Investment Undertakings as regulated in Law 35/2003, of 4 November, on Collective Investment Undertakings, or such law as may replace it in the future.*

    *Together with its economic activity arising from the main corporate purpose, the Company may carry on other activities that are ancillary to those described above. These shall be interpreted as activities whose revenues represent a total of less than 20 per cent of the Company's revenues in each taxable period (including but not limited to real estate transactions other than those listed in sub-articles (a) to (d) above), or activities that may be deemed ancillary pursuant to applicable law at any time.*

2. *All activities for which the law establishes requirements for exercise with which the Company is unable to comply shall be excluded.*
3. *The activities comprising the corporate purpose may be partly or wholly carried on in an indirect manner, by means of interests in other companies with a similar or identical purpose.*

## 1.4 DIVIDENDS *(ARTICLE 33 OF THE ARTICLES OF ASSOCIATION)*

Article 33 of the articles of association sets out the requirements for the distribution of profits:

***ARTICLE 33.- APPLICATION OF RESULTS***

1. *The shareholders at the general meeting shall pass a resolution regarding the application of results, strictly in accordance with the legal provisions that are applicable to the Company at any time. In particular, upon fulfilment of the corresponding commercial obligations, the shareholders at the general meeting shall resolve to distribute the Company's profits in accordance with the following details:*

   *a) 100% of profits from dividends or shares in profits or SOCIMIs or other similar entities.*

   *b) At least 50% of profits arising out of transfers of real property and shares in publicly traded or private SOCIMIs or similar entities that have been carried out in observance of the three-year investment-holding period.*

   *The remainder of these profits must be reinvested in other real property or shareholdings linked to the fulfilment of the Company's corporate purpose, within the term of three years following the date of transfer. Said profits must otherwise be distributed in full together with any profits arising in the financial year in which the reinvestment period ends.*

   *If the elements that are the object of reinvestment are transferred before the end of the minimum investment-holding period, 100% of the profits obtained must be distributed together with any profits arising during the financial year in which the relevant real property has been transferred.*

   *c) At least 80% of other profits obtained.*

   *The shareholders at the general meeting shall determine the time and form of payment of any distributable dividends, subject to the provisions of these By-Laws and the SOCIMI Law. The determination of these facts and of any others that may be necessary or appropriate to make the resolution effective may be delegated to the management body.*

   *The shareholders at the general meeting or the management body may resolve to distribute interim dividends subject to the limitations and in compliance with the requirements established by law.*

   *The shareholders at the general meeting may resolve that dividends are to be paid partly or fully in kind, provided that the distributed assets or securities are homogeneous, are not distributed for a lower value than they have on the Company's balance sheet, are admitted to trading at the time the resolution*

*becomes effective, and that the Company's liquidity is duly guaranteed for a maximum period of one year.*

2. *Liquid profits shall be distributed among the shareholders in proportion to their holdings in the share capital. It must be resolved to allocate the profits within the six months following the conclusion of each financial year and payment must be made within the month following the date of the distribution resolution.*

3. *Special rules for the distribution of dividends are as follows:*

   a) *Right to receive dividends. Persons whose entitlements are listed in the corresponding accounting registers on the day on which the general meeting resolves to make a distribution of dividends, or, where applicable, on the day on which the management body does so, shall be entitled to receive dividends.*

   b) *Enforceability of dividend. Dividends shall be enforceable and payable 30 days after the date of the resolution by way of which the shareholders at the general meeting or, if applicable, the management body have agreed to distribute them, without prejudice to the possibility of expressly setting a specific payment date within said month by resolution.*

   c) *Indemnification. In cases in which the distribution of a dividend gives rise to an obligation for the Company to pay the special levy established in article 9.2 of the SOCIMI Law, or such rule as may replace it, the Company's management body may require that the shareholders who have caused the accrual of said levy indemnify the Company.*

      *The amount of the indemnification shall be equivalent to the sum accruing to the Company in Corporation Tax (Impuesto sobre Sociedades) due to the payment of the dividend that serves as a basis for calculation of the special levy, increased by the sum that, after deducting the corporation tax that affects the total amount of the indemnification, offsets the cost arising from the special levy and from the corresponding indemnification.*

   *The management body shall calculate the amount of the indemnification, without prejudice to the possibility of it delegating said calculation to one or more directors. Unless the management body agrees otherwise, the indemnification shall be enforceable on the day before payment of the dividend.*

   *By way of example, the indemnification is calculated below for two different circumstances in order to show how the effect of the indemnification on the Company's profit-and-loss account is zero in both cases:*

   *Assuming a gross dividend of 100 and a special levy for Corporation Tax of 19% and a Corporation Tax rate of 0% for the income obtained by the Company, the indemnification would be calculated as follows:*

*Dividend: 100*

*Special levy: 100 x 19% = 19*

*CT cost of special levy (“CTCsl”): 19*

*Indemnification (“I”): 19*

*Taxable base of CT for indemnification (“TBi”): 19*

*CT cost associated with indemnification (“CTCi”): 0*

*Effect on Company: I – CTCsl – TBi = 19 – 19 – 0= 0*

*Assuming a gross dividend of 100 and a special levy for Corporation Tax of 19% and a Corporation Tax rate of 10% for the returns obtained by the Company, the indemnification, rounded to the nearest whole cent, would be calculated as follows:*

*Dividend: 100*

*Special levy: 100 x 19% = 19*

*CT cost of special levy (“CTCsl”): 19*

*Indemnification (“I”): 19+(19 ×0.1)/((1-0.1))=21.1119*

*Taxable base of CT for indemnification (“TBi”): 21.11*

*CT cost associated with indemnification (“CTCi”): 21.11 x 10% = 2.11*

*Effect on Company: I – CTCsl – TBi = 21.11 – 19 – 2.11= 0*

d) *Right to compensation. The indemnification shall be offset against the dividend to be received by the shareholder who has given rise to the obligation to pay the special levy.*

   *When the foregoing is not possible, for example because the dividend is paid partly or fully in kind, shareholders must pay the indemnification in cash, such that the assets or securities received correspond to the full value of the dividend accrued in their favour. In the alternative, the Company may resolve to deliver assets or securities for a value equivalent to the net result of discounting the amount corresponding to the indemnification from the full amount of the dividend accrued in favour of said shareholder.*

e) *Right of withholding. In cases in which the dividend payment is made before the terms established for notices in Articles 39 and 40 of the By-Laws, the Company may withhold a sum equivalent to the amount of any indemnification that may be required to be paid from shareholders or holders of economic rights over shares of the Company who have not yet provided the information and documentation*

*required by the aforementioned Articles. Upon provision of the required information, the Company shall reimburse the withheld sums to shareholders who are not obliged to indemnify the Company.*

*If the required information and documentation are not provided within the established periods, the Company may also withhold payment of the dividend and offset the withheld amount against the amount of the indemnification, paying any positive difference to the shareholder.*

*f) Other rules. In cases in which the total amount of the indemnification might prejudice the Company, the management body may demand a lower amount than the amount calculated in accordance with the provisions of sub-article c) of this Article. The applicable rules in this Article shall be applicable with respect to the distribution of sums that are similar to dividends (such as reserves, share premium, etc.).*

## 1.5 FISCAL YEAR *(ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)*

***ARTICLE 30.- FINANCIAL YEAR***

1. *The financial year shall coincide with the calendar year.*

2. *On an exceptional basis, the first financial year shall start on the date of execution of the deed of incorporation and shall end on 31 December of the same year.*

## 1.6 ADMINISTRATIVE, MANAGEMENT, AND CONTROLLING BODIES

### *1.6.1 Board of Directors (ARTICLES 23, 24, 25, 25, 26, 27, 28 AND 29 OF THE ARTICLES OF ASSOCIATION)*

Article 23, 24, 25, 26, 27, 28 and 29 of the articles of association sets out the operation of the board of directors:

***ARTICLE 23. - MANAGEMENT BODY AND COMPOSITION***

1. *The Company shall be managed and represented by a board of directors made up of the number of members established at the general meeting, with a minimum of [three] and a maximum of [twelve] directors.*

2. *It is not necessary to be a shareholder in order to be a director.*

3. *The directors may not include non-emancipated minors, those without legal capacity, disqualified persons pursuant to Law 22/2003, of 9 July, on Insolvency during the effective period of disqualification established in the insolvency ruling and those*

*convicted of criminal offences against the person, against property or against the socio-economic order, against collective security, against the administration of justice or for any kind of dishonesty, or anyone who cannot conduct business by reason of their position.*

4. *Civil servants in the service of the public authorities with duties that are related to activities of the Company, judges or magistrates and other persons affected by legal conflict also cannot be directors.*

5. *All the members of the board of directors shall have all the powers and prerogatives, as well as all the rights and obligations, that are established by law and these By-Laws.*

***ARTICLE 24. - DURATION***

1. *The directors shall hold their position for a term of [six] years, provided that the shareholders at the general meeting do not resolve to remove or replace them and they do not resign from their position. Directors may be re-elected upon the conclusion of the term on one or more occasions and for an equal term.*

2. *The appointment of directors shall expire when, upon conclusion of the term, the following general shareholders' meeting is held or the legal term has expired for the holding of the general shareholders' meeting that is to adopt a resolution on the approval of the accounts for the preceding financial year.*

3. *Directors appointed on an interim basis (co-option) shall hold their position until the first general shareholders' meeting that is held subsequent to their appointment.*

4. *Directors must present and formalize their resignation from the position when they are in or become subject to any of the circumstances of conflict or disqualification from holding the position established by law.*

***ARTICLE 25. - POWERS AND REPRESENTATION***

1. *The power of representation is for the board of directors, which shall exercise it as a collective body. In this regard, the board of directors is responsible for the management, administration and representation of the Company, with the broadest possible powers to contract in general and to carry out any class of act or transaction, mandatory or discretionary, administrative and relating to absolute title, with respect to any class of asset, without exception beyond those matters that are within the purview of other bodies or are not included in the corporate purpose.*

2. *The board of directors shall have power of representation before and outside of the courts.*

3. *It is for the secretary of the board of directors and, if applicable, the deputy secretary to execute the resolutions adopted by bodies of the Company as public deeds. Corporate resolutions can also be executed as public deeds by the member or members of the board*

*of directors who are expressly empowered to do so by the corresponding body at the meeting at which the resolutions have been adopted.*

4. *The power of representation of delegated bodies shall be governed by the provisions of the delegation resolution. Unless stated otherwise, it shall be deemed jointly and severally conferred on the executive officers.*

***ARTICLE 26. - REMUNERATION***

1. *The position of director is not generally remunerated. However, the members of the board of directors shall be entitled to the reimbursement of expenses reasonably incurred in order to attend meetings of the management decision-making bodies.*

2. *The Company is authorized to contract civil liability insurance for its directors.*

***ARTICLE 27. - PROHIBITION ON COMPETITION***

Unless expressly authorized by the shareholders at the general meeting, the members of the board of directors must refrain from engaging in activities on their own behalf or for a third party that entail potential or actual competition with the Company or that in any other way place them in ongoing conflict with the interests of the Company.

***ARTICLE 28. - OPERATION OF THE BOARD OF DIRECTORS***

1. *The favourable vote of an absolute majority of the members of the board in attendance at the meeting shall be sufficient for the adoption of resolutions, unless the law or By-Laws require a stronger majority. The chair shall have the casting vote in the event of a tie.*

2. *The board of directors shall meet at the request of the chair or of the person performing the functions of the chair, when so required in the corporate interest, or when requested by one third of its members. In this latter case, the chair must call the meeting within 15 days following the request and if they do not do so within the month following the request, the directors who made the request may directly call a board meeting. The call to meeting must include the agenda.*

3. *The meeting shall be called by individual written notice (letter, fax, telegram or email) to all the directors, sent to the address designated by each of them for such purpose or, in the absence of a specified address, to the registered address. There must be a period of at least five calendar days between the sending of the final communication and the date scheduled for the holding of the board meeting, except in the case of urgent meetings, which may be called to be held immediately subject to the consent of a majority of the directors. The call shall always include the agenda for the meeting unless there are reasonable grounds for not doing so, and it shall be accompanied by the information deemed necessary for the deliberation and adoption of resolutions on the items to be examined except in urgent cases. In any event, the board may deliberate and adopt*

*resolutions on the matters within its purview even if they are not included on the agenda in the call to meeting.*

4. *The directors must attend the meetings held in person. However, any director may grant a proxy to another director. The proxy shall be granted in writing for the specific meeting in question and may be notified by any of the means provided for in the above sub-article.*

5. *The board meeting is deemed validly constituted when half plus one of the board members attend the meeting, and any director may grant their proxy to another director. Deliberation shall be carried out by separate items and shall be subject to moderation by the chair.*

6. *The board shall elect its own chair and one or more deputy chairs if it deems it appropriate, in this latter case establishing the order thereof. The board shall also appoint a secretary and a deputy secretary if it deems it appropriate; they need not be directors, and in this latter case they will attend the meetings with voice but without a vote.*

7. *The chair shall be replaced in their absences by the deputy chair, in the established order if there is more than one, and in the absence of a deputy chair, by the oldest director. The secretary shall be replaced in their absences by the deputy secretary and, if the deputy secretary is also absent, by the director designated by the board in each case.*

8. *Votes in writing and without a meeting shall also be valid provided that no director opposes this procedure.*

9. *The discussions and resolutions of the board shall be stated for the record in minutes that shall be signed by the chair and the secretary or by whoever has replaced them in the performance of their functions. Certificated copies of the resolutions shall be issued by the persons designated in article 109 et seq. of the Regulations of the Commercial Registry, and they must be formalized as a public document by the persons referred to in article 108 of the Regulations of the Commercial Registry and additionally by any member of the board with a valid and registered position, without the need for express delegation.*

10. *Meetings shall be held at the registered address or elsewhere in Spain, unless all the members consent to another location abroad.*

11. *Board meetings may be held in several locations connected by systems that permit the recognition and identification of attendees, continuous communication among the attendees regardless of their location and the ability to interject and cast votes, all in real time.*

12. *For all purposes relating to the board of directors, attendees in any location shall be deemed to be attending the same, single meeting. The meeting shall be deemed to be held in the location where the highest number of directors is present and, in the event of*

*a tie, in the location where the chair of the board of directors or the person chairing the meeting is present.*

13. *Without prejudice to the provisions of the foregoing sub-articles, a board meeting shall be validly constituted to examine any matter within its purview provided that all the board members are present in person or by proxy and they unanimously resolve to hold the meeting, including by remote means of communication.*

14. *The chair and any of the deputy chairs of the board of directors may invite the members of the Company's management team or any other person they deem appropriate to participate in the meetings of the board of directors. Said guests shall be bound to keep strictly confidential the content examined at meetings of the board.*

15. *The board of directors may if it deems it necessary or appropriate develop and complete the legal and bylaw-mandated regulation relating to its operation by approving Regulations of the Board of directors. In such a case, the board of directors shall inform the shareholders at the general meeting of the approval of the aforementioned regulations.*

***ARTICLE 29. - DELEGATED BODIES OF THE BOARD OF DIRECTORS***

Without prejudice to the powers of attorney that it may confer on any person, the board may permanently designate from among its members one or more executive officers, to whom it may partly or wholly delegate all delegable powers on a temporary or permanent basis. The permanent delegation of any power of the board to any executive officer and the designation of the board members who are to hold said positions shall require the favourable vote of two thirds of the members of the board in order to be valid and shall not have any effect until registered in the Commercial Registry.

### *1.6.2 Composition of the Board of Directors*

The Board of Directors of the Company is composed by:

| Member | Position |
|---|---|
| Mr. Yves Barthels | President – CEO |
| Mr. Romain Delvert | Director |
| Mr. Jean-Philippe Blangy | Director |
| Mr. Enrique Nieto Brackelmanns | Secretary non-director |

### *1.6.3 Directors' trajectory*

- **Mr. Yves Barthels:** Senior Partner and Funds Chief Operating Officer at Tristan Capital Partners. In this capacity he oversees the tax and legal structuring of the Tristan-managed funds and co-ordinates the fund administration and corporate management

of the European legal entities in Tristan fund structures. Yves also heads the Tristan Luxembourg office.

Prior to joining Tristan, Yves was Head of European Fund Operations for the real estate investment firm AEW Europe overseeing the structures and operations of AEW's pan-European funds managed out of Paris, London, and Luxembourg.

Prior to joining AEW in 2005, Yves headed the Luxembourg office and ran the legal entities structure in Europe of a large American multi-national manufacturing company listed on the NY Stock Exchange.

Yves holds a master's in business administration in Finance from Ecole des Hautes Etudes Commerciales (HEC) in Montreal, Canada. Yves resides in Luxembourg.

- **Mr. Romain Delvert:** Managing Director and Fund Administration at Tristan Capital Partners, based in Luxembourg.

  In his role Romain oversees Fund related matters in Luxembourg including tax and legal structuring, cash & treasury management, and fund administration. Romain also plays a key role in debt origination and management for the Tristan sponsored Funds.

  Prior to joining Tristan, Romain was Head of Fund Operations at UBS, Global Real Estate in Geneva. In this role he oversaw the fund operations for seven real estate funds as well as for several large mandates managed by UBS.

  Before joining UBS, Romain worked in the fund operations team for AEW Europe in Paris and Luxembourg, first to oversee the financial management of three logistics funds and later to oversee the finance and tax management of six pan-European funds. Romain has also spent several years in the corporate strategy and business planning departments at BNP Paribas Securities Services in Paris.

  Romain has an international MBA from EM Lyon and speaks French, English and German.

- **Jean-Philippe Blangy:** Senior Partner and Head of Asset Management at Tristan Capital Partners, bringing a 15+ year track record to the firm. He oversees the portfolio and asset management of all Tristan-managed Funds, which together total over €9.1 billion.

  In his role, Jean-Philippe and his team have managed the sale of more than €4 billion of assets over the past few years (including single asset sales and portfolios over €500 million). He has held various responsibilities within the firm, including an investment role in deploying capital in France in office, logistics and retail portfolios. Over his career, Jean-Philippe has developed strong expertise in various sectors, notably logistics and retail.

  Jean-Philippe joined Tristan in 2010 from AEW Europe, where he held the position of Director of Portfolio/Asset Management for its European Funds. He began his career as

in-house lawyer within the real estate department at Allianz France. Jean-Philippe studied European Law in Paris. Jean-Philippe is a post-graduate in Commercial Law and holds two master's in construction law and Environment Law.

Outside of work, Jean-Philippe is a Trustee at Friends of Bousfield, a charity organisation that supports less advantaged children in primary education in South West London.

- **Enrique Nieto Brackelmanns:** Partner since 2020 at Uría Menéndez. He joined Uría Menéndez in 2009, and currently forms part of the firm's Capital Markets Practice Area. During 2011 and 2012, he was seconded to the New York office.

  His professional practice is specialised in advising on initial public offerings (IPOs) and stock exchange listings, rights issues, and offerings of shares by listed companies, block trades, takeover bids and delistings (equity capital markets). In addition, he has extensive experience advising Spanish real estate investment trusts (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario or SOCIMIs) and their investors, both on the Spanish regulated market (Mercado Continuo) and alternative market.

  He also regularly advises clients, both issuers and investors, on matters related with capital markets regulations (investments in listed companies, transparency, market abuse, etc.), the corporate governance of listed companies (general meetings, internal regulations, corporate law, etc.) and mergers and acquisitions involving non-listed companies.

  He obtained a Law Degree (ICADE E-3), at Universidad Pontificia Comillas (Madrid) in 2009 and a Business Administration Degree (ICADE E-3), at Universidad Pontificia Comillas (Madrid) in 2010.

#### *1.6.4 Assessment of the Board of Directors related to Bankruptcy, liquidation, and/or fraud related convictions*

The Board of Directors declares that neither the company nor its directors, nor its executives are or have been involved in historical (at least in the previous past five years), or on-going, bankruptcy, liquidation, or similar procedure.

The Board of Directors further declares that they have not been subject to fraud convictions in the past, neither are there any on-going procedures in this regard in which any person in the management and/or Board of the Issuer has been involved.

# 2 HISTORY AND KEY FIGURES

## 2.1 HISTORY OF THE COMPANY

- **5 July 2018**
  - Incorporation of the Company in Spain under the corporate name of Newsoms Invest, S.L.U. comprising 3,000 social shares each with a face value of €1. More details in section 6.

    As a result of the foregoing, it was unanimously agreed to reassign the shares to the shareholders of the Company based on their percentage in the share capital as follow:

| Shareholder | Social Shares | (€) Shareholding | Shareholding |
|---|---|---|---|
| TMF Participations Holdings (Spain), S.L. | 1,500 | 1,500 | 50.00% |
| TMF Sociedad de Participación, S.L. | 1,500 | 1,500 | 50.00% |
| **Total** | **3,000** | **3,000** | **50.00%** |

- **7 August 2018**
  - EPISO 4 REBOUND HOLDING S.á.r.l. (Luxembourg) buys all social shares and becomes the Sole Shareholder of Newsoms Invest, S.L. The share capital as of this date was the following:

| Shareholder | Social Shares | (€) Shareholding | Shareholding |
|---|---|---|---|
| EPISO 4 REBOUND HOLDING S.Á.R.L. | 3,000 | 3,000 | 100.00% |
| **Total** | **3,000** | **3,000** | **100.00%** |

On this same date Newsoms Invest, S.L.U. changes its headquarters' address from Calle Príncipe de Vergara 131, to Calle Príncipe de Vergara 112, fourth floor.

Newsoms Invest, S.L.U.´s General Meeting approves the acquisition of the following PropCops. and becomes their Sole Shareholder:

- Greybull Invest, S.L. (now ORBIS DE LA VEGA S.L.U.)
- Hartville Invest, S.L. (now ORBIS CRISTALIA 2&3, S.L.U.)
- Peacham Invest, S.L. (now ORBIS CRISTALIA 4&5, S.L.U.)
- Saltville Invest, S.L. (now ORBIS JILT 6&14, S.L.U.)
- Stonewall Invest, S.L. (now ORBIS FOXA 29 S.L.U.)

- **19 September 2018**
    - The Company's Sole Shareholder adopted a resolution on the application of the SOCIMI special Tax regime.
- **26 September 2018**
    - The Company acquired all its assets.
- **28 September 2018**
    - The Sole Shareholder of all five PropCops. did a resolution on the application of the SOCIMI special Tax regime:
        - ORBIS de la Vega, S.L.U.
        - ORBIS Cristalia 2&3, S.L.U.
        - ORBIS Cristalia 5&6, S.L.U.
        - ORBIS Foxá 29, S.L.U.
        - ORBIS Jilt 14, S.L.U.
    - On this same date, the Company and its five subsidiaries submitted to the Spanish Tax agency their request to be subject to the SOCIMI special Tax Regime.
- **11 January 2019**
    - The Company´s registered office changed from Calle Príncipe Vergara 131, (Madrid) to Calle Príncipe Vergara 112, 4º floor (Madrid).
- **26 March 2020**
    - The Company´s Sole Shareholder approved a capital increase to an amount of €5,000,000.00 through the creation of 4,997,000 new shares at a nominal value of €1, correlatively numbered from 3,001 to 5,000,000 both inclusive.
    - The Company´s Sole Shareholder approved the conversion of the Company into a Public Limited Company (S.A.), until now Limited Company (S.L.).
    - The Company´s Sole Shareholder approved to change the Company´s name from Newsoms Invest, S.A.U. to the current one, ORBIS PROPERTIES SOCIMI, S.A.U.

The Company´s current shareholding structure is the following:

| Shareholder | Shareholding |
|---|---|
| EPISO 4 REBOUND HOLDING S.Á.R.L. | 100% |

## 2.2 SELECTED FINANCIAL DATA

The Company's key figures are presented below:

| SELECTED DATA | (€) 31/12/2019 | (€) 31/12/2018* |
|---|---|---|
| **(€) PROFIT & LOSS** | | |
| Net Revenue | 15,351,236.18 | 4,047,746.00 |
| Profit/(Loss) from Operations | (170,284.33) | (3,316,570.87 |
| Financial Profit/(Loss) | (9,069,706.67) | (5,044,200.78) |
| Profit/(Loss) before Tax | (9,239,991.00) | (8,360,771.65) |
| Tax on Profit | - | - |
| Consolidated Profit/(Loss) for the year | (9,239,991.00) | (8,360,771.65) |
| **(€) BALANCE SHEET** | | |
| Investment Properties | 272,040,120.86 | 278,802,944.35 |
| Cash and Cash Equivalents | 5,280,477.55 | 4,817,245.36 |
| Equity | 58,801,427.15 | 68,038,767.35 |
| Long-term Payables | 166,147,058.20 | 167,484,679.12 |

(*) Figures not audited or subject to limited review

More detailed financial information for the Company is provided in section 7 of this Information Document.

The 2019 Spanish language financial statements have been audited by PricewaterhouseCoopers Auditores, S.L. (hereinafter, the "**PwC**").

The financial statements (including the corresponding audit report on such financial year) are available on the Company's website: http://www.orbispropertiessocimi.com

# 3 COMPANY ACTIVITY

## 3.1 SUMMARY OF THE BUSINESS

ORBIS is a real estate investment company (SOCIMI) with its registered office in Madrid, Calle Príncipe de Vergara 112, 4º floor, and with VAT number A-88149810, with the purpose of investing in office space intended for lease in the city of Madrid (Spain).

The Company currently owns 5 assets in Madrid (Spain).

## 3.2 COMPANY INVESTMENTS DATA

- On the date of this Document, the Company owns 5 assets in Madrid with € 264,900,000 market value.

- Geographical concentration of product and market: 100% in Madrid

- Occupancy:

  Occupancy on the date of this Information Document is as follows:

| PROPERTY | POPULATION | OCCUPANCY RATE |
|---|---|---|
| Avenida de la Vega, 15 | Alcobendas (Madrid) | 43.6% |
| Cristalia Business Park, 2&3 | Madrid | 88.8% |
| Cristalia Business Park, 5&6 | Madrid | 72.3% |
| Calle Agustín de Foxá, 29 | Madrid | 95.9% |
| Calle Juan Ignacio Luca de Tena, 14 | Madrid | 94.7% |

- **Mortgages/Debt**

  - The Subsidiaries, as borrowers, and ORBIS, as Sole Shareholder and transaction obligor, entered into a 5-year senior secured loan agreement on 30 November 2018 with Caixabank and PBB Deutsche Pfandbriefbank AG, as lenders, arrangers, and original hedge counterparties.

    The details of the loan agreement are shown below:

    - Original agreement date: 30 November 2018

    - Amendment agreement: 24 October 2019

    - Amendment agreement II: execution pending as of the date of writing

    - Termination date: 30 November 2023

- Amount: €170,000,000.00: it should be noted that, on the date of the disposal of JILT6, the borrower prepaid €13,090,000.00, an amount equal to the relevant allocated loan amount

- Interest payments frequency: quarterly

- Ordinary interest rate: 1.5% + EURIBOR

- Default interest rate: ordinary interest rate + 2%

The amortization table is shown below:

| Instalment payment date | Amount (€) |
|---|---|
| January - April - July - October 2019 | 637,500 |
| January - April - July - October 2020 | 1,062,500 |
| January - April - July - October 2021 | 1,700,000 |
| January - April - July - October 2022 | 2,125,000 |
| January - April - July - October 2023 | 2,125,000 |
| Termination Date | 139,400,000 |

Please note that as part of the amendment agreement pending execution, the lenders have agreed to amend the amortization schedule above considering the extraordinary repayment derived from the sale of JILT 6. Repayment instalments shall be reduced as of July 2020. Additionally, the parties have agreed to update the repayment instalments in proportion of the loan amount allocated of any future asset disposal.

- Covenants:

  - The mortgages provided by Caixabank and PBB Deutsche Pfandbriefbank AG require the Company to fulfil certain conditions throughout the life of the loan:

    - LTV: shall not exceed 62.50%. The maximum LTV would be reduced in the event of future asset disposals.

    - WALB: >1.75 years during 1st year, >2 years during reminder term

    - DSCR: 1st year 105%, 110% for the reminder of the term

## 3.3 PAST AND FUTURE INVESTMENTS

**Past investments and divestments**

During 2018, the Company´s subsidiaries acquired the ownership of 6 property assets leased for office use in Madrid (Spain). The total acquiring price was €281,500,000.

On Febrary 27, 2020, the Company´s subsidiary JILT 6&14 sold the asset at Juan Ignacio Luca de Tena, 6 in Madrid (Spain) for an amount equal to €21,000,000.

**Future investments and divestments**

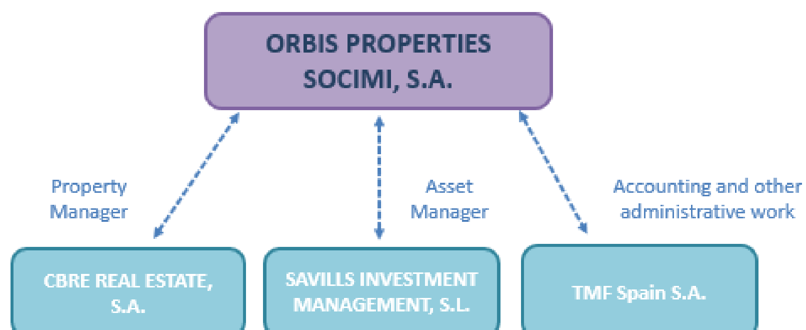
EPISO 4 Rebound Holding Luxemburg S.á.r.l. is a Closed-End Fund and does not expect to make new investments in the future.

## 3.4 BUSINESS MODEL

The Company´s business consists of the investment of real estate assets intended for lease. In particular, the Company owns five office assets in Madrid through their wholly owned subsidiaries.

The Company does not foresee any future investments. ORBIS ´ main focus is therefore to maximize rental income with its existing assets´ portfolio.

The Company does not have any employees, and has outsourced the following services:




**Management**

<u>TMF Spain S.A.</u>

The Company as “the Client”, its Sole Shareholder; EPISO 4 Rebound Holding S.á.r.l. as “the Principal” and the five PropCos. as “the Client Entity” entered a service agreement on 7 August 2018 with TMF Spain S.A.

TMF Spain S.A. provides, among others, administrative services, human resources and payroll services, corporate and secretarial services, registered agent/address services, incorporation services and management services to clients.

The Company´s main costs are those derived from the accounting services provided to AROCA, and to its wholly owned subsidiaries. In this sense, the costs come equal to €97,650 per annum. It should be noted that, one-off costs, cost of services determined by time spent, and other miscellaneous are not included.

Either party may terminate the agreement at any time by providing 6-week prior written notice and in accordance with the terms of such agreement.

SAVILLS INVESTMENT MANAGEMENT, S.L

The Company´s subsidiaries as "owners" and SAVILLS INVESTMENT MANAGEMENT, S.L. (previously named ZAPHIR ASSET MANAGEMENT, S.L.U) as "the Advisor" signed an asset management agreement on 28 November 2018. Nonetheless, the appointment shall be deemed to have commenced on 26 September 2018, date of execution of sale and purchase agreement for the acquisition of the properties by the subsidiaries.

The appointment will have a minimum duration of 12 months as form the date of the purchase of the assets.

This agreement shall remain into place until the subsidiary is no longer the economic owner of the property and/or a change of control with respect to the subsidiary has occurred unless terminated by any party prior thereto in accordance with the terms set out in the agreement.

- Asset management fee:
    - SAVILLS INVESTMENT MANAGEMENT, S.L., shall receive the asset management fee in the monthly amount of 3.50% of the Net income collected for the respective monthly period, but no less than €450,000.00 per annum.

      In the event of any partial sale of a portfolio, the minimum fee will be amended based upon day-1 Expected Residual Value "ERV" for the individual asset. According to these terms, and given the sale of JILT 6, the Company´s minimum asset management fee per annum should have been downwardly modified to €419,817.

- Letting fee:
    - The Company will pay a letting fee in relation to any lease that is signed at any moment after de commencement date of the agreement. The fee charged will be the equivalent of between 0-3 net monthly rent payments depending on the duration of the signed lease and whether a broker is used.

- Project management fee
    - In relation to any project/capital expenditure, the Company will pay a 4% fee on the amount of the aggregated annual project measure.
- Sales fee:
    - A minimum of 0.15% of the sales proceeds shall be charged upon successful sale and transfer. An additional 0.1% of the sales proceeds will be charged if the target price is achieved.

SAVILLS INVESTMENT MANAGEMENT, S.L. offers a wide range of services to the Company which generally fall within one the four areas detailed above. Additional services are nonetheless offered and may include but not limited to those in relation to legal and tax advisory services, debt financing, and valuations.

CBRE REAL ESTATE, S.A.

The Property Companies as ("the Client") and CBRE REAL ESTATE S.A. as ("the Advisor") entered into agreements on 28 November 2018.

The agreements can be early terminated by any of the parties by providing 3 months prior written notice. Were the Client not to provide 3 months' notice, it will be obliged to pay to the Advisor an amount equivalent to the fee for the period of time not observed until 3 months.

The clients would be entitled to terminate the contract unilaterally in the event the property, or the shares of the property, are sold by notifying the advisor at least one month before the signature of the transaction.

Fees for property management include the following services related to the properties:

- Rent management
- Management of charges
- Administrative management
- Property management

Property management fee: 1% of total invoiced rents. The minimum invoiceable fee varies according to the property:

- ORBIS CRISTALIA 2&3, S.L.U: €27,600
- ORBIS CRISTALIA 5&6, S.L.U: €27,600
- ORBIS DE LA VEGA, S.L.U: €32,400
- ORBIS FOXA 29, S.L.U: €12,000

- ORBIS JILT 14, S.L.U: €12,000

One-off cost: €5,000 to be paid in one unique payment under the terms of the agreements.

Additional services to be provided by the Advisor upon request and which fees are not included in the agreement are the following:

- Works CAPEX
- Tenants work supervision
- Specialty leasing
- Costs optimization

## 3.5 INVESTMENT STRATEGY AND COMPETITIVE ADVANTAGES

The investment processes and policies are determined by EPISO 4 (UK Fund; the Parent Company). While ORBIS has no investment policies itself, it adopts the investment procedures and the risk and compliance controls of EPISO 4.

The investment process generally consists of the following stages:

1. An ad hoc Investments team is put in place by Tristan Capital Partners LLP. The firm employees around twenty investment analysts although they split in teams of three to four members based on project´s location.

2. The investment team then assesses the attractiveness of a deal and check whether it is aligned with the requirements and restrictions set by EPISO 4.

3. Once it has been checked that a deal meets the requirements and there is no conflict with restrictions, and the opportunity is to be taken forward, an Initial Deal Memo (IDM) will be circulated to the Head of EPISO 4, which Board is composed by the following Tristan Capital Partners members:

    - CEO
    - Executive Chairman / Chief Investment Officer Chair
    - Head of Investments
    - Head of Portfolio & Asset Management
    - Portfolio and Asset Management team - ad hoc.

4. Once IDM is discussed and approved by the Head of EPISO 4, a non-building letter of intent will be issued. The letter will include a request for exclusivity and require confidentiality.

5. In parallel a Preliminary Investment Committee is scheduled. This internal Preliminary Investment Committee formed by the following Tristan Capital Partners members:

    - CEO
    - Executive Chairman / Chief Investment Officer Chair
    - Head of Investments
    - Head of Portfolio & Asset Management
    - Head of Research & Investment Strategy
    - Senior Director (USA) of Tristan Capital Partners

    The Preliminary Investment Committee is held to seek approval for the deal in principle and to approve the proposed due diligence budget.

6. The Compliance team, formed by Senior Analyst of Tristan Capital Partners, check that all the Fund requirements are met and that no conflict of interests or other issues could potentially arise from the transaction. Potential issues are flagged and further assessed.

7. Selection of third-party advisors. All external appointments shall be consistent with the Tristan internal "Appointment of Service Providers and Third parties Policy".

8. Confirmation of Operating Partner. It is imperative to verify the capability, resources, and reputation of the appointed operating partner. Operating partners are chosen according to the specific needs of each project.

9. The Due Diligence Process begins. During the due diligence process, the deal team seeks to validate the business plan and identify and minimise any potential risks associated with the investment. Also, the team starts negotiating the financing terms offered by selected banks. Issues flagged by compliance.

10. A final Investment Committee is held to update the Committee composed by the following Tristan Capital Partners member:

    - CEO
    - Executive Chairman / Chief Investment Officer Chair
    - Head of Investments
    - Head of Portfolio & Asset Management
    - Head of Research & Investment Strategy
    - Senior Director (USA) of Tristan Capital Partners is held to seek approval for the deal in principle and to approve the proposed due diligence budget.

This final Investment Committee on how the due diligence process and the transaction in general have progressed and to make a final recommendation for the investment.

11. If the Final Investment Committee is successful, and there are no potential compliance issues outstanding, the deal gets executed at the terms agreed.

12. Handover. It is the responsibility of the Deal Leader to ensure an effective and efficient handover of the investment to various Tristan teams including asset management, financing, and fund operations. The Deal Leader is appointed ad hoc and will change from deal to deal.

Throughout the investment process, Tristan Capital Partners LLP is the implementation and execution body of the procedures outlined above. EPISO 4 on the other hand, is the fund channeling investment´s funds.

#### *3.5.1 Investment Policy*

The investment policy of the Company is heavily determined by the one of EPISO 4 (the "**Parent Company**").

The Parent Company has the following investment restrictions:

1. The Company will not have more than a 40% exposure in a single country.

2. The Company will not have more than a 40% exposure in Central Europe.

3. The Company will not have more than a 10% exposure in Central Europe outside of Poland and the Czech Republic.

4. The Company will not have more than a 25% exposure in a single asset (other than portfolio acquisitions).

5. The Company will not have more than a 20% exposure in speculative ground-up development.

6. The Company will not have more than a 5% exposure outside of Western and Central Europe.

7. Investments will be carried out in the local currency.

8. The Company will invest in a variety of Real Estate Assets, being the major property types: Retail, Offices and Logistics.

As stated above, the investment policy derives directly from the Parent Company. This is because ORBIS is one of the real estate investment vehicles owned by EPISO 4 and as such, it does not have an investment policy itself. It corresponds to EPISO 4 to ensure that this policy is met.

### 3.5.2 *Investment Strategy*

The investment strategy of the Company focuses on exploiting the potential of each of the assets through vacancy lease-up, harvesting under-rent through re-gears and new leases and capturing market rental growth.

ORBIS does not have the power to decide on future investments, as these need to be approved by EPISO 4, the Parent Company investing in the Spanish real estate market through ORBIS.

### 3.5.3 *Competitive Advantages*

Among the Company's competitive advantages, the following stand out:

1. Excellent physical quality – Modern buildings of excellent physical quality which have been recently refurbished (c. 90% was built after 2006 or totally refurbished over the last 2 years).

2. Well Established Office Locations – All 5 assets are located in established office locations. 4 of them are located in established sub-markets of Madrid and benefit from good access to public transport and 1 asset is located in Madrid's CBD.

| Assets | Building Characteristics | Location |
|---|---|---|
| **Cristalia 2&3 Cristalia 5&6** | Two highly efficient Grade A twin-office buildings built over 6 floors in 2006 by Bouygues and located in the Cristalia Business Park. | Campo de las Naciones is one of the most consolidated and established Madrid office submarkets, with institutional occupiers such as Ferrovial, American Express, J&J, Coca Cola, etc.;<br>The area benefits from nearby metro stations and excellent private transportation to the main motorways, M40, M11, A1, A2 and R2;<br>Development of Helios leased to ING will help to further improve the area profile;<br>Well-serviced area with a wide range of shops, restaurants and hotels. |
| **De la Vega BP** | Grade A office complex developed in 2000 and refurbished in 2016 made of 4 interconnected buildings of 8 floors each. | Best business park in the north part of Arroyo de la Vega with pedestrian access to the metro;<br>Office area featuring several company HQs such as Bankinter, Procter & Gamble, Mercedes, among others;<br>Arroyo de la Vega belongs to the town of Alcobendas and is one of Madrid's main business areas. The Southern-end area is the most established office location, due to the Metro station La Moraleja and Diversia leisure complex;<br>It is 5-minute drive from Madrid's M40 and M50 ring roads; 7 min walk to underground. |
| **JILT 14** | Grade A office building developed in 2000 and fully refurbished in 2017 including a new glass façade. Offices are distributed over 4 floors with floor plates of c. 1,800 sqm. It is located directly opposite to Banco Popular new global HQ | Located in the consolidated A-2 business area, in Josefa Valcarcel with visibility from the A2, where large companies have their HQs: Banco Popular, L'Oréal, 3M, Vocento, World Duty Free Group;<br>Avenida de America, one of the main roads located in the northeast of Madrid, connects Paseo de la Castellana to the Airport via the A-2;<br>A2 is one of the few peripheral areas close to the CBD with high quality buildings; |

| Assets | Building Characteristics | Location |
|---|---|---|
| | | 15 min walk to underground;<br>Surroundings offer suitable commercial and services areas for business activities. |
| **Foxá** | CBD office building built over 11 floors with floor plates of c. 600 sqm, located next Chamartin train station and less than 5 mins from Paseo de la Castellana. | Located in the North area of Madrid, next to Paseo de la Castellana and the Four Towers Business District;<br>The location is very good for mid-size companies;<br>Some new residential developments in the area and a large office development adjacent;<br>Situated next to the Chamartín station (4 min walk) and a very short distance from the Plaza de Castilla, thereby guaranteeing access to public transport;<br>If using a private vehicle, Paseo de la Castellana, M-30, A-1 and A-10 provide communication with other parts of the city;<br>Madrid Barajas Airport can be reached in 12 minutes and Madrid-Puerta de Atocha railway station, in 14 minutes. |

3. Diversified Tenant Portfolio – All 5 assets offer a well-diversified tenant mix, with the 10 largest tenants accounting for 67.5% of the total income.

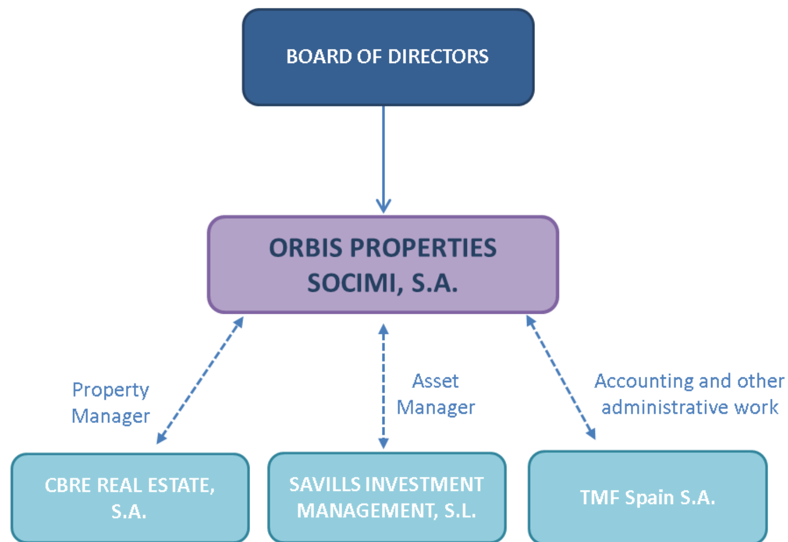
| Key Tenant | Asset | Sector | % of Total Income |
|---|---|---|---|
| Tenant 1 | Cristalia Business Park, 2&3 | Wholesale IT | 11.44% |
| Tenant 2 | Cristalia Business Park, 2&3 | Manufacture of wood products | 9.66% |
| Tenant 3 | Avenida de la Vega, 15 | Scientific and technical activities | 9.07% |
| Tenant 4 | Cristalia Business Park, 5&6 | Telecommunications | 8.66% |
| Tenant 5 | Calle Juan Ignacio Luca de Tena, 14 | Consulting | 6.98% |
| Tenant 6 | Cristalia Business Park, 5&6 | Pharmaceutical | 6.32% |
| Tenant 7 | Cristalia Business Park, 5&6 | Urban and suburban passenger transport | 6.14% |
| Tenant 8 | Calle Juan Ignacio Luca de Tena, 14 | Insurance | 3.18% |
| Tenant 9 | Cristalia Business Park, 2&3 | Pharmaceutical | 3.06% |
| Tenant 10 | Cristalia Business Park, 2&3 | Finance | 2.97% |

4. Economies of scale in property management.

## 3.6 COMPANY'S FUNCTIONAL ORGANISATION CHART

As mentioned in section 3.4 above, all day-to-day functions for the smooth running of the business have been outsourced.

The Company does not have any employees and does not expect having to hire in the near future.

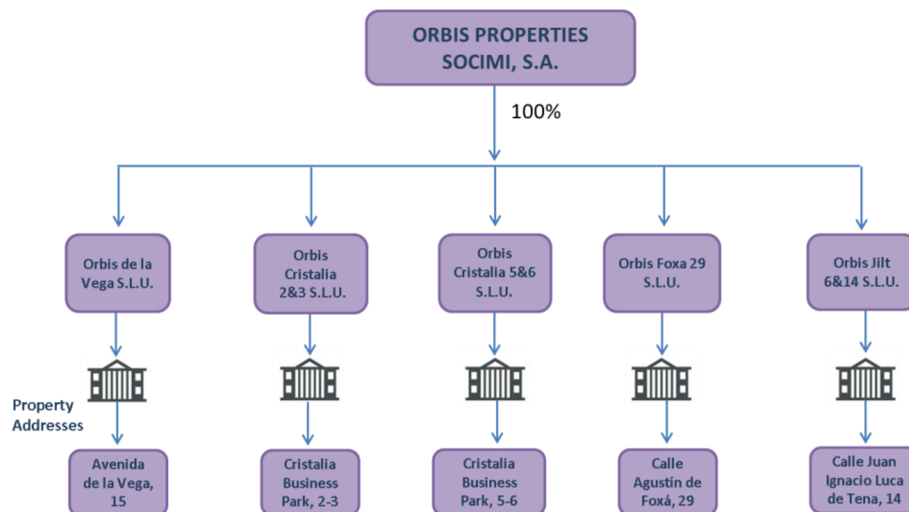



## 3.7 DESCRIPTION OF REAL ESTATE ASSETS

The Company has acquired property assets indirectly as mentioned in section 2.1.

On the date of this Information Document, the Company's asset portfolio comprises the following properties in Spain:

- Avenida de la Vega 15, located at Alcobendas, Madrid (Spain)
- Cristalia Business Park 2&3, located at Madrid (Spain)
- Cristalia Business Park 5&6, located at Madrid (Spain)
- Calle Agustín de Foxá 29, located at Madrid (Spain)
- Calle Juan Ignacio Luca de Tena 14, located at Madrid (Spain)



| PROPERTY | LOCATION | FOOTPRINT (sqm) |
|---|---|---|
| Avenida de la Vega 15 | Alcobendas (Madrid) | 22,446 |
| Cristalia Business Park 2&3 | Madrid | 17,339 |
| Cristalia Business Park 5&6 | Madrid | 17,586 |
| Calle Agustín de Foxá 29 | Madrid | 7,047 |
| Calle Juan Ignacio Luca de Tena, 14 | Madrid | 7,871 |
| | **TOTAL** | 72,289 |

### *3.7.1 Avenida de la Vega, 15 in Alcobendas, Madrid (Spain)*

De la Vega Business Park is comprised by four buildings and is located within the A1 office market, more specifically in the Arroyo de la Vega area. It is placed in Avenida de la Vega 15.

The business park is located 15 minutes' drive to the north of Madrid city centre and has good accessibility via de A1 Highway. It can also be seen from the Highway, increasing its attractiveness.

It has connections with Madrid city centre via public transport both by subway (line 10) and bus (lines 151, 152-C, 153, 154-C, 156 and 159). Both stations are at 6-minute walk from the subject under analysis. Regarding private transportation, it has parking facilities inside the park and free parking in the streets. In addition, it is located at 12-minute drive to Adolfo Suarez Barajas Airport.

The A1 office area hosts the headquarters of important companies, such as Mercedes, Acciona, Samsung, Indra, among others.

Avenida de la Vega 15 is a business park that was developed in 2000. Along 2016, the common areas of the buildings 2, 3 and 4 were refurbished. In March 2018, the business park was rewarded with the Gold LEED certification.

The business park benefits from good location, visibility, state of repair and natural light. The four buildings have both raised floor and suspended ceiling.

The park comprises four buildings (1, 2, 3 and 4) and each of them has five floors (ground floor and four above ground), a semibasement and two basement garage levels. The total surface of the four buildings - including the semibasements units - according to the rent roll provided by the ORBIS amounts to 22,446 sqm. In addition, it has 449 parking spaces from which 421 are inside and 28 outside. From the 421 parking units, 12 are intended for visitors.

De la Vega Business Park is characterized by having a wide range of services, such as meeting rooms, a restaurant, a gym, two outdoor sports facilities (a basket/football court and a paddle court) and electrical bikes. For booking these extra facilities and the parking units aimed for the clients, the property has an internal application.

CBRE has not undertaken a structural survey or tested any of the services. CBRE has read the "Pre-Acquisition Technical Due Diligence", dated 18 September 2018 and prepared by Currie & Brown, provided by ORBIS. This report considers a cost estimate for the maintenance and improvement of the park. Part of it has been invested throughout 2019.

### 3.7.2 *Cristalia Business Park, 2&3 in Madrid (Spain)*

The property are two symmetrical office buildings in the business park Cristalia, Northeast the city of Madrid, in the area of Campo de las Naciones. It is well connected by road, located between the M-40 motorway and the M-11 highway, in an area which mainly comprises buildings of office use. It is within a 15-minute drive from Madrid's city centre and 9-minutes from Madrid's Airport. There is a bus stop right opposite the business park (T11), whilst the nearest metro station is within a 10-minute walk (San Lorenzo, L4)

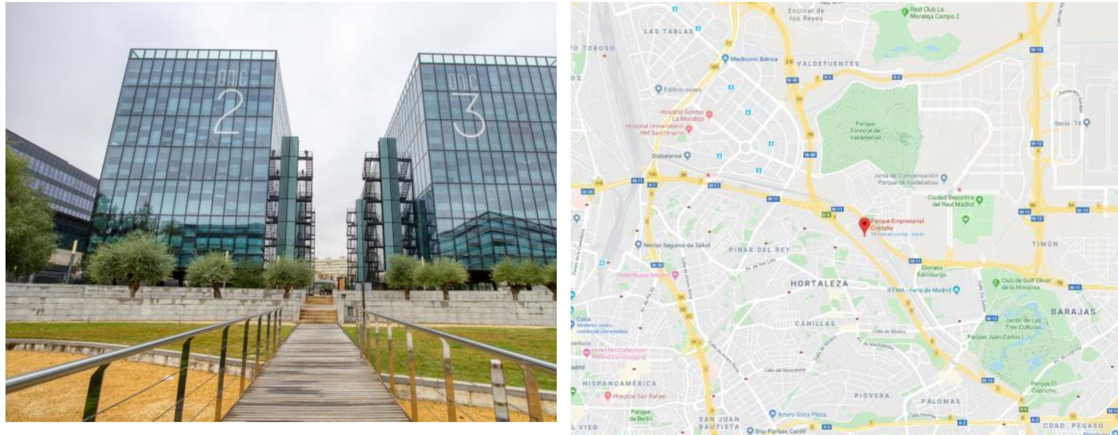
Built in 2006, the property comprises two-twin office buildings with a total area of 17,339 sqm. Each building has seven-storeys above ground (GF+6). Parking is in two basements, with a total of 375 parking units, as well as 16 outdoor parking units.

Main specifications of both buildings are as follows:

- Open plan floors
- 2.7 m ceiling heights
- Suspended ceilings
- Raised floors
- VRV Air Conditioning
- Curtain glass wall façade

The asset is in Cristalia Business Park, which includes 11 buildings and 1 hotel and benefits from 24-hour security, restaurants, gym, paddle court, concierge, and garden areas, among others.

In general terms, the property is in a good state of repair even it has not had any major renovations since its construction in 2006. During the past year, some minor works have been carried out.




### *3.7.3 Cristalia Business Park, 5&6 in Madrid (Spain)*

The property consists of two symmetrical office buildings in Cristalia Business Park. Please see section 3.7.2 above for more details regarding the location and transport.

Built in 2006, the property comprises two-twin office buildings with a total area of 17,586 sqm. Each building has seven-storeys above ground (GF+6). Parking is in two basements and outdoor, with a total of 377 parking units.

Main specifications of both buildings are as follows:

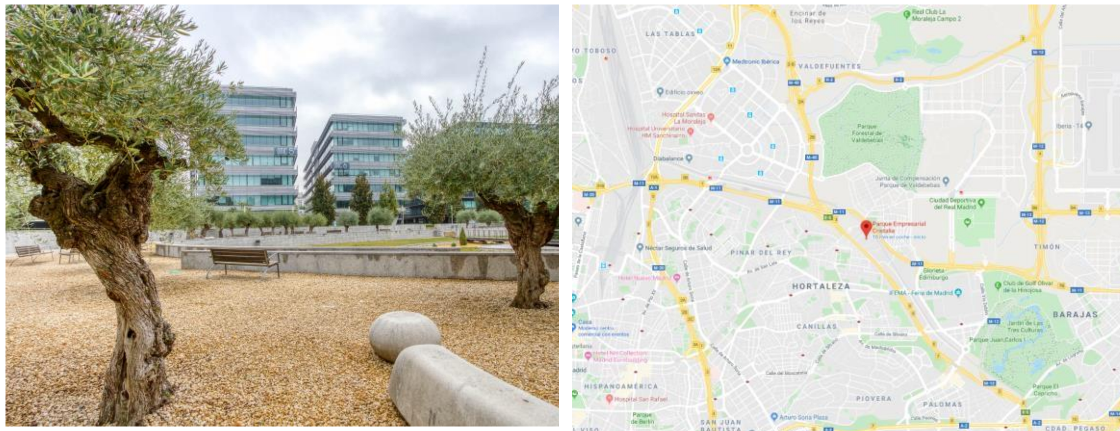
- Open plan floors
- 2.7 m ceiling heights
- Suspended ceilings
- Raised floors
- Curtain glass wall façade

The asset is in Cristalia Business Park, which includes 11 buildings and 1 hotel and benefits from 24-hour security, restaurants, gym, paddle court, concierge, and garden areas, among others.

In general terms, the property is in a good state of repair even it has not had any major renovations since its construction in 2006. During the past year, some minor works have been carried out.

From an architectural perspective, the most relevant issues are the presence of leaks at the MEP/technical rooms, the installation of updated emergency plans within the building and repairing works needed in some finishes.

Regarding M&E, any change of use of the building and/or any substantial refurbishment works would require a partial or total adaptation to the latest Regulations, and moreover some documentation had not been received regarding the legalization of some facilities and installations (HVAC, plumbing and drainage, Fire, telecommunications, lifts) as well as some fire certificates.




### 3.7.4 Calle Agustín de Foxá, 29 in Madrid (Spain)

Foxá 29 is an office building located in Madrid city, more specifically in the North Secondary Centre. It is placed in Calle Agustín de Foxá 29, between Paseo de la Castellana and Chamartin Train Station.

The neighbourhood, Castilla, in the Chamartín district, is a consolidated residential area surrounded by schools, supermarkets and parks. It is opposite Chamartín Train Station, and a 15-minute drive to Adolfo Suarez Barajas Airport.

It has connections with Madrid city centre via public transport both by subway (line 1 and 10) and bus (lines 5, 146, and 147 among others). Both stations are at 5-minute walk from the subject under analysis. Regarding private transportation, the building has parking facilities and it can be easily accessed via the M-30 ring road or Paseo de la Castellana.

Agustín de Foxá is an office building that was developed in 1975. The building is part of a business park comprised by two more buildings, which are identical to the asset under analysis. In the past they were connected to each other, however, currently each building operates independently.

The common areas of the building have been recently refurbished. That is, the main Hall and the hall of each floor, the lifts, and the bathrooms.

CBRE does not have information of the state of repair of the other floors, although they have relied on the TDD, which states an overall good condition of the building and that the 10th floor has been recently refurbished. As seen on the inspection, the fourth floor "A", which is vacant, has been refurbished. In addition, the whole building has both raised floor and suspended ceiling.

The building benefits from good location, state of repair and natural light. It has 12 floors (ground floor and 11 above ground), two retail units on the ground floor and three basement garage levels. The total surface including the retail units and according to the rent roll provided by ORBIS amounts to 7,047 sqm. In addition, it has 64 parking spaces.

The area is characterized for having a wide range of services, such as hotels, restaurants, gyms, supermarkets and schools, among others.

Currently, the building is almost fully occupied by 13 different tenants. In general terms, the lease contracts have been recently signed, being the oldest signed in 2011.

CBRE has not undertaken a structural survey or tested any of the services. CBRE has read the "Pre-Acquisition Technical Due Diligence", dated 18th September 2018 and prepared by Currie & Brown, provided by ORBIS. This report considers a cost estimate for the maintenance and improvement of the building. Part of it has been invested throughout 2019.

### 3.7.5 *Calle Juan Ignacio Luca de Tena, 14 in Madrid (Spain)*

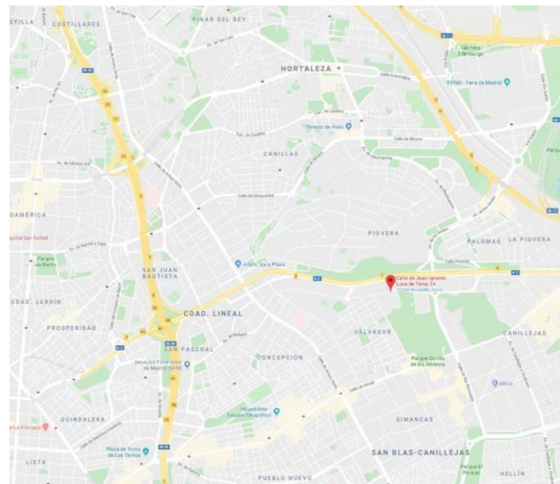
The property is an office building located at the beginning of the A-2 office axis, East Madrid. During the past years, this area has become well-established office district, hosting the HQ of important companies such as Banco Santander, L'Oreal or Vodafone. It is well connected by road, located in the A-2, between the M-30 and M-40 motorways, in an area which comprises both offices and residential buildings, as well as vast green areas. It is within a 12-minute drive from Madrid's city centre and 8-minutes from Madrid's Airport.

There is a bus stop right in front of the office building (114,146 and N4), whilst the nearest metro station is within a 15-minute walk (Suanzes, L5).

Built in 1990, the office building is a Grade A fully refurbished in 2016. It has a total GLA of 7,888 sqm comprised in five-floors above ground (GF+4). The four levels above ground floor are office space, whilst ground floor comprises lobby and 2 retail units, of which one is in core and shell conditions, with private entrances. Parking is in three basements, with a total of 186 parking units, of which are 20 motorbike units and 166 cars.

Main specifications of both buildings are as follows:

- Open plan floors divisible into four modules
- 2.7 m ceiling heights
- Suspended ceilings
- Raised floors
- Curtain glass wall façade
- Changing rooms
- High quality finishes
- Terrace on top floor




## 3.8 THE MARKET

It is considered relevant for the investor to provide current general information on the market in which the Company operates.

The main variables and factors to be considered are presented to properly understand the macro economic environment and the business itself more specifically.

This section content has been taken from CBRE Asset's Valuation Report.

**Economic Overview**

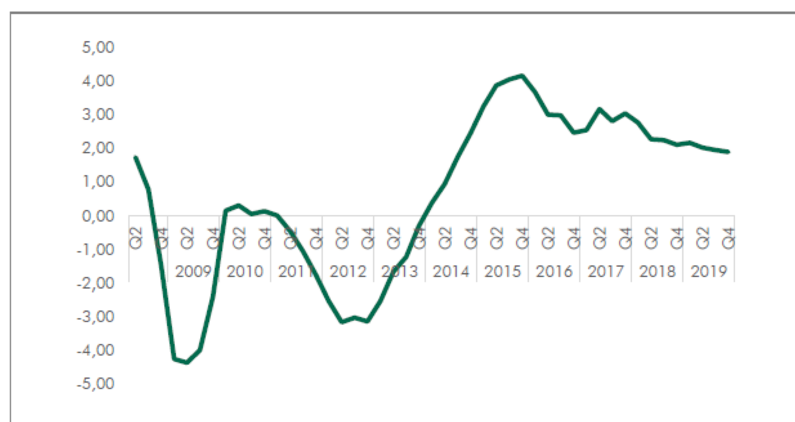
Despite the political uncertainty in Spain during 2019, GDP growth was 1.90%. Spanish economic growth is underpinned by more balanced foundations than those prior to the crisis, with internal and external demand now as the primary drivers. Spain continued to lead Eurozone growth, with an overall level growth for 2019 at almost double that posted in the Eurozone (1.90% compared to 1.20%). Looking further ahead, GDP growth is expected to gradually slow over time, as demand policies become less expansive and overseas export decline– which will have an increasingly adverse effect on family and company expenditure. CBRE forecasts growth to dip to 1.50% and 1.30% in the next two years respectively. However, other research centres such as the Bank of Spain place estimate these figures to be slightly higher, at 1.70% and 1.60% respectively.

Despite the easing in the growth rate, which also had a slight decrease in domestic demand growth, Spain will continue to be one of the countries with the highest growth in Europe in 2020.

Following the elections in November 2019, Pedro Sánchez from the Socialist Party (PSOE) was finally elected as President and Spain now has an elected government after eighteen months of interim rule. The coalition between the Socialists and left party Podemos requires the support of a large number of smaller parties, making it highly unstable, so the passing of legislation will present a permanent challenge.

**Spanish Gross Domestic Product (GDP)**

The third quarter of 2019 closed with a y-o-y GDP growth rate of 1.90%, according to the INE. This confirms the stabilisation of GDP growth, which since the peak at the end of 2015, achieved a level of growth of 4.0%. During the last couple of years, GDP growth has been around 3.00%.




*Source: INE (Q4-2019)*

CBRE forecasts for the Spanish economy suggest that the expansion phase of the cycle– which began in the final stretch of 2013 – expected to gradually slow over time. More specifically, we estimate that Spain's GDP will grow by around 1.50% in 2020. The factors underpinning this

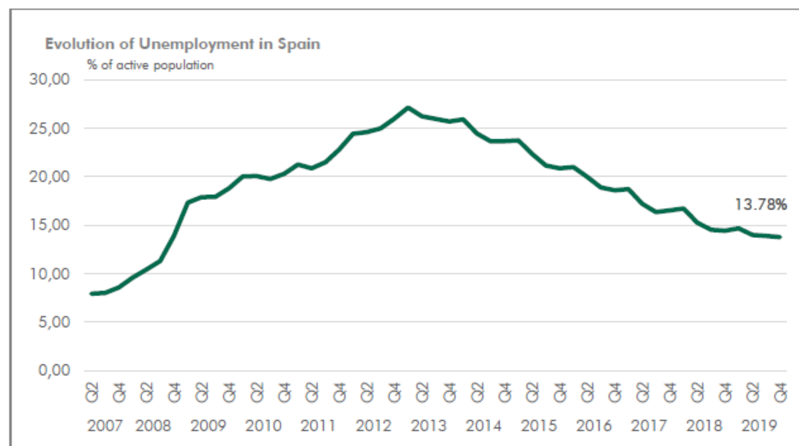
strong performance in the short-term are primarily interest rates which remain at record lows, the improved financial position of companies and households and the drop in the price of oil.

**Unemployment**

The number of people in employment grew over 402,300 in 2019, lower than previous year circa 500,000, principally due to perception of stabilization/maturity of the Spanish economic cycle and to the increase of the minimum wage +23%. As at Q4 2019, the unemployment rate stood at 13.78%, down 67 bps vs Q4 2018.

The labour market continued to create new jobs at a steady pace throughout 2019. Overall, net job creation led to a further decline in the unemployment rate to 13.78% at YE 2019. This confirms the positive trend since 2013, when the unemployment rate went up to 27%. That said, the unemployment rate remains high among young people and among those that have been out of work for a long time.

Evolution of Unemployment in Spain




*Source: INE (Q4-2019)*

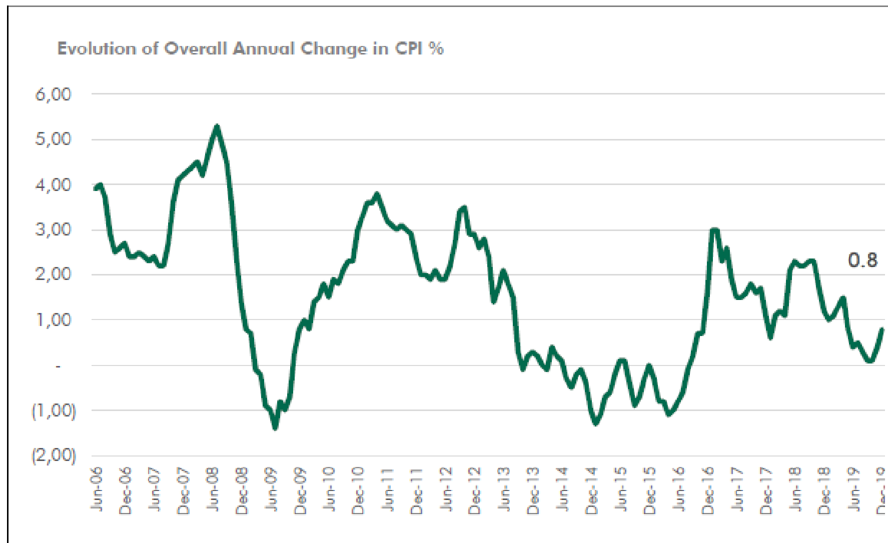
Improved employment terms and conditions, fewer part-time contracts and greater productivity via more skilled human capital are just some of the challenges facing the Spanish economy. There are several other issues that must be addressed as quickly as possible, such as sustainability of the pensions system against the backdrop of the ever- ageing Spanish population.

**Consumer Price Index**

Consumer prices rose throughout 2019, following the declining trend from previous years. In December 2019, the CPI closed at 0.80%.

In the following table we can see the annual change in CPI during the last 13 years.

Consumer Price Index – Monthly Evolution




*Source: INE (Dec-2019)*

**Financing**

Spain remains very much in demand as investors and lenders try to estimate how much longer the current economic cycle will last. However, caution is based primarily on investor feeling, as the hard data continues to be overwhelmingly positive. While many fundamentals reflect peak pricing, they are nonetheless supported by continued strong growth in GDP, employment and housing prices, strong absorption, and rental growth (especially in the office and logistic sectors) and a lack of significant new development. The consensus is that Spain, which started its recovery later than other markets, still has room to grow.

Indeed, foreign investors continue to invest heavily and aggressively in Spain, demonstrating through their behaviour a belief that a market correction is still far away enough for them to carry out their business plans. Barring a widespread systemic failure, most investors do not seem to be too concerned about the end-of-cycle signals coming from the US and the UK. Many estimates that even if a recession were to occur in the US, it would be localized and not necessarily lead to a recession in Europe.

The number and variety of potential lenders continues to increase. Many German banks who left the market after the last cycle have now returned. A variety of private debt funds have emerged as a means for institutional investment, previously focused on equity investing, to continue their exposure to the sector at lower bases (price per square meter).

Many of these debt funds focus on specific niches in the market, concentrating on select asset classes and risk profiles. Development loans for alternative assets such as student housing, seniors housing and multifamily/rental residential are opportunity areas for debt funds. As they are still relatively new phenomena in Spain, many local lenders are less accustomed to underwriting these assets. Bridge loans are also becoming more common in the market.

All that said, Spanish banks continue to finance a large share of small and medium-sized transactions that dominate the market. In addition, European banks with long-time presence in Spain continue to aggressively finance core assets.

Given where we are in the cycle, lender activity is driven by conflicting competition and caution motives. On one hand, strong market dynamics and a greater competition drive lower margins and spark interest in a greater variety of assets, many of which were previously difficult to finance. Lenders now consider redevelopment projects, alternative assets, and assets in more peripheral locations (as long as tenant demand can be demonstrated) and, on rare occasions, even land acquisitions.

On the other hand, most lenders believe that a market correction is likely over the terms of the loans they are now writing. As such, many will not stray beyond certain LTV levels. Spanish banks are well-known for the high levels of amortization they require. Even many "aggressive" lenders believe it is less risky to take construction risk in prime locations than to finance secondary assets.

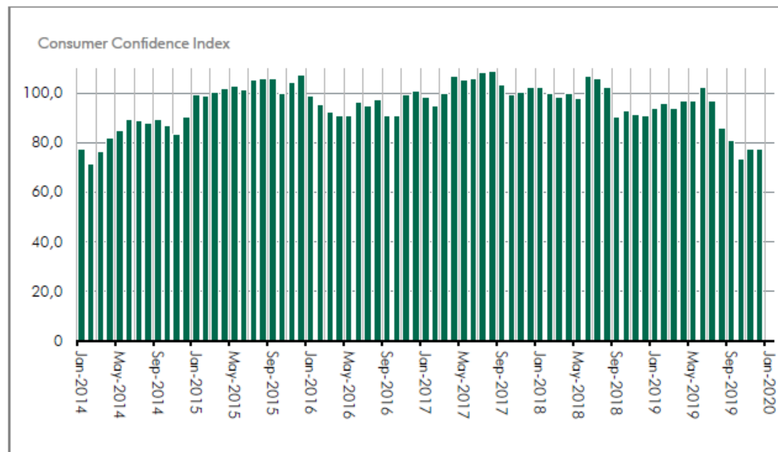
Overall, financing terms remain generally conservative. While competition has driven lower margins, lenders have maintained discipline with regard to leverage. Only now are banks beginning to consider requests to add mezzanine debt to their 55%-65% LTV senior loans. In addition, greater emphasis is placed on historical performance and experienced sponsors. While it still some time off, lenders are cognizant of upcoming Basil IV requirements, which will start being applied in 2022.

Lender appetite is very strong across almost all asset classes, with the possible exception of retail shopping centres, which are under negative pressure due to the rise of e- commerce and other societal changes. Nonetheless, if provided with a credible business plan, supporting market data, and an experienced operator, lenders continue to show a willingness to finance a wide variety of centres at levels and terms appropriate to the specific opportunity.

**Consumer Confidence**

Despite the high levels of unemployment, consumer confidence has been growing since 2013. This growth began from the moment that the EU declared that it would protect Spain at all cost and the risk premium on Spanish bonds eased. With this moment of crisis moving into the past and unemployment improving, consumer confidence grew until early 2016.

Consumer confidence then began to fall in 2016 with an uptick at the end of the year. It then continued to decrease due to the uncertainty generated by upcoming political events such as the French elections, the Dutch elections and the triggering of article 50 by the United Kingdom to effectively end their membership of the European Union. However, the generally positive results of these events (the defeat of Eurosceptic parties) and the positive European macroeconomic indicators have bolstered consumer confidence up to 108.3 in August 2017, the highest it has been in the last 8 years. Since then, the figure fluctuated close to 100 points until March 2018, when it decreased to 98.6. After rising again during the summer, reaching 107 in July, Consumer Confidence followed a downfall trend, and is currently standing at 77.7 as at December 2019.




Source: *Trading Economics/Instituto de Crédito Oficial (Dec-2019)*

**Madrid Office Market Commentary**

The Madrid office market is segmented into six main areas: CBD, SC (Secondary Centre), the northern motorway office areas A-6, A-1, A-2, and the Madrid periphery (P). The map below geographically describes the main office segments in the Madrid region:

Madrid Office Market by Zone

Source: *CBRE*

Madrid Office Market KPI's as at Q4 2019

| Area | Stock (sqm) | Take-up (sqm) | Vacancy (%) | Future supply (sqm)* | Prime rent (€/sqm/month) |
|---|---|---|---|---|---|
| CBD | 3,449,448 | 215,873 | 3.7% | 143,996 | 36.25 |
| Secondary Centre | 2,484,290 | 80,236 | 2.3% | 60,203 | 24.25 |
| A1 Motorway | 2,465,968 | 123,455 | 18.2% | 56,801 | 16.00 |
| A2 Motorway | 2,482,483 | 180,522 | 11.1% | 82,911 | 16.50 |
| A6 Motorway | 1,131,220 | 35,481 | 8.3% | 25,780 | 15.00 |
| Periphery | 545,184 | 18,860 | 22.2% | 0 | 8.50 |
| Madrid Overall | 12,558,593 | 654,427 | 9.0% | 369,661 | 36.25 |

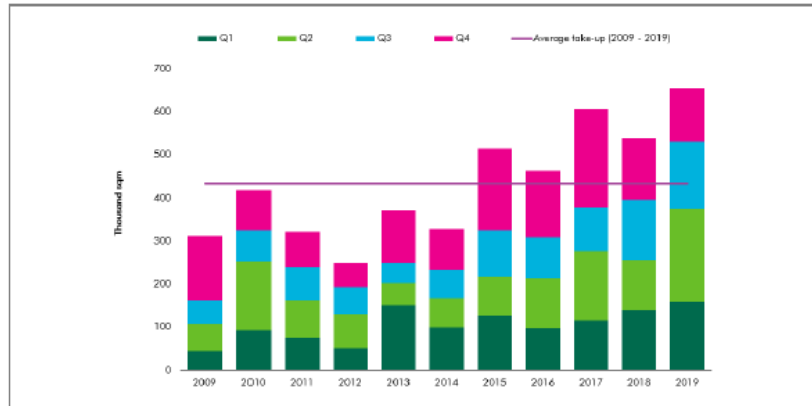
Source: CBRE
[1]Total (available and not available) 2019-2020 – Including refurbishments

Source: *CBRE*

## Take-Up

Madrid's office take-up reached circa 123,000 sqm in Q4 2019, taking the YE total for 2019 to over 654,000 sqm. This is the highest figure recorded in the last 12 years and equated to a 21% y-o-y increase.

Office stock evolution

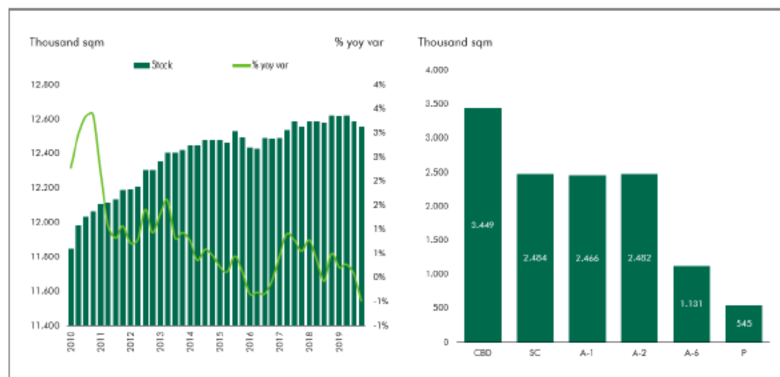



Source: CBRE (Q4 2019)

Flex space providers remained extremely active during Q4, accounting for 10% of total office take-up in 2019.

## Supply

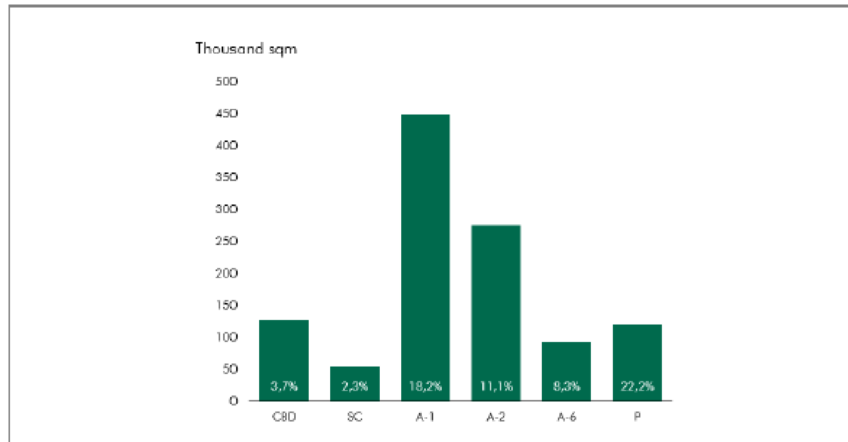
Office stock evolution




Source: CBRE (Q4 2019)

The vacancy rate crept up slightly during Q4 2019 after a number of new projects came onto the market. At the end of the year, immediately available space stood at 1.12 million sqm, equating to a vacancy rate of 9.0%.

Vacancy space



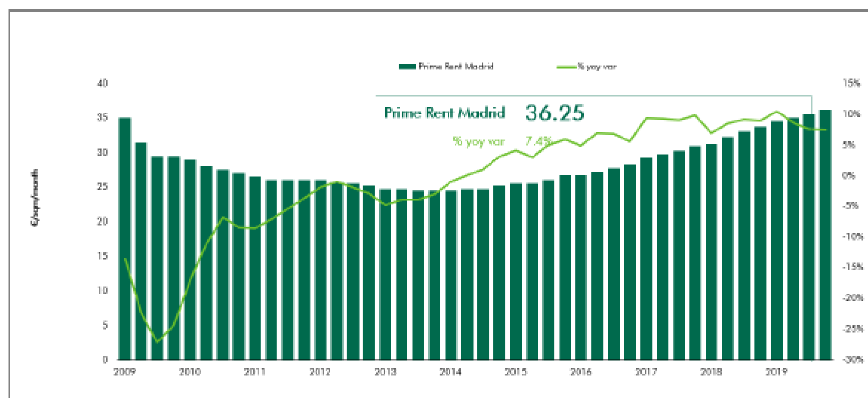

Source: CBRE (Q4 2019)

Three refurbishment projects were completed in Q4, adding a total of 28,300 sqm to the market. There is currently 370,000 sqm of office space under construction, 29% of which is already pre-let.

**Rent**

The prime CBD rent continued to trend upwards, reaching €36.25 per sqm/month at YE 2019, up 7.4% y-o-y.

Prime Rent Evolution and YoY variation




Source: CBRE (Q4 2019)

**Investment**

The office market continues to attract investor interest, thanks to an upbeat performance during 2019. Full-year investment volume reached €3,700 million (up +21% y-o-y). Prime yields tightened across all submarkets, ending the year at 3.25% in the CBD, 4.25% in the Secondary Centre and 5.00% in the A1 and A2.

**Competition – General**

The company has got a range of competitors, such as Colonial, Merlin Properties, Blackstone, and Starwood among others. The Company faces competition from other smaller Family Office groups too, such as Fábrega and Saint Croix.

**Competition – Office**

ORBIS faces competition from various kinds. Orbis De La Vega competitors are large Spanish REIT such as Colonial and Merlin Properties, large Private Equity firms such as Blackstone or Starwood, and other smaller Family Office groups. Some of the larger premises in the area are multi-landlord.

Cristalia 2&3, and Cristalia 5&6's main competitor in terms of landlords' leased area (sqm) is Merlin Properties. Colonial is also a strong competitor in the area followed by Blackstone and other smaller Spanish REIT such as Árima.

Apart from Colonial, competitors of JILT 14 are other small Family Office such as Fábrega and Saint Croix. Árima is also present in the area.

## 3.9 DEPENDENCE ON LICENCES AND PATENTS

The Company is not dependent on any trademark, patent or intellectual property right that affects its business. All properties owned have the relevant licences for their activity.

## 3.10 INSURANCE CONTRACTS

The Company has underwritten the following insurance policies with Caser Seguros S.A. and Aviva Insurance Ireland DAC:

| **Insurer** | Caser Seguros, S.A. |
|---|---|
| **Company insured** | **ORBIS PROPERTIES SOCIMI, S.A.U.** |
| **Policy number** | 9598866 |
| **Policy premium** | €75,319.25 |
| **Cover** | - All material damages – €140,800,000.00 |
| **Validity period** | From 14 July 2019 to 14 July 2020, annually renewable |

| **Insurer** | Aviva Insurance Ireland DAC |
|---|---|
| **Company insured** | **ORBIS DE LA VEGA SOCIMI, S.L.U.** |
| **Policy number** | PM099777CHC |

| Policy premium | €21,578.66 |
|---|---|
| Cover | - All material damages – €61,350,000.00<br>- Loss of rent due to business interruption – €11,869,755.00<br>- ORBIS DE LA VEGA SOCIMI, S.L.U.´s liabilities – £25,000,000.00 |
| Validity period | From 14 July 2019 to 13 July 2020, annually renewable |

| Insurer | Aviva Insurance Ireland DAC |
|---|---|
| Company insured | **CRISTALIA 2&3 SOCIMI, S.L.U.** |
| Policy number | PM099777CHC |
| Policy premium | €17,832.42 |
| Cover | - All material damages – €48,750,000.00<br>- Loss of service charge due to business interruption – €2,751,054<br>- CRISTALIA 2&3 SOCIMI, S.L.U.´s liabilities – £25,000,000.00 |
| Validity period | From 14 July 2019 to 13 July 2020, annually renewable |

| Insurer | Aviva Insurance Ireland DAC |
|---|---|
| Company insured | **CRISTALIA 5&6 SOCIMI, S.L.U**. |
| Policy number | PM099777CHC |
| Policy premium | €16,669.11 |
| Cover | - All material damages – €47,850,000.00<br>- Loss of rent due to business interruption – €9,019,742.00<br>- Loss of service charge due to business interruption – €2,350,908.00<br>- CRISTALIA 5&6 SOCIMI, S.L.U.´s liabilities – £25,000,000.00 |
| Validity period | From 14 July 2019 to 13 July 2020, annually renewable |

| Insurer | Aviva Insurance Ireland DAC |
|---|---|
| Company insured | **JILT 6&14 SOCIMI, S.L.U.** |
| Policy number | PM099777CHC |
| Policy premium | €7,620.23 |
| Cover | - All material damages – €21,150,000.00<br>- Loss of rent due to business interruption – €4,667,691.00<br>- JILT6&14 SOCIMI, S.L.U.´s liabilities – £25,000,000.00 |
| Validity period | From 14 July 2019 to 13 July 2020, annually renewable |

| Insurer | Aviva Insurance Ireland DAC |
|---|---|
| Company insured | **FOXA 29 SOCIMI, S.L.U.** |

| Policy number | PM099777CHC |
|---|---|
| Policy premium | €6,609.41 |
| Cover | - All material damages – €18,150,000.00<br>- Loss of rent due to business interruption – €4,177,371.00<br>- Loss of service charge due to business interruption – €1,051,830.00<br>- JILT6&14 SOCIMI, S.L.U.´s liabilities – £25,000,000.00 |
| Validity period | From 14 July 2019 to 13 July 2020, annually renewable |

## 3.11 RELATED-PARTY TRANSACTIONS

Related-party transactions shown below were carried out at market rates. The applicable interest rate to these transactions is similar to those applied to unrelated entities:

| Subsidiary | Tipo de Vinculación | Relation type | Related Party | % | Principal Amount | Accrued Interest |
|---|---|---|---|---|---|---|
| **Orbis Cristalia 2&3. S.L.U.** | Bridge debt Interest bearing loan | Shareholder | EPISO Rebound Holding S.à.r.l. | 100.00% | - | 532,978.96 |
| | Interest bearing loan | | | | 9,918,239.00 | 943,127.67 |
| **Orbis Cristalia 5&6. S.L.U.** | Bridge debt Interest bearing loan | | | | - | 541,014.49 |
| | Interest bearing loan | | | | 10,144,029.00 | 964,612.16 |
| **Orbis Foxa 29. S.L.U.** | Bridge debt Interest bearing loan | | | | - | 227,171.91 |
| | Interest bearing loan | | | | 4,276,666.99 | 406,661.95 |
| **Orbis Jilt 6&14. S.L.U.** | Bridge debt Interest bearing loan | | | | - | 415,521.79 |
| | Interest bearing loan | | | | 7.100.499.00 | 675,203.92 |
| **Orbis de la Vega. S.L.U.** | Bridge debt Interest bearing loan | | | | - | 594,318.55 |
| | Interest bearing loan | | | | 11.038.600.00 | 1,049,648.70 |
| **TOTAL** | | | | | **42,478,033.99** | **6,350,260.11** |

On 28 November 2018, the Company's subsidiaries as borrowers, and EPISO Rebound Holding S.à.r.l. as Sole Shareholder and lender, entered into the below loan agreements with expiration date 31 March 2024. As of 31 December 2019, these loans were as follows:

Interest bearing loan between ORBIS CRISTALIA 2&3, S.L. the Sole Shareholder through which the lender made available a loan for an amount equal to €9,918,239,000.00 at a 7,5% annual interest rate. As of 31 December 2018, ORBIS CRISTALIA 2&3, S.L. had used the total amount made available, and has accrued interest for an amount equal to 943,127.67.

Interest bearing loan between ORBIS CRISTALIA 5&6, S.L. the Sole Shareholder through which the lender made available a loan for an amount equal to €10,144,029.00 at a 7,5% annual interest rate. As of 31 December 2018, ORBIS CRISTALIA 2&3, S.L. had used the total amount made available, and has accrued interest for an amount equal to 964,612.16.

Interest bearing loan between ORBIS FOXA 29, S.L. the Sole Shareholder through which the lender made available a loan for an amount equal to €4,276,666.99 at a 7,5% annual interest rate. As of 31 December 2018, ORBIS CRISTALIA 2&3, S.L. had used the total amount made available, and has accrued interest for an amount equal to 406,661.95.

Interest bearing loan between ORBIS JILT 6&14, S.L. the Sole Shareholder through which the lender made available a loan for an amount equal to €7,100,499.00 at a 7,5% annual interest rate. As of 31 December 2018, ORBIS CRISTALIA 2&3, S.L. had used the total amount made available, and has accrued interest for an amount equal to 675,203.92.

Interest bearing loan between ORBIS DE LA VEGA, S.L. the Sole Shareholder through which the lender made available a loan for an amount equal to €11,038,600.00 at a 7,5% annual interest rate. As of 31 December 2018, ORBIS CRISTALIA 2&3, S.L. had used the total amount made available, and has accrued interest for an amount equal to 1,049,648.70.

# 4 RISK FACTORS

Set forth below are detailed those certain risks, uncertainties and other factors that may affect the Company's future results.

## 4.1 RISKS ASSOCIATED WITH THE REAL ESTATE BUSINESS

### *4.1.1 Cyclical sector*

The current property sector is very sensitive to the existing political and economic-financial environment. The revenues derived from the property assets and their valuations depend, in large part, on the supply and demand for properties, inflation, interest rates, the economic growth rate or legislation.

If the Company's asset portfolio were to suffer a decline in value requiring a provision with respect to the carrying value, this would have an impact on the profit, the financial situation and the valuation of the Company.

### *4.1.2 Risks derived from the possible fluctuation in the demand for properties and their consequent decrease in rental prices*

The Company leases its properties to various clients. Said contractual relationships are documented and signed by both parties. In the event that said clients decide not to renew their contracts or insist on renegotiating rent prices downwards, this would have a negative impact on the financial situation, profits or valuation of the Company.

### *4.1.3 Degree of liquidity of investments*

Real estate investments are characterised as being more illiquid than investments in movable property. Therefore, in the event that the Company wants to disinvest part of their portfolio of real estate assets, its ability to sell may be limited in the short term.

## 4.2 OPERATING RISKS

### *4.2.1 Risks associated with the valuation of assets*

At the time of valuing the real estate assets, CBRE Valuation Advisory Services S.A. (hereinafter, the "**CBRE**") made certain assumptions, among others, concerning the occupancy rate of the assets, the future updating of the rents, the estimated profitability or the discount rate used, with which a potential investor many not agree. If said subjective elements were to evolve negatively, the valuation of the Company's assets would be lower and could consequently affect the Company's financial situation, profit or valuation.

#### 4.2.2 Risk of property damage

The Company's properties are exposed to damage from possible fires, floods, accidents or other natural disasters. If any of this damage is not insured or represents an amount greater than the coverage taken out, the Company will have to cover the same as well as the loss related to the investment made and the income expected, with the consequent impact on the Company's financial situation, profit and valuation.

#### 4.2.3 Geographical concentration of product and market

Currently the company has invested exclusively in Madrid (Spain), therefore there is a very large exposure to the city. Although exclusively concentrated in Madrid, the Company is well diversified in different sub-markets in the city – CBD, Arroyo de la Vega, Campo de las Naciones and Julian Camarillo. Moreover, we can highlight the fact that Madrid is a stable international city and within the European Union and is not exposed, in general, to great risks.

In case of specific urban modifications of the autonomous community or local authorities, or due to economic conditions that this geographical area presents, the financial situation, results or valuation of the Company could be negatively affected.

### 4.3 LEGAL AND REGULATORY RISKS

#### 4.3.1 Risks related to regulatory changes

The Company's activities are subject to legal and regulatory provisions of a technical, environmental, fiscal and commercial nature, as well as planning, safety, technical and consumer protection requirements, among others. The local, autonomic, and national administrations may impose sanctions for non-compliance with these standards and requirements. The sanctions may include, among other measures, restrictions that may limit the performance of certain operations by the Company. In addition, if the non-compliance is significant, the fines or sanctions may have a negative impact on the Company's profits and financial situation.

A significant change to these legal and regulatory provisions or a change affecting the way in which these legal and regulatory provisions are applied, interpreted or met, may force the Company to change its plans, projections or even properties and, therefore, assume additional costs, which could negatively impact the Company's financial situation, profit or valuation.

#### 4.3.2 Changes in tax legislation (including changes in the tax regime of SOCIMI)

Any change (including changes of interpretation) in the Law of SOCIMI or in relation to the tax legislation in general, in Spain or in any other country in which the Company may operate in the future or in which the shareholders of the Company are residents, including but not limited to:

(i) The creation of new taxes or

(ii) The increase of the tax rates in Spain or in any other country of the existing ones could have an adverse effect on the activities of the Company, its financial conditions, its forecasts or results of operations.

As regards, specifically, the Law of SOCIMI, the non-compliance with the requirements established in this Law would determine the loss of the special fiscal regime applicable to ORBIS (except in those cases in which the regulations allow its correction within the next immediate exercise).

The loss of the SOCIMI regime (i) would have a negative impact for the Company in terms of both direct and indirect taxes, (ii) could affect the liquidity and financial position of ORBIS, as long as it is required to regularize the indirect taxation of certain acquisitions of real estate assets, as well as the direct taxation of those income obtained in previous tax periods going to tax in accordance with the general regime and the general rate of taxation of the tax on Companies, and (iii) would determine that ORBIS could not opt again for the application of the same until at least three years from the conclusion of the last tax period in which said regime would have been applicable. All this could therefore affect the return that investors obtain from their investment in the Company.

### *4.3.3 Application of special tax regime*

It should be noted that ORBIS will be subject to a special tax of 19% on the full amount of the dividends or profit sharing distributed to the partners whose participation in the share capital of the entity is equal to or greater than 5% when this dividends, at the headquarters of these partners, are tax exempt or taxed at a rate of less than 10%.

This tax will be considered as a Tax on Companies fee. The shareholders that cause the accrual of the special tax of 19% shall indemnify the Company in an amount equivalent to the Corporate Income Tax expense that arises for the Company regarding the payment of the dividend that serves as a basis for the calculation of the aforementioned special tax.

### *4.3.4 Loss of the SOCIMI tax regime*

On 19 September 2018, the Company's Sole Shareholder did a resolution on requesting the application of the special tax regime for SOCIMI. On 28 September 2018 the Company communicated to the Tax agency its request to be subject to the SOCIMI special tax regime, established in Law 11/2009. The application of said special tax regime is subject to compliance with the requirements set out in Law 11/2009 modified by Law 16/2012. Lack of compliance with any of said requirements would mean that the Company would be taxed under the general corporation tax regime for the year in which said non-compliance occurred, with the Company being required to enter, where appropriate, the difference between the fee for this tax resulting from the application of the general regime and the amount paid that resulted from the application of the special tax regime in subsequent tax periods, without prejudice to late payment interest, surcharges and penalties that may be appropriate, as the case may be. The loss of said SOCIMI special tax regime could negatively affect the Company's financial situation, operating results, cash flows or valuation.

#### *4.3.5 Litigation risk*

Currently, a lawsuit has been filed by ORBIS Foxá 29 SOCIMI, S.A. against one of its tenants at its real estate asset at Calle Agustín de Foxá 29.

The defaulter tenant owns the Company´s subsidiary an amount in the concepts of unpaid rent, and expenses and interests in arrears accrued under the two Foxá Lease Agreements entered into between ORBIS Foxá 29 and the lessee. This amount can nonetheless be considered insignificant, and shall not, in any case, have a material effect on the business.

The purpose of the lawsuit is: (i) evict the lessee from the leased premises within the Property; and (ii) claim the rent and assimilated amounts which still remain unpaid. This lawsuit was filed on 20 February 2020 and the proceedings resulting from it have not been concluded as of the date of writing this information document.

#### *4.3.6 Lack of liquidity for the payment of dividends*

All dividends and other distributions paid by the Company will depend on the existence of profits available for distribution, and sufficient cash. In addition, there is a risk that the Company generates profits but does not have sufficient cash to meet, monetarily, the dividend distribution requirements set out in the SOCIMI tax regime. If the Company does not have sufficient cash, it may be required to cover dividends in kind or to implement a system of reinvesting dividends in new shares.

As an alternative, the Company may request additional funding, which would increase its financial costs, reduce its capacity to ask for funding for making new investments and it may have an adverse material effect on the Company's business, financial conditions, operating results and forecasts.

Shareholders would be obliged to assume the fiscal costs of paying the dividend. In addition, the payment of dividends in kind (or the implementation of equivalent systems such as the reinvestment of the dividend right in new shares) may give rise to the dilution of the shareholding of some shareholders who receive the dividend monetarily.

### 4.4 FINANCIAL RISKS

#### *4.4.1 Risk arising from the effect of COVID-19*

The pneumonia of unknown cause detected in Wuhan (China) was first reported to the World Health Organization (WHO) on 31 December 2019. The outbreak was declared a Public Health Emergency by the WHO on 30 January 2020 and later became known as COVID-19. Since then, the virus has spread across most world’s countries, being Spain one of the worst affected. This led the Spanish Government to implement a state of alarm on 13 March 2020. The country has been under strict lockdown measures aimed at containing the spread by following social

distancing guidelines and is at the time of writing the Information Document slowly starting to phase out these measures and reopening the country.

It is to this date unknown if new virus waves could affect Spain in the near future, which could force businesses to temporarily stop their activity, leading to an unfavourable economic performance, employment, consumption and the state of the economy in general.

The above mentioned could have an adverse material effect in ORBIS, its financial results, the balance sheet and the Company´s working capital which to this date, is difficult to estimate, as it will depend largely on the extent and duration of the outbreak. The impact on the Company up to this date has been as follows:

| Asset | Rent Collected or Deferred Q2 | Rent Free | Under Negotiation / Unpaid |
|---|---|---|---|
| **Cristalia 5&6** | 32% | 39% | 29% |
| **Cristalia 2&3** | 97% | 0% | 3% |
| **De la vega** | 97% | 3% | 0% |
| **JILT 14** | 34% | 64% | 2% |
| **Foxá** | 74% | 0% | 26% |

In order to come out strong from the difficulties arising from COVID-19, the Company continues to monitor the situation closely, negotiating with tenants, granting rent deferrals, or rent frees in exchange for lease term extensions where possible. This approach shall allow ORBIS to focus on the business continuity for the medium-term.

As a mitigating factor, it should be noted that, were ORBIS to suffer from the effects of COVID-19, its ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet its obligations.

# 5 INFORMATION CONCERNING THE OPERATION

## 5.1 REGISTRATION WITH EURONEXT ACCESS

Registration procedure: Registration of shares for trading on Euronext Access Paris through technical admission.

**ISIN:** ES0105490009

**Euronext Ticker:** MLORB

**Number of shares to be listed:** 5,000,000 shares

**Nominal price per share:** €1

**Reference price per share:** €13.60

**Market capitalisation:** €68,000,000

**Initial listing and trading date:** 31 July 2020

**Listing Sponsor:** ARMANEXT ASESORES S.L.

**Financial service**: BNP Paribas Securities Services

**Central Securities Depositary**: EUROCLEAR FRANCE

## 5.2 OBJECTIVES OF THE LISTING PROCESS

This transaction is carried out within the framework of a procedure for admission to trading on the Euronext Access Market operated by Euronext Paris S.A., through technical admission. The proposed transaction does not require a visa from the Autorité des Marchés Financiers (AMF).

The registration in the Euronext Access Market will allow the Company to acquire notoriety and to adapt to the operation of financial markets before a possible transfer to a larger market that enables to continue its development.

Additionally, the Company has to be listed in a European Market to keep the special tax regime for SOCIMI.

## 5.3 COMPANY'S SHARE CAPITAL (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Article 6 of the articles of association sets out the Company's share capital.

***ARTICLE 6.- SHARE CAPITAL***

*The share capital is FIVE MILLION EUROS (€5,000,000) divided into FIVE MILLION (5,000,000) nominative shares, each with a nominal value of ONE EURO (€1.00), which are fully subscribed and paid-up and belong to a single class and series.*

## 5.4 EVOLUTION OF THE SHARE CAPITAL, INCREASES AND REDUCTIONS

The Company was incorporated on 5 July 2018 with share capital of €3,000. Subsequently, it has increased the share capital on several occasions:

- **5 July 2018:** The share capital was €3,000, divided into 3,000 participations with a face value of € 1 each.

  The Company´s shareholding structure was:

| Shareholder | Participations | (€) Shareholding | Shareholding |
|---|---|---|---|
| TMF Participations Holdings (Spain), S.L. | 1,500 | 1,500 | 50.00% |
| TMF Sociedad de Participación, S.L. | 1,500 | 1,500 | 50.00% |
| **Total** | **3,000** | **3,000** | **50.00%** |

- **7 August 2018:** EPISO 4 REBOUND HOLDING S.á.r.l. (Luxembourg) acquires all 3,000 participations:

| Shareholder | Participations | (€) Shareholding | Shareholding |
|---|---|---|---|
| EPISO 4 REBOUND HOLDING S.Á.R.L. | 3,000 | 3,000 | 100.00% |
| **Total** | **3,000** | **3,000** | **100.00%** |

- **26 March 2020:** Share capital increases from €3,000 to €5,000,000.00 with 4,997,000 new shares with a face value of €1 each, correlatively numbered from 3,001 to 5,000,000 both inclusive.

  With no more changes, the Company´s shareholding structure and share capital and share capital as of the date of writing this Information Document, is the following:

| Shareholder | Shares | Share Capital Following increase | (€) Shareholding | (%) Shareholding |
|---|---|---|---|---|
| EPISO 4 REBOUND HOLDING S.Á.R.L. | **5,000,000.00** | **5,000,000.00** | **5,000,000.00** | **100,00%** |
| **Total** | **5,000,000.00** | **5,000,000.00** | **5,000,000.00** | **100,00%** |

## 5.5 MAIN CHARACTERISTICS OF THE SHARES (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

The shares are numbered consecutively from 1 to 5,000,000 inclusive, belonging to a single class and series. All shares are fully subscribed and paid-up and grant their holders the same rights.

***ARTICLE 7.- REPRESENTATION OF SHARES***

1. *The shares are represented by book entries in nominative form and are constituted as such by means of their registration in the corresponding accounting register. The regime for book-entry representation of the shares shall be governed by the provisions of applicable law at any time.*

2. *Capacity to exercise shareholder rights is obtained by means of registration in the accounting register, which presumes lawful ownership and entitles the registered owner to demand that the Company recognize them as shareholder. Said capacity may be proven by production of the relevant certificates issued by the entity entrusted with maintaining the corresponding accounting register.*

3. *If the Company provides valuable consideration to the person registered as owner in the accounting register, it shall be released from the corresponding obligation even if the person is not the beneficial owner of the share, provided that it acts in good faith and without gross negligence.*

4. *In the event that the person with capacity according to the accounting register book entries has such status pursuant to a fiduciary title or owing to their status as a financial intermediary acting on behalf of their clients or through another similar title or status, the Company may require that they disclose the identity of the beneficial owners of the shares, as well as the acts of transfer and encumbrance with relation thereto.*

## 5.6 CONDITIONS FOR THE TRANSFER OF SHARES

### *5.6.1 Transferability of the shares (ARTICLES 8 AND 9 OF THE ARTICLES OF ASSOCIATION)*

Articles 8 and 9 of the articles of association cover the transferability of the shares.

***ARTICLE 8. - TRANSFER OF SHARES OF THE COMPANY***

1. *The shares and the economic rights arising therefrom, including those of preferential subscription and free allotment, are transferrable by any means admitted under law.*

2. *New shares may not be transferred until the corresponding share capital increase has been recorded in the Commercial Registry.*

***ARTICLE 9. - CO-OWNERSHIP, USUFRUCT, PLEDGE AND SEIZURE OF SHARES***

1. *The co-ownership, usufruct, pledge and seizure of shares shall be governed by the provisions of this Article and, on a supplementary basis, applicable law at any time.*

2. *In the case of pledge of shares, the pledgee shall assume the economic and political rights as from the time of notification by a notarial office to the pledgor and to the Company of the existence of a breach of the secured obligation, with the pledgee expressly stating its intention to exercise the political and/or economic rights. The economic and political rights shall correspond to the pledgor shareholder until such notification occurs.*

3. *In the event of seizure and enforcement of the shares, the Company shall refuse to record the transfer of nominative shares in the accounting register by means of (i) presentation to the enforcing party of one or more purchasers of the shares or (ii) an offer to acquire them itself for their fair value at the time the entry of the seizure was requested, in accordance with the provisions for share buyback in article 146 LSC. Fair value shall be deemed to be that which reflects the listing price of shares of the Company, unless they are not admitted to trading in which case fair value shall be deemed to be that determined by an auditor other than the Company's auditor who the Company's directors appoint for such purpose at the request of any interested party. This determination of fair value shall be binding on all the parties.*

# 6 COMPANY VALUATION AND FINANCIAL FORECASTS

## 6.1 COMPANY VALUATION

The Issuer has entrusted CBRE with an independent valuation of its shares dated 31 December 2019. In accordance with this mandate, CBRE has issued a valuation report on the Company's business with a valuation date 31 December 2019.

The purpose of this company valuation is to provide independent expert opinion as to the fair value of the company regarding its situation according to the most recent available information.

Due to the type of activity carried out by the Group, CBRE believes the best corporate valuation methodology would be the Adjusted Value of Group's Equity, since CBRE believe it is the methodology which best reflects the market value of companies with real estate business activity.

The Group's real estate assets have been valued at market value following the methodology of the Royal Institution of Chartered Surveyors ("RICS") and according to the International Valuations Standards (IVS). This market valuation report of the real estate assets owned by the Group as at 31 December 2019 has been carried out by CBRE.

### *6.1.1 Methodology*

As mentioned previously and considering the type of activity carried out by the Group (real estate activity), CBRE considers that the best methodology for its valuation is the Adjusted Value of Group's Equity. This methodology is based on the hypothesis of a company under operation.

The detail and scope of the phases applicable to the mentioned methodology is as follows:

- Calculation of the fair value of real estate assets (GAV) to obtain implicit capital gains / losses (based on the market valuation report prepared by CBRE Valuation Advisory as at 31 December 2019) and accomplished using the RICS Methodology, assuming the market value of the assets.

  As at 31 December 2019, the net book value of the real estate assets was 272,040,120 euro. The balance sheet records the net book value of the real estate assets under the headings of "Investment Properties".

  Subsequently, and in order to calculate the value range of the Group's asset portfolio, a sensitivity analysis was performed varying the discount rate that has been used in the valuation of each asset in +/- 0.50%. The result of this sensitivity analysis is as follow:

| Euro | NBV 31/12/2019 | Market Value 31/12/2019 | Capital Gain |
|---|---|---|---|
| Lower Range | 272,040,120 | 274,600,000 | 2,559,880 |
| Central Range | 272,040,120 | 285,300,000 | 13,259,880 |
| Higher Range | 272,040,120 | 296,200,000 | 24,159,880 |

- Analysis of the remaining assets and liabilities of the Group's consolidated balance sheet, as at December 31st, 2019, whose adjustments to market value could affect the Company's value:

    - Debt arrangement fees: Loans are accounted for using the amortized cost methodology under Spanish GAAP / IFRS. The difference between amortized costs and the amount to be repaid (arrangement expenses) should be considered as additional debt, in order to reflect the nominal value of financial debt (€2,553,626).

    - Derivatives market Value: The company holds an Interest Rate Swap from the financing agreement with CAIXABANK, S.A. and DEUTSCHE PFANDDRIEFBANK AG which difference between the market value and the holding value is recorded on the balance sheet. According to information provided by the Client, is a hedging held – to– maturity instrument that should not be considered under reported debt for this valuation purposes (€ 3,223,036).

    - Grace period – rental income: Under Spanish GAAP, the Grace Period Should be expensed throughout the rental agreement length. Therefore, a rental income is recorded during the grace period against trade receivable accrual, and the trade receivable accrual is written off as a cost on the PL on straight line basis during the contract length. The grace period is considered on Real estate investment´s valuation and consequently, should being excluded for this valuation purposes (€ 388,232).

    - Advances to suppliers: This caption reflects payments for which the invoices are not received at year- end close and, consequently are not considered on the Profit and loss statement (€713,492).

    - Short term accruals: The company reported Short term accruals on: (i) Assets (€308,699), related to incentives to tenants' incentives to be applied through lease agreements and (ii) Liabilities (€102,877) related to invoices in connection with the grace period.

    - Customer Advances: This adjustment reflects payments from clients not considered on the Profit and loss statement (€131,361).

    - Calculation of the current value of the recurrent structure costs that have not been considered in the GAV calculation. The structural costs in which the Group has to incur to manage the assets have not been considered in the valuation of the real estate assets, which, once normalized, amount to 387,000 euro per year. Its present value has been calculated by discounting cash flows of these projected 10-year costs based on standardized structure costs. In addition, a sensitivity analysis was carried out varying the discount rate by +/- 50 basis points with the following result:

| Euro | Lower Range | Central Range | Higher Range |
|---|---|---|---|
| Structure Costs Adjustment | (4,601,000) | (4,323,000) | (4,075,000) |

No other adjustments to market value of the rest of consolidated items in the balance sheet have been considered according to our analysis, and as confirmed by the Board of Directors, there are no further adjustments in the remaining items that could affect the Company´s value.

- Calculation of the tax effect of the adjustment to market value of the real estate assets (implicit gains/capital loss) and of the rest of adjustments on the other assets and liabilities. Considering the Company's SOCIMI condition and its compliance with the SOCIMIs' regime mentioned previously, CBRE has assumed a 0% tax rate.
- Calculation of the range of the adjusted equity valuation, net of taxes, starting from the Group's fair value and applying sensitivities analysis on the valuation of real estate assets. CBRE has calculated the lower range and the higher range of value of the Group ´s equity.
- Thus, starting off from the accounts as at December 31st, 2019, the range of value of the Company's equity as at December 31st, 2019would be as follows:

| (€) EQUITY VALUATION | Lower Range | Central Range | Upper Range |
|---|---|---|---|
| Shareholders' Equity per Financial Statements | 58,801,427 | 58,801,427 | 58,801,427 |
| + Market Value Real Estate Investments | 274,600,000 | 285,300,000 | 296,200,000 |
| - Net Book Value Real Estate Investments | (272,040,120) | (272,040,120) | (272,040,120) |
| + Real Estate Inv. Capital Gains | 2,559,880 | 13,259,880 | 24,159,880 |
| - Debt arrangement fees | (2,553,626) | (2,553,626) | (2,553,626) |
| - Derivatives market value | 3,223,036 | 3,223,036 | 3,223,036 |
| - Grace Period - Rental Income | -388,232 | -388,232 | -388,232 |
| - Advances to suppliers | -713,492 | -713,492 | -713,492 |
| [+/-] Short Accruals | -205,822 | -205,822 | -205,822 |
| + Customer Advances | 131,361 | 131,361 | 131,361 |
| - Structural costs | (4,601,000) | (4,323,000) | (4,075,000) |
| **Shareholder´s Equity Value** | **56,253,533** | **67,231,533** | **78,379,533** |
| **Rounded Adjusted Shareholder´s Equity** | **56,250,000** | **67,230,000** | **78,380,000** |

Using this methodology, CBRE have obtained the Group´s equity range of value as at December 31st, 2019, which could differ from the value obtained subsequently, but it is the valuation methodology accepted in transactions between independent parties for real estate companies.

| | |
|---|---|
| **Value of ORBIS:** | **€56,250,000.00 - €78,380,000.00** |
| **Price per Share:** | **€11.25 - €15.68** |

The cumulative market value was adjusted for the recent sale of Juan Ignacio Luca de Tena 6 asset (€20.4 million). In accordance with the opinion presented in Corporate Valuation Report of ORBIS (dated 31 December 2019), the Company believes Adjusted Value of Group's Equity methodology and resulting €68,000,000 equity valuation best reflect the market value of the Company as at 30 June 2020.

As at 30 June 2020 and based on consolidated financial statements as at 30 June 2020 and most recent market values of real estate assets owned by ORBIS dated 31 December 2019, the Board of Directors unanimously agreed on 16 July 2020 the value of 100% of its shares to be €13.60, hence establishing a price per share of €68,000,000.

| EQUITY VALUATION | As at 30 June 2020 | | |
|---|---|---|---|
| | Lower Range | Central Range | Upper Range |
| Shareholders' Equity per Financial Statements | 61,343,340 | 61,343,340 | 61,343,340 |
| + Market Value Real Estate Investments | 254,200,000 * | 264,900,000 * | 275,800,000 * |
| - Net Book Value Real Estate Investments | (254,813,963) | (254,813,963) | (254,813,963) |
| + Real Estate Inv. Capital Gains | (613,963) | 10,086,037 | 20,986,037 |
| - Debt Arrangement Fees | (1,959,607) | (1,959,607) | (1,959,607) |
| - Derivatives Market Value | 3,616,300 | 3,616,300 | 3,616,300 |
| - Grace Period (Rental Income) | (419,073) | (419,073) | (419,073) |
| - Advances to suppliers | (426,496) | (426,496) | (426,496) |
| [+/-] Short Accruals | (339,475) | (339,475) | (339,475) |
| + Customer Advances | - | - | - |
| - Structural Costs | (4,601,000) | (4,323,000) | (4,075,000) |
| **Shareholder's Equity Value** | **56,600,025** | **67,578,025** | **78,726,025** |
| **Rounded Adjusted Shareholder's Equity** | **56,600,000** | **67,580,000** | **78,730,000** |

* Cumulative Market Value (as at 31 December 2019) adjusted for sale of Juan Ignacio Luca de Tena 6 asset (€20.4 million)

## 6.2 REAL ESTATE ASSETS VALUATION

The Issuer has entrusted CBRE with an independent valuation of its assets as of 31 December 2019. In accordance with this mandate, CBRE has issued a valuation report on the Company's assets with a valuation on this same date.

CBRE opinion of Market Value is based upon the Scope of Work and valuation assumptions and has been primarily derived using comparable recent market transactions on arm's length terms.

The valuation has been prepared on the basis of "Market Value" which is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

CBRE has valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 which incorporate the International Valuation Standards ("the Red Book").

| PROPERTY | LOCATION | TYPOLOGY | OCCUPANCY (%) | CONCLUDED AREA (SQM) | NET INITIAL YIELD | NET REVERSIONARY YIELD | (€) MARKET VALUE | % s/ TOTAL MARKET VALUE |
|---|---|---|---|---|---|---|---|---|
| Avenida de la Vega, 15 | Alcobendas (Madrid) | office | 80.35% | 22,446 | 4.39% | 5.59% | 63,500,000 | 23.97% |
| Cristalia Business Park, 2-3 | Madrid | office | 88.80% | 17,339 | 3,08% | 5.20% | 68,600,000 | 25.90% |
| Cristalia Business Park, 5-6 | Madrid | office | 72.30% | 17,586 | 2.83% | 5.24% | 68,200,000 | 25.75% |
| Calle Agustín de Foxá, 29 | Madrid | office | 95.90% | 7,047 | 3.16% | 4.44% | 32,300,000 | 12.19% |
| Calle Juan Ignacio Luca de Tena, 14 | Madrid | office | 94.70% | 7,871 | 4.41% | 4.87% | 32,300,000 | 12.19% |
| | | | | | | | **264,900,000** | **100.00%** |

## 6.3 BUSINESS PLAN

Below the Profit and Loss forecast for the years ending 2020, 2021 and 2022 is shown. This forecast has been prepared using criteria comparable to that used in the preparation of the Company's Financial Statements.

| PROFIT AND LOSS | 2020 E | 2021 E | 2022 E |
|---|---|---|---|
| **Net Revenue** | **15,339,721** | **14,598,468** | **10,753,865** |
| Services rendered | 15,339,721 | 14,598,468 | 10,753,865 |
| **Other operating expenses** | **(6,374,510)** | **(6,046,247)** | **(4,648,811)** |
| Other operating expenses | (6,374,510) | (6,046,247) | (4,648,811) |
| **Depreciation of fixed assets** | **(3,190,880)** | **(3,190,880)** | **(3,190,880)** |
| **Impairment and gains/(losses) from disposal of fixed assets** | **3,369,857** | **8,417,993** | **9,756,532** |
| **RESULTS FROM OPERATING ACTIVITIES** | **9,144,188** | **13,779,333** | **12,670,707** |
| **Finance expenses** | **(5,910,730)** | **(5,809,818)** | **(5,671,461)** |
| **NET FINANCE INCOME/(EXPENSE)** | **(5,910,730)** | **(5,809,818)** | **(5,671,461)** |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | **3,233,459** | **7,969,515** | **6,999,245** |
| **Income tax expense** | - | - | - |
| **RESULT OF THE EXERCISE ARISING FROM ONGOING OPERATIONS** | **3,233,459** | **7,969,515** | **6,999,245** |
| **CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR** | **3,233,459** | **7,969,515** | **6,999,245** |

The Profit and Loss forecast is based on the hypothesis detailed below:

Rent Revenue

- Revenue in 2020 is higher than average primarily due to a lease surrender premium received from a tenant´s exit from Orbis De la Vega. Revenues are forecasted to slowly pick up as some lettings and re-gears take place. Drop in Revenues in 2021 and 2022 due to the forecasted disposals of Cristalia Business Park 5&6 and Cristalia Business Park 2&3 respectively.

Other operating expenses

- This item includes structure expenses; expenses related to repair and maintenance costs, insurance premiums, banking services, banking services, independent professionals services (mainly, management services, lawyers, accounting and tax services, auditor and Listing Sponsor, etc.), the listing of the Company's equity on Euronext Access.
- Subsequent decline of operating expenses in 2021 and 2022 following the disposal of Cristalia 5&6 and Cristalia 2&3.

Depreciation of fixed assets

- The Company depreciation policy is the straight-line method.

Impairment and gains/(losses) from disposal of fixed assets

- The differences between the 2019 and 2020 figures are mainly motivated by an increase of the revenues due to the sale of an asset during 2020 with a positive impact of €4.9M

also implying a reduction of service charge leakage from unoccupied spaces and an external loan re-payments allowing a reduction of financial expenses. In 2019 there was RE impairment of around €5.4M no impairment expected for 2020. The asset managing team is also working to reduce the operating expenses.

On a portfolio level, the Asset Management team hosted a tender process to receive bids from different suppliers for the different services offered/needed in every property. The main suppliers in the market were invited and were asked to bid for all properties together so that synergies could be created. Previously, the asset management team worked with different suppliers in every asset.

Additionally, due to the lockdown caused by the Covid-19, negotiations took place with all the suppliers to reduce their services accordingly to the occupancy of the assets and obtain savings.

Taxes

- The Company has been subject to the SOCIMI regime since 2018. it has been estimated that all the provisions of the SOCIMI Law have been complied with, and therefore, the applicable Corporate tax rate is 0%.

**The business plan data have been prepared using criteria comparable to that used for the historical financial information**

The Profit and Loss forecast reflected in this section has been prepared by using accounting criteria consistent with those used for the preparation of the Financial Statements, described in section 7 of this Informational Document.

The Profit and Loss forecast presented above has not been subject to audit review or any type of assurance by independent auditors.

**Main assumptions and factors that could substantially affect compliance with the forecasts or estimates**

The main assumptions and factors, which could substantially affect the fulfilment of the forecasts or estimates, are detailed in point 5 of this Informational Document. In addition to those mentioned in the section indicated above, a series of factors are listed below which, although not including all possible factors are those which could substantially affect the fulfilment of the forecasts

- Risk of inaccurate estimation of the market rents
- Default risk higher than that estimated in the invoiced rents
- Risk of lack of occupancy in the leased properties
- Risk of non-occupancy of the new properties acquired
- Risk of increase in third-party costs (marketing, insurers, utilities, and professional services suppliers)
- Risk of increase in the estimated CapEx and OpEx levels

## 6.4 COMPANY'S FINANCIAL RESOURCES FOR AT LEAST TWELVE MONTHS AFTER THE FIRST DAY OF TRADING

| | jun-20 | jul-20 | ago-20 | sep-20 | oct-20 | nov-20 | dic-20 | ene-21 | feb-21 | mar-21 | abr-21 | may-21 | jun-21 | jul-21 | ago-21 | sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CASH IN -FLOWS** | | | | | | | | | | | | | | | | |
| RENTAL INCOME | 1,607,537 | 1,093,919 | 1,093,919 | 1,093,919 | 1,166,087 | 1,166,087 | 1,166,087 | 1,279,777 | 1,279,777 | 1,279,777 | 1,294,074 | 1,294,074 | 1,294,074 | 1,301,758 | 1,301,758 | 1,301,758 |
| OTHER INCOME | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,417,993 |
| CAPITAL INCREASE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL CASH IN-FLOWS** | **1,607,537** | **1,093,919** | **1,093,919** | **1,093,919** | **1,166,087** | **1,166,087** | **1,166,087** | **1,279,777** | **1,279,777** | **1,279,777** | **1,294,074** | **1,294,074** | **1,294,074** | **1,301,758** | **1,301,758** | **9,719,750** |
| | | | | | | | | | | | | | | | | |
| **CASH OUT-FLOWS** | | | | | | | | | | | | | | | | |
| STAFF COSTS | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| OPERATING EXPENSES | (342,725) | (344,257) | (344,257) | (344,257) | (345,796) | (345,796) | (345,796) | (347,341) | (347,341) | (347,341) | (348,894) | (348,894) | (348,894) | (350,454) | (350,454) | (350,454) |
| ASSET MANAGEMENT FEES | (44,268) | (35,240) | (35,240) | (35,240) | (35,686) | (35,686) | (35,686) | (37,061) | (37,061) | (37,061) | (37,170) | (37,170) | (37,170) | (35,365) | (35,365) | (35,365) |
| ADMINISTRATIVE EXPENSES | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) | (13,889) |
| NON-RECOVERABLE VAT | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) | (2,123) |
| EPISO4 MANAGEMENT FEES | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) | (127,142) |
| CAPEX | (252,374) | (495,848) | (495,848) | (495,848) | (353,498) | (353,498) | (353,498) | (559,088) | (559,088) | (559,088) | (529,921) | (529,921) | (529,921) | (489,996) | (489,996) | (489,996) |
| FINANCE EXPENSES | (265,488) | (947,501) | (265,488) | (265,488) | (942,741) | (265,488) | (265,488) | (937,981) | (265,488) | (265,488) | (930,365) | (265,488) | (265,488) | (922,749) | (265,488) | (265,488) |
| External debt | | (682,013) | | | (677,253) | - | - | (672,493) | - | - | (664,877) | - | - | (657,261) | - | - |
| Intragroup debt | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) | (265,488) |
| DEBT REPAYMENT | | (1,062,500) | - | - | (1,062,500) | - | - | (1,700,000) | - | - | (1,700,000) | - | - | (1,700,000) | - | - |
| **TOTAL CASH OUT-FLOWS** | **(1,048,009)** | **(1,965,999)** | **(1,283,987)** | **(1,283,987)** | **(1,820,874)** | **(1,143,621)** | **(1,143,621)** | **(2,024,625)** | **(1,352,132)** | **(1,352,132)** | **(1,989,504)** | **(1,324,627)** | **(1,324,627)** | **(1,941,717)** | **(1,284,457)** | **(1,284,457)** |
| | | | | | | | | | | | | | | | | |
| **NET CASH FLOW** | **559,528** | **(872,081)** | **(190,068)** | **(190,068)** | **(654,787)** | **22,466** | **22,466** | **(744,847)** | **(72,355)** | **(72,355)** | **(695,430)** | **(30,553)** | **(30,553)** | **(639,960)** | **17,301** | **8,435,293** |
| | | | | | | | | | | | | | | | | |
| **CASH AT THE BEGINNING OF EACH MONTH** | **10,000,000** | **10,559,528** | **9,687,447** | **9,497,379** | **9,307,311** | **8,652,524** | **8,674,990** | **8,697,456** | **7,952,609** | **7,880,254** | **7,807,900** | **7,112,470** | **7,081,916** | **7,051,363** | **6,411,403** | **6,428,704** |
| | | | | | | | | | | | | | | | | |
| **CASH AT THE END OF EACH MONTH** | **10,559,528** | **9,687,447** | **9,497,379** | **9,307,311** | **8,652,524** | **8,674,990** | **8,697,456** | **7,952,609** | **7,880,254** | **7,807,900** | **7,112,470** | **7,081,916** | **7,051,363** | **6,411,403** | **6,428,704** | **14,863,998** |

The Board of Directors declared at their Board of Directors´ meeting held on 16 July 2020 at the Company´s registered office, that the Company has sufficient capital to meet all its short-term liabilities for the 12-month following its admission to listing on Euronext Access Paris.

# 7 FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED 31 DECEMBER 2019

The financial statements set out in this Information Document have been prepared in accordance with accounting principles referred to in section 7.3 below, and the selected financial data included have been derived from the Spanish language audited financial statements for the financial year ended 31 December 2019, contained in the respective annual financial reports, so they should be read in conjunction with the financial statements and notes included therein.

The Spanish language financial statements have been audited by PwC.

The financial statements (including the report on such financial years) are available on the Company's website: http://www.orbispropertiessocimi.com

The selected financial data of the financial statements included in this Information Document have been translated into English from the Spanish version of the audited financial statements, and their content appears for information purposes. In case of any discrepancies, the information included in the Spanish version of the audited financial statements shall prevail.

The financial statements on 31 December 2019 together with the auditors' report are attached as **Appendix I**.

## 7.1 CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

| ASSETS | (€) 31/12/2019 | (€) 31/12/2018* |
|---|---|---|
| **NON-CURRENT ASSETS** | **273,723,086.31** | **280,443,598.78** |
| **Intangible assets** | **11,574.01** | **18,240.73** |
| **Investment properties** | **272,040,120.86** | **278,802,944.35** |
| **Long-term financial investments** | **1,671,391.44** | **1,622,413.70** |
| **CURRENT ASSETS** | **6,798,493.75** | **5,367,160.75** |
| **Trade and other receivables** | **1,209,316.91** | **459,399.19** |
| Trade receivables for sales and services | 97,009.31 | 219,342.01 |
| Other receivables | 1,101,724.97 | 240,057.18 |
| Other receivables from Public Authorities | 10,582.63 | - |
| **Short-term accruals** | **308,699.29** | **90,516.20** |
| **Cash and cash equivalents** | **5,280,477.55** | **4,817,245.36** |
| **TOTAL ASSETS** | **280,521,580.06** | **28,5810,759.53** |

(*) Figures not audited or subject to limited review

| EQUITY AND LIABILITIES | (€) 31/12/2019 | (€) 31/12/2018* |
|---|---|---|
| **EQUITY** | **58,801,427.15** | **68,038,767.35** |
| **EQUITY** | **58,801,427.15** | **68,038,767.35** |
| Share capital | 3.000,00 | 3.000,00 |
| Issued capital | 3.000,00 | 3.000,00 |
| Reserves and losses from previous periods | (8,358,120.85) | - |
| Other shareholders´ contribution | 76.396.539,00 | 76.396.539,00 |
| Profit/(loss) for the year attributed to the Parent Company | (92,39,991.00) | (8,360,771.65) |
| **NON-CURRENT LIABILITIES** | **208,625,092.20** | **209,962,713.12** |
| **Long-term payables** | **166,147,058.20** | **167,484,679.12** |
| Bank borrowings | 160,646,373.98 | 163,776,894.31 |
| Other financial liabilities | 5,500,684.22 | 3,707,784.81 |
| **Long-term payables to Group companies and associates** | **42.478.034,00** | **42.478.034,00** |
| **CURRENT LIABILITIES** | **13,095,060.71** | **7,809,279.06** |
| **Short-term payables** | **4,821,154.11** | **30,32,668.33** |
| Bank borrowings | 4,739,832.64 | 2,815,790.24 |
| Other financial liabilities | 81,321.47 | 216,878.09 |
| **Short-term payables to Group companies and associates** | **6,350,260.11** | **3,164,407.56** |
| **Trade and other payables** | **1.820.769,00** | **1,612,203.17** |
| Payable to suppliers | 1,410,353.76 | 765,675.38 |
| Other payables | 131,361.43 | - |
| Other accounts payable to Public Authorities | 279,053.81 | 846,527.79 |
| **Short-term accruals** | **102,877.49** | **-** |
| **TOTAL EQUITY AND LIABILITIES** | **280,521,580.06** | **285,810,759.53** |

(*) Figures not audited or subject to limited review

## 7.2 INCOME STATEMENT AS OF 31 DECEMBER 2019

Below is the consolidated income statement for the Company corresponding to the year ending on 31 December 2019.

| PROFIT AND LOSS | (€) 31/12/2019 | (€) 31/12/2018* |
|---|---|---|
| **Net Revenue** | **15,351,236.18** | **4,047,746.00** |
| Services rendered | 15,351,236.18 | 4,047,746.00 |
| **Other operating income** | **-** | **4,315.20** |
| None-core and other current management income | - | 4,315.20 |
| **Other operating expenses** | **(7,964,823.96)** | **(1,040,485.70)** |
| Other operating expenses | (7,964,823.96) | (1,040,485.70) |
| **Depreciation of fixed assets** | **(3,190,879.80)** | **(862,437.91)** |
| **Impairment and profit/(loss) from disposal of fixed assets** | **(5,385,387.86)** | **(6,985,708.46)** |
| Impairment and losses | (5,385,387.86) | (6,985,708.46) |
| **Other profit/(loss)** | **1,019,571.11** | **1,520,000.00** |
| **PROFIT/(LOSS) FROM OPERATIONS** | **(170,284.33)** | **(3,316,570.87)** |
| **Finance costs** | **(7,286,976.03)** | **(3,603,804.66)** |
| **Fair value variations in financial Instruments** | **(1,782,640.08)** | **(1,440,396.12)** |
| Trade portfolio and others | (1,782,640.08) | (1,440,396.12) |
| **Exchange rate differences** | **(90.56)** | **-** |
| **FINANCIAL PROFIT/(LOSS)** | **(9,069,706.67)** | **(5,044,200.78)** |
| **PROFIT/(LOSS) BEFORE TAX** | **(9,239,991.00)** | **(8,360,771.65)** |
| **PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | **(9,239,991.00)** | **(8,360,771.65)** |
| **RESULT FOR THE FINANCIAL YEAR** | **(9,239,991.00)** | **(8,360,771.65)** |

(*) Figures not audited or subject to limited review

The most relevant items of the Company's income statement are the following:

(i) Net Revenue and other operating expenses:

Revenue increase in 2019 when compared to 2018 figures caused by the acquisition of assets in August 2018, and more specifically generated from the leasing office spaces. Operating expenses increased as a direct consequence of the assets' acquisition (independent professional services, repair and maintenance costs, utilities and others).

(ii) Impairment and profit/(loss) from disposal of fixed assets:

In 2019 and 2018 there was RE impairment of around €5.4M and €7.0M respectively.

(iii) Finance costs:

Finance costs increased in 2019 when compared to 2018 caused by the increase in the interest on loans with financial institutions (€2,012,773.76 in 2019 vs. €175,637.40 in 2018), interest on financial derivatives (€1,011,021.70 in 2019 vs. €90,152.84 in 2018), and other financial costs (€1,077,328.02 in 2019 and €173,606.86 in 2018).

## 7.3 PRINCIPLES, RULES AND ACCOUNTING METHODS

The financial statements are prepared using the accounting records of ORBIS.

The Directors of the company are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results, in accordance with Spanish GAAP, and in according with Law 16/2007 of 4 July, 2007 concerning the reform and adaptation of the commercial legislation in terms of accounting for its international harmonisation based on European Union legislation, Royal Decree 1514/2007 of November 16, 2007 approving the General Accounting Plan, and Royal Decree 1159/2010 of September 17, 2010 approving the standards for the preparation of annual accounts, in all that does not expressly oppose that set out in the commercial reform mentioned with the aim of presenting a true image of the equity, financial situation and results of the group as well as the accuracy of the cash flows included in the cash flow statement.

## 7.4 SCHEDULED DATE FOR FIRST SHAREHOLDER'S GENERAL MEETING, AND FIRST PUBLICATION OF EARNINGS FIGURES

The Company will hold its first Shareholder's General Meeting as a listed company in May 2020, although the scheduled date has not been determined at the time of writing.

Publication of the Company's earnings figures following the listing admission will be on or before 30 June 2020.

# 8 LISTING SPONSOR

ARMANEXT ASESORES, S.L.

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Phone number: +34 911 592 402

www.armanext.com

# APPENDIX I: FINANCIAL STATEMENTS AT 31 DECEMBER 2018, AND AUDITORS' REPORT

# Newsoms Invest, S.L. (Single Shareholder Company) and subsidiaries

Independent auditor´s report on the consolidated annual accounts

***This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.***

# Independent auditor´s report on the consolidated annual accounts

To the single shareholder of Orbis Properties SOCIMI, S.A. (Single Shareholder Company) (formerly, Newsoms Invest, S.L. (Single Shareholder Company)),

## Opinion

We have audited the consolidated annual accounts of Newsoms Invest, S.L. (later renamed as Orbis Properties SOCIMI, S.A.) (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2019, and the income statement, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2019, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 4 of the notes to the consolidated annual accounts), and in particular, with the accounting principles and criteria included therein.

## Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

| Most relevant aspects of the audit | How our audit addressed the most relevant aspects of the audit |
|---|---|
| **Investment properties valuation** | |
| Investment properties represent approximately 97% of the total assets of the accompanying consolidated balance sheet, amounting to EUR 272,040 thousand as of December 31, 2019.<br><br>The Group values its investment properties at their acquisition cost less the corresponding accumulated depreciation and any impairment losses that they may have experienced, as provided in notes 5.3 and 7 of the accompanying consolidated annual accounts. To estimate the recoverable value of investment properties, the Group's management uses valuations carried out by an independent expert.<br><br>As disclosed in the aforementioned note 7, in 2019 the Group has booked a net impairment charge on its investment properties to the consolidated income statement for an amount of EUR 5,385 thousand.<br><br>We consider the valuation of investment properties as the most relevant aspect of the audit due to the magnitude of this financial statement line and its significance in relation to the consolidated annual accounts taken as a whole, the importance of the judgments and estimates that the valuations entail and the existence, therefore, of an inherent risk associated with the valuation of investment properties. | Regarding the potential impairment losses, we have evaluated the Group's policy for the impairment of its investment properties. We have obtained the valuations carried out by the independent expert hired by the Group's management, on which we have performed, among others, the following procedures:<br><br>• Evaluation of the competence, capacity and independence of the expert by obtaining confirmation and checking its recognized prestige.<br><br>• Evaluation of if the valuations have been carried out in accordance with a generally accepted methodology.<br><br>• Performance of selective tests to check the accuracy of the most relevant data provided by the Group's management to the valuation expert.<br><br>• Evaluation of the main assumptions used in the valuations, contrasting the consistency of the estimations taking into account market conditions.<br><br>Additionally, we have evaluated the sufficiency of the information disclosed in the consolidated annual accounts.<br><br>The results of the procedures carried out have made it possible to reasonably achieve the audit objectives for which these procedures were designed, and we consider reasonable the valuation assessment on investment properties performed by the Group's management. |

## Emphasis of matter

We draw attention to Note 4.4 of the consolidated annual accounts, which describes that the Group has been formed on August 7, 2018, the date when the Parent company obtained the control of its subsidiaries. Consequently, this fact must be taken into consideration when comparing the 2019 year-end figures to those corresponding to 2018 year end. Our opinion is not modified in respect of this matter.

## Other matter

The figures corresponding to the previous year, 2018, which are included for comparative purposes in each of the statements of the consolidated annual accounts for the year 2019, have not been audited.

## Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2019 financial year, the formulation of which is the responsibility of the Parent company´s directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2019 financial year, and its content and presentation are in accordance with the applicable regulations.

## Responsibility of the Parent company´s directors for the consolidated annual accounts

The Parent company´s directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company´s directors are responsible for assessing the Group´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company´s directors.

- Conclude on the appropriateness of the Parent company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company´s directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent company´s directors, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor´s report unless law or regulation precludes public disclosure about the matter.

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PricewaterhouseCoopers Auditores, S.L. (S0242)

José Manuel Del Rio López (22875)

July 2, 2020

**Newsoms Invest, S.L. (Single-Member Company)**
**and subsidiaries**

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2019

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# Newsoms Invest, S.L. (Single-Member Company) and subsidiaries

## CONSOLIDATED BALANCE SHEET AT YEAR-END 2019

(Expressed in euros)

| ASSETS | Notes | 2019 | 2018 (*) |
|---|---|---|---|
| **A) NON-CURRENT ASSETS** | | **273,723,086.31** | **280,443,598.78** |
| Intangible assets. | 6 | 11,574.01 | 18,240.73 |
| Investment properties. | 7 | 272,040,120.86 | 278,802,944.35 |
| Long-term financial investments. | 8 | 1,671,391.44 | 1,622,413.70 |
| **B) CURRENT ASSETS** | | **6,798,493.75** | **5,367,160.75** |
| Trade and other receivables. | | 1,209,316.91 | 459,399.19 |
| Trade receivables for sales and services. | 8 | 97,009.31 | 219,342.01 |
| Other receivables. | 8 | 1,101,724.97 | 240,057.18 |
| Other receivables from Public Authorities | 11 | 10,582.63 | - |
| Short-term accruals. | 8 | 308,699.29 | 90,516.20 |
| Cash and cash equivalents. | 8 | 5,280,477.55 | 4,817,245.36 |
| **TOTAL ASSETS (A+B)** | | **280,521,580.06** | **285,810,759.53** |

| EQUITY AND LIABILITIES | Notes | 2019 | 2018 (*) |
|---|---|---|---|
| **A) EQUITY** | | **58,801,427.15** | **68,038,767.35** |
| Shareholders' equity. | 9 | 58,801,427.15 | 68,038,767.35 |
| Share capital. | | 3,000.00 | 3,000.00 |
| Issued capital. | | 3,000.00 | 3,000.00 |
| Reserves and losses from previous periods. | | (8,358,120.85) | - |
| Other shareholders' contributions. | | 76,396,539.00 | 76,396,539.00 |
| Profit/loss for the year attributed to the Parent Company. | | (9,239,991.00) | (8,360,771.65) |
| **B) NON-CURRENT LIABILITIES** | | **208,625,092.20** | **209,962,713.12** |
| Long-term payables. | 10 | 166,147,058.20 | 167,484,679.12 |
| Bank borrowings. | | 160,646,373.98 | 163,776,894.31 |
| Other financial liabilities. | | 5,500,684.22 | 3,707,784.81 |
| Long-term payables to group companies and associates. | 10 | 42,478,034.00 | 42,478,034.00 |
| **C) CURRENT LIABILITIES** | | **13,095,060.71** | **7,809,279.06** |
| Short-term payables. | 10 | 4,821,154.11 | 3,032,668.33 |
| Bank borrowings. | | 4,739,832.64 | 2,815,790.24 |
| Other financial liabilities. | | 81,321.47 | 216,878.09 |
| Short-term payables to Group companies and associates. | 10 | 6,350,260.11 | 3,164,407.56 |
| Trade and other payables. | | 1,820,769.00 | 1,612,203.17 |
| Payable to suppliers. | 10 | 1,410,353.76 | 765,675.38 |
| Other payables. | 10 | 131,361.43 | - |
| Other accounts payable to Public Authorities | 11 | 279,053.81 | 846,527.79 |
| Short-term accruals. | 8 | 102,877.49 | - |
| **TOTAL EQUITY AND LIABILITIES (A+B+C)** | | **280,521,580.06** | **285,810,759.53** |

*(*) Figures not audited.*

*The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.*

**CONSOLIDATED INCOME STATEMENT CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019**

(Expressed in euros)

| A) CONTINUING OPERATIONS | Notes | 2019 | From 7 August to 31 December 2018 (*) |
|---|---|---|---|
| **Net revenue.** | 13 | **15,351,236.18** | **4,047,746.00** |
| Services rendered. | | 15,351,236.18 | 4,047,746.00 |
| **Other operating income.** | | **-** | **4,315.20** |
| None-core and other current management income. | | - | 4,315.20 |
| **Other operating expenses.** | 13 | **(7,964,823.96)** | **(1,040,485.70)** |
| Other current management expenses. | | (7,964,823.96) | (1,040,485.70) |
| **Depreciation of fixed assets.** | 6, 7 | **(3,190,879.80)** | **(862,437.91)** |
| **Impairment and profit/loss from disposal of fixed assets.** | | **(5,385,387.86)** | **(6,985,708.46)** |
| Impairment and losses. | 7 | (5,385,387.86) | (6,985,708.46) |
| **Other profit/loss** | 13 | **1,019,571.11** | **1,520,000.00** |
| **A.1) PROFIT/LOSS FROM OPERATIONS** | | **(170,284.33)** | **(3,316,570.87)** |
| **Finance costs.** | 13 | **(7,286,976.03)** | **(3,603,804.66)** |
| **Fair value variation in financial instruments.** | 13 | **(1,782,640.08)** | **(1,440,396.12)** |
| Trade portfolio and others. | | (1,782,640.08) | (1,440,396.12) |
| **Exchange rate differences.** | 13 | **(90.56)** | **-** |
| **A.2) FINANCIAL PROFIT/LOSS** | | **(9,069,706.67)** | **(5,044,200.78)** |
| **A.3) PROFIT/LOSS BEFORE TAX** | | **(9,239,991.00)** | **(8,360,771.65)** |
| **A.4) PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS** | | **(9,239,991.00)** | **(8,360,771.65)** |
| **A.5) CONSOLIDATED PROFIT/LOSS FOR THE YEAR** | | **(9,239,991.00)** | **(8,360,771.65)** |
| **Profit/loss attributed to the Parent Company** | 9 | **(9,239,991.00)** | **(8,360,771.65)** |
| **Profit/loss attributed to external partners** | | **-** | **-** |

*(*) Figures not audited.*

*The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019**

(Expressed in euros)

**A. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019**

| | | Notes | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|---|---|
| **A)** | **PROFIT/LOSS PER INCOME STATEMENT** | **9** | **(9,239,991.00)** | **(8,360,771.65)** |
| | Income and expense recognised directly in equity | | - | - |
| **B)** | **TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY** | | **-** | **-** |
| | Transfers to income statement | | - | - |
| **C)** | **TOTAL TRANSFERS TO THE INCOME STATEMENT** | | **-** | **-** |
| **TOTAL RECOGNISED INCOME AND EXPENSE** | | **9** | **(9,239,991.00)** | **(8,360,771.65)** |

*(*) Figures not audited.*

*The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.*

## Newsoms Invest, S.L. (Single-Member Company) and subsidiaries

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019**

(Expressed in euros)

### B. TOTAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019

| | | Share capital (Note 9) | Reserves and profit/loss from previous periods (Note 9) | Other shareholders' contributions (Note 9) | Profit/loss for the year attributed to the Parent Company (Note 9) | Total |
|---|---|---|---|---|---|---|
| **B.** | **BALANCE AT BEGINNING OF FINANCIAL YEAR 2018** | **-** | **-** | **-** | **-** | **-** |
| I. | Total consolidated recognised income and expense. | - | - | - | (8,360,771.65) | (8,360,771.65) |
| II | Transactions with equity holders or owners | 3,000.00 | - | 76,396,539.00 | - | 76,399,539.00 |
| | Capital increases (reductions) | 3,000.00 | - | - | - | 3,000.00 |
| | Other transactions with shareholders or owners. | - | - | 76,396,539.00 | - | 76,396,539.00 |
| **C.** | **BALANCE AT YEAR-END 2018 (*)** | **3,000.00** | **-** | **76,396,539.00** | **(8,360,771.65)** | **68,038,767.35** |
| I. | Adjustments for criteria changes 2018. (*) | - | - | - | - | - |
| II | Adjustments due to errors 2018. (*) | - | - | - | 2,650.80 | 2,650.80 |
| **D.** | **ADJUSTED BALANCE AT BEGINNING OF FINANCIAL YEAR 2019 (*)** | **3,000.00** | **-** | **76,396,539.00** | **(8,358,120.85)** | **68,041,418.15** |
| I. | Total consolidated recognised income and expense. | - | - | - | (9,239,991.00) | (9,239,991.00) |
| III | Other changes in equity. | - | (8,358,120.85) | - | 8,358,120.85 | - |
| **E.** | **BALANCE AT END OF 2019** | **3,000.00** | **(8,358,120.85)** | **76,396,539.00** | **(9,239,991.00)** | **58,801,427.15** |

*(*) Figures not audited.*

*The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.*

**CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2019**
(Expressed in euros)

| | Notes | 2019 | 2018 (*) |
|---|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit/loss for the year before tax.** | | **(9,239,991.00)** | **(8,360,771.65)** |
| **Profit/loss adjustments.** | | **17,645,974.33** | **11,372,347.15** |
| Depreciation of fixed assets | 6.7 | 3,190,879.80 | 862,437.91 |
| Valuation adjustments for impairment | 7 | 5,385,387.86 | 6,985,708.46 |
| Finance costs | 13 | 7,286,976.03 | 3,603,804.66 |
| Exchange rate differences | | 90.56 | - |
| Fair value variation in financial instruments | 13 | 1,782,640.08 | 1,440,396.12 |
| Other income/expense | 13 | - | (1,520,000.00) |
| **Changes in working capital.** | | **(656,748.07)** | **1,062,287.78** |
| Trade and other receivables | | (750,008.30) | (459,399.19) |
| Other current assets | | (218,183.09) | (90,516.20) |
| Trade and other payables | | 208,565.83 | 1,612,203.17 |
| Other current liabilities | | 102,877.49 | - |
| **Other cash flows from operating activities.** | | **(2,757,828.39)** | **-** |
| Interest payments | | (2,757,828.39) | - |
| **Other cash flows from operating activities.** | | **4,991,406.87** | **4,073,863.28** |
| **B) CASH FLOWS FROM INVESTMENTS** | | | |
| **Payments for investments.** | | **(1,855,755.19)** | **(288,291,745.15)** |
| Intangible assets. | | - | (20,000.00) |
| Investment properties. | 7 | (1,806,777.45) | (286,649,331.45) |
| Other financial assets. | | (48,977.74) | (1,622,413.70) |
| **Other cash flows from investments.** | | **(1,855,755.19)** | **(288,291,745.15)** |
| **C) CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| **Maturity dates and payments for equity instruments.** | | **-** | **76,399,539.00** |
| a) Issue of equity instruments | 9 | - | 76,399,539.00 |
| **Proceeds and payments relating to financial liability instruments.** | | **(2,672,419.49)** | **212,635,588.23** |
| a) Issue | 10 | 13,137.13 | 382,690,277.79 |
| Bank borrowings | | - | 170,000,000.00 |
| Payables to group companies | | 2,877.80 | 210,206,011.00 |
| Other borrowings | | 10,259.33 | 2,484,266.79 |
| b) Repayment and depreciation of | 10 | (2,685,556.62) | (170,054,689.56) |
| Bank borrowings | | (2,550,000.00) | (3,846,712.56) |
| Payables to group companies | | - | (166,207,977.00) |
| Other borrowings | | (135,556.62) | - |
| **Cash flows from financing activities.** | | **(2,672,419.49)** | **289,035,127.23** |
| **D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES** | | **-** | **-** |
| **E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | | **463,232.19** | **4,817,245.36** |
| Cash and cash equivalents at beginning of year. | | 4,817,245.36 | - |
| Cash and cash equivalents at end of year. | | 5,280,477.55 | 4,817,245.36 |

*(*) Figures not audited.*

*The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**
(Expressed in euros)

## 1. GENERAL INFORMATION ON THE COMPANY

The company, Newsoms Invest, S.L. (Single-Member Company) (hereinafter, the "Company" or the "Parent Company") was incorporated as a limited liability company in Spain for an indefinite term on 5 July 2018 before the notary public of Madrid, Francisco Javier Piera Rodríguez, under number 2,939 of his protocol. The Company is registered in the Trade Registry of Madrid, in volume 37,755 folio 196 and page M-672,592. It holds Tax ID number B88149810. Its registered office is at Calle Príncipe de Vergara 112, 28002, Madrid.

On incorporation, the shareholders of the Company, TMF PARTICIPATIONS HOLDING (SPAIN), S.L. and TMF SOCIEDAD DE PARTICIPACIÓN, S.L., contributed 3,000 euros.

On 7 August 2018, the Company was acquired by EPISO 4 REBOUND HOLDING, S.À.R.L., incorporated and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 1 Allée Scheffer, L-2520, city of Luxembourg, under number B-199106. Said company holds National Tax ID number N0186570H.

On 7 August 2018, the Company was declared a single-member company, which was registered in the Trade Registry of Madrid on 29 August 2018.

On 19 September 2018, the Sole Shareholder decided to subject the Parent Company and its subsidiaries (see Note 3) to the regime regulated by Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI"), with effect from the incorporation of each company.

On 19 September 2018, the Sole Shareholder of the Company decided to amend the business purpose of the Company, so that it would henceforth have the following wording:

- Acquisition and development of urban-based immovable assets for lease.

- Holding equity interests in listed investment companies on the real-estate market (“SOCIMI”) or in entities that have not been incorporated in Spanish territory but that have the same corporate purpose as them and that are subject to a similar system as that established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution.

- Holding equity interests in other companies, whether residents or otherwise in Spanish territory, whose main corporate purpose is to acquire urban-based immovable assets for lease and who are subject to the system established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution and who meet the investment requisites under Article 3 of the Law on SOCIMI.

- Holding shares or equity interests of Collective Real-estate Investment Institutions regulated under Law 35/2003 of 4 November on Collective Investment Institutions or any legislation that replaces it in the future.

- Undertaking other non-core activities to those referred to above, which shall be understood to be activities whose income represents, in total, less than 20 per cent of the Company's income in each tax period and those considered as such under the applicable law in force.

- The activities comprising the corporate purpose may be carried out indirectly, either totally or partially, by holding interests in other Companies with the same or similar purpose.

By means of a public deed dated 19 September 2018, executed before the notary public of Madrid, Francisco Javier Piera Rodríguez, under number 4,041 of his protocol, the Parent Company changed its dividend distribution regime in order to adapt its dividend distribution policy to the requirements of Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies (SOCIMI).

The State Tax Administration Authority was notified of this in a letter dated 28 September 2018.

On 3 April 2020, in accordance with the decision of the Sole Shareholder of the Parent Company, dated 26 March 2020, the Company was converted into a public limited company, converting its shares and changing its name, through a deed executed by the Notary Public, Antonio de la Esperanza Rodríguez, under protocol number 1373. Consequently, the Company's name changed from Newsoms Invest, S.L. to Orbis Properties SOCIMI, S.A., at the date of preparation of these financial statements, having obtained the mandatory independent expert's report issued on 26 March 2020.

The Parent Company files its individual financial statements in the Trade Registry of Madrid and, together with its subsidiaries, they form the group, NEWSOMS INVEST (hereinafter, the "Group").

The Group, NEWSOMS INVEST, S.L. and subsidiaries, was incorporated on 7 August 2018 as a result of the acquisition on that date by the Parent Company of the subsidiaries indicated in Note 3.

The Parent Company, through its Sole Shareholder EPISO 4 Rebound Holding S.à r.l., belongs to the EPISO 4 Luxembourg Holding S.à r.l. group. The Luxembourg company, in turn, belongs to a group of investors called EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, located in the United Kingdom, which prepares and files consolidated financial statements. The latest consolidated financial statements of said Company, available at the date of preparation of these statements, correspond to the year ended 31 December 2019, which were prepared on 21 February 2019 and are filed at the Trade Registry of Luxembourg.

The currency commonly used in the main markets in which the Newsoms Invest Group operates is the euro, which is, consequently, its working currency. All the sums included in these Notes are stated in euros, unless otherwise expressly indicated.

The Group's business is mainly concentrated in the real-estate sector, specifically in the acquisition and development of urban property for lease. The development activity includes the refurbishment of buildings under the terms established in Law 37/1992 of 28 December on Value Added Tax. The business of the Company and its subsidiaries covers only Spanish territory.

Given the business activity of the companies in the Group, they do not have any environmental liabilities, expenses, assets, provisions or contingencies that may be significant with respect to their net worth, financial position and results. Therefore, no specific breakdowns relating to environmental issues are included in these notes.

The Company is in the process of being listed in order to comply with the requirements established in the aforementioned Law 11/2009 of 26 October.

## 2. SOCIMI REGIMEN

The Parent Company and its five subsidiaries are regulated by Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, which regulates Listed Real-Estate Market Investment Companies ("LSOCIMI"). These companies have a special tax regime and they have to comply, among others, with the following obligations:

1. Corporate purpose obligation: Their main corporate purpose must entail the equity interests of urban real estate for lease or the owning of shares in other SOCIMI or companies with a similar corporate purpose and with the same dividend distribution regime, as well as Collective Investment Institutions.

2. Investment Obligation:
   - They must invest 80% of the assets in real estate intended for lease, in land for the development of real estate that is to be used for this purpose, provided that the development begins within three years of its acquisition, and in shares in the capital of other entities with a corporate purpose similar to that of SOCIMI.

   - This percentage will be calculated on the consolidated balance sheet if the Company is the parent of a group, pursuant to the criteria established in Article 42 of the Code of Commerce, regardless of the residency and the obligation to prepare consolidated financial statements. Said group will be composed exclusively of SOCIMI and the rest of the entities referred to in Section 1 of Article 2 of Law 11/2009.

   - The option exists to replace the book value of the assets with their market value or to calculate the cash flow/credit rights arising from the transfer of these assets, provided that the maximum reinvestment periods established are exceeded.

   - In addition, 80% of its income must come from income corresponding to (i) the leasing of real estate; and (ii) dividends from equity interests. This percentage will be calculated on the consolidated balance sheet if the Company is the parent of a group, pursuant to the criteria established in Article 42 of the Code of Commerce, regardless of the residency and the obligation to prepare consolidated financial statements. Said group will be composed exclusively of SOCIMI and the rest of the entities referred to in Section 1 of Article 2 of Law 11/2009.

   - The real estate must remain leased for at least three years (up to one year of the period offered for lease may be added to the calculation). The equity interests must remain in the assets for at least three years.

3. Business obligation in the regulated market or multilateral trading system. The shares of SOCIMI must be admitted to trading on a Spanish regulated market or in a Spanish multilateral trading system or in any corresponding to another EU or EEA Member State, or on a regulated market in any country or territory with which there is an effective, uninterrupted exchange of tax information throughout the tax period. Shares must be registered.

4. Profit distribution obligation. Companies must distribute as dividends, once the business requisites have been met:
   - 100% of the profits from dividends or equity interests in profits distributed by the entities referred to in Section 1 of Article 2 of Law 11/2009.

   - At least 50% of the profits derived from the transfer of real estate and shares or equity interests referred to in Section 1 of Article 2 of Law 11/2009, carried out once the

minimum holding periods have elapsed, in order to comply with its main corporate purpose. The rest of these profits must be reinvested in other real estate or equity interests relating to this purpose within three years from the date of transfer.

- At least 80% of the rest of the profits obtained. When dividends are distributed from reserves arising from the profits of a financial year in which the special tax regime has been applied, they must be distributed in the manner described above.

5. Information obligation: the SOCIMI must include in the notes to their financial statements the information required by the tax regulations governing the special regime for SOCIMI (see Note 12).

6. Minimum capital: The minimum share capital is set at 5 million euros.

The option to apply the special tax regime under the terms set out in Article 8 of the Law may be exercised even if the requirements set out in the Law are not met, provided they are met within two years from the date of applying the regime.

Failure to comply with any of the above conditions would result in NEWSOMS INVEST being subject to the general Corporate Tax regime as from the tax period in which such non-compliance is declared, unless it is rectified in the following year. In addition, NEWSOMS INVEST Group would be obliged to pay, together with the amount due for that tax period, the difference between the amount due for the tax resulting from the application of the general regime and the amount paid resulting from the application of the special tax regime in previous tax periods, without prejudice to any interest on arrears, surcharges and penalties that may be applicable.

The tax rate of the SOCIMI in the Corporate Tax is set at 0%. However, when the dividends that the SOCIMI distributes to its shareholders with an equity interest percentage of over 5%, are exempt or taxed at a rate lower than 10%, the SOCIMI will be subject to a special tax of 19%, which will be considered as a tax on the amount of the dividend distributed to the shareholders. If applicable, this special tax must be paid by the SOCIMI within two months from the date of the dividend distribution.

## 3. SUBSIDIARIES AND CHANGE IN THE SCOPE OF CONSOLIDATION

Subsidiaries are all entities, including special-purpose entities, over which the Group has or may have direct or indirect control, understood as the power to direct the financial and operating policies of a business in order to obtain financial benefits from their activities. When assessing whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

At 31 December 2019 and 31 December 2018, the subsidiaries included in the scope of consolidation, consolidated under the global integration method, and unaudited, were as follows:

| Name | Activity | Country | % in the Direct Share Capital | Direct Voting Right | Equity |
|---|---|---|---|---|---|
| **Orbis Cristalia 2&3, S.L.** | (*) | Spain | 100% | 100% | 18,108,023.33 |
| **Orbis Cristalia 5&6, S.L.** | (*) | Spain | 100% | 100% | 15,059,107.39 |
| **Orbis Foxa 29, S.L.** | (*) | Spain | 100% | 100% | 8,972,567.94 |
| **Orbis Jilt 6&14, S.L.** | (*) | Spain | 100% | 100% | 6,697,766.57 |
| **Orbis de la Vega, S.L.** | (*) | Spain | 100% | 100% | 10,128,998.74 |

(*) The main activity is the leasing of office buildings located in the Community of Madrid.

The registration data and address of the subsidiary companies are as follows:

- The company, ORBIS CRISTALIA 2&3, S.L.U., was incorporated as a limited company in Spain under the name Hartville Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Trade Registry of Madrid in volume 37,983, folio 40 and page 676,294. Its Tax ID number is B88149729.

- The company, ORBIS CRISTALIA 5&6, S.L.U., was incorporated as a limited company in Spain under the name Peacham Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Trade Registry of Madrid in volume 37,983, folio 70 and page 676,297. It holds Tax ID number B88149703.

- The company, ORBIS FOXA 29, S.L.U., was incorporated as a limited company in Spain under the name Stonewall Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Trade Register of Madrid under volume 37,904, folio 160, page M-674999. It holds Tax ID number B88150735.

- The company, ORBIS JILT 6&14, S.L.U., was incorporated as a limited company in Spain under the name Saltville Invest, S.L., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Trade Registry of Madrid in volume 37,983, folio 50, Section 8, Page 676295. It holds Tax ID number B88149745.

- The company, ORBIS DE LA VEGA, S.L.U., was incorporated as a limited company in Spain under the name Greybull Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Trade Registry of Madrid in volume 37983, folio 60 and page 676296. It holds Tax ID number B88149794.

The main corporate purpose of the subsidiary companies is:

a. Acquisition and development of urban-based immovable assets for lease.

b. Holding equity interests in listed investment companies on the real-estate market ("SOCIMI") or in entities that have not been incorporated in Spanish territory but that have the same corporate purpose as them and that are subject to a similar system as that established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution.

c. Holding equity interests in other companies, whether residents or otherwise in Spanish territory, whose main corporate purpose is to acquire urban-based immovable assets for lease and who are subject to the system established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution and who meet the investment requisites under Article 3 of the Law on SOCIMI.

d. Holding shares or equity interests of Collective Real-estate Investment Institutions regulated under Law 35/2003 of 4 November on Collective Investment Institutions or any legislation that replaces it in the future.

e. Undertaking other non-core activities to those referred to above, which shall be understood to be activities whose income represents, in total, less than 20 per cent of the Company's income in each tax period and those considered as such under the applicable law in force.

The activities comprising the corporate purpose may be carried out indirectly, either totally or partially, by holding interests in other Companies with the same or similar purpose.

The Parent Company acquired 100% control of the subsidiaries through a share sale deed as detailed below:

- Orbis Cristalia 2&3, S.L.U., acquired on 7 August 2018 under the name of Hartville Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under protocol number 3624.
- Orbis Cristalia 5&6, S.L.U., acquired on 7 August 2018 under the name of Peacham Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under protocol number 3628.
- Orbis Foxa 29, S.L.U, acquired on 7 August 2018 under the name of Stonewall Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under protocol number 3636.
- Orbis JILT6&14, S.L.U., acquired on 7 August 2018 under the name of Saltville Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under protocol number 3632.
- Orbis de la Vega, S.L.U acquired on 7 August 2018 under the name of Greybull Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under protocol number 3620.

These consolidated financial statements have been prepared taking into account the impact of the business combination in relation to the acquisition of control over the subsidiaries.

As in the case of the Parent Company, all the subsidiaries end their financial year on 31 December and they are included in the consolidation.

The cases in which these companies are consolidated correspond to the situations provided for in Article 2 of the Rules for the Preparation of Consolidated Financial Statements ("NOFCAC"), which are indicated below:

1. When the Parent Company is, as regards another company (subsidiary), in any of the following situations:

a) The Parent Company holds the majority of voting rights.

b) The Parent Company has the power to appoint or dismiss the majority of the members of the governing body.

c) The Parent Company may dispose of the majority of voting rights by virtue of agreements entered into with other shareholders.

d) The Parent Company has appointed with its votes the majority of the members of the governing body, who hold their position at the time the consolidated financial statements are to be drawn up and during the two immediately preceding financial years. This circumstance is presumed when the majority of the members of the administrative body of the acquired company are members of the governing body or senior executives of the Parent Company or of another acquired by it.

2. When a Parent Company holds half or less of the voting rights, even when it barely owns or does not own an interest in another company, or when the management power has not been made explicit (special purpose entities), but it participates in the risks and profits of the entity, or has the capacity to participate in the operating and financial decisions of the entity.

## 4. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.1. FAIR PRESENTATION

These consolidated financial statements were prepared based on the accounting records of the companies included in the consolidation and they include the necessary adjustments and re-classifications to be consistent with the accounting criteria established by the Group in terms of time and valuation.

These consolidated financial statements are set out in accordance with current business legislation, contained in the Code of Commerce, reformed in accordance with Law 16/2007 of 4 July on the reform and adaptation of business accounting legislation for international harmonisation based on European Union regulations, Royal Decree 1514/2007 of 20 November, approving the General Accounting Plan, and Royal Decree 1159/2010 and Royal Decree 602/2016 of 17 September, approving the rules for the preparation of consolidated financial statements (NOFCAC) and subsequent amendments thereto (including Royal Decree 602/2016), in all respects not contrary to the provisions of the aforementioned business reform, in order to accurately represent the Group's equity, financial position and results, and the veracity of the cash flows included in the consolidated cash flow statement.

### 4.2. NON-OBLIGATORY ACCOUNTING PRINCIPLES APPLIED

All obligatory accounting principles were applied.

### 4.3. KEY ISSUES IN RELATION TO THE MEASUREMENT AND ESTIMATION OF UNCERTAINTY

The preparation of these consolidated financial statements requires the application of relevant accounting estimates and the undertaking of judgments, estimates and assumptions in the process of applying the Group's accounting policies. In this regard, a summary is provided below of the aspects that have entailed a greater degree of judgement or complexity, or in which assumptions and estimates were significant, in preparing the consolidated financial statements:

- Impairment losses on investment property (see Note 5.3 and 7).

- Income tax - SOCIMI regime (see Notes 2 and 12).

Although these estimates were based on the best information available at year-end 2019, future events might make it necessary to modify these estimates (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively.

At the date of preparation of these consolidated financial statements, the Parent Company's Board of Directors was not aware of the existence of any uncertainties relating to events or conditions that might cast significant doubt on the possibility of the Group continuing to operate normally.

The key assumptions about the future, as well as other relevant data on the estimation of uncertainty at 31 December 2019, which are associated with a high risk of significant changes in the value of assets or liabilities in the coming years, are as follows:

**Impairment losses on investment property (see Note 5.3 and 7).**

The valuation of non-current assets, other than financial assets, requires estimates to be made in order to determine their fair value, for the purpose of assessing possible impairment, particularly of investment property. In order to determine this fair value, the Group engaged an independent expert to evaluate the investment property on the basis of an estimate of the expected future cash flows of these assets and using an appropriate discount rate to calculate their current value (see Note 7).

**Income tax - SOCIMI regime (see Notes 2 and 12).**

As from 28 September 2018, the Group has been subject to the regime established by Law 11/2009 of 26 October, as amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies (SOCIMI), which in practice means that, subject to compliance with certain requirements (see Note 2), the companies comprising the Group are subject to a tax rate in relation to Corporate Tax of 0%. The Board of Directors of the Parent Company monitors compliance with the requirements established in the legislation in order to safeguard the tax benefits established. In this regard, the Board of Directors estimates that these requirements will be met within the established terms and deadlines, and that no income derived from corporate tax should be recorded.

### 4.4. COMPARATIVE INFORMATION

These consolidated financial statements are the first to be prepared by the Parent Company. The option of presenting comparative information in accordance with Article 77.1 of the Rules for the Preparation of Consolidated Financial Statements was taken up, and the company is not obliged to prepare consolidated financial statements in 2018 as it has taken advantage of the exemption for preparing consolidated financial statements at a higher level in which the information of the Newsoms Invest Group was included. Accordingly, the information contained in these consolidated financial statements is presented on a comparative basis with that of 2018.

These comparative figures relate to the period from 7 August to 31 December 2018, with the subsidiaries joining the Group on 7 August 2018 (see Note 3). In addition, the investment property, which constitutes the Group's business, was acquired by the Group on 26 September 2018 (see Note 7). These facts should be taken into account for the purpose of comparing information for any interpretation or analysis of these consolidated financial statements.

In the accompanying consolidated balance sheet and consolidated income statement, the following adjustment was made to the comparative figures with respect to those in the 2018 financial statements of the companies comprising the Group (year-end 31 December 2018):

| 2018 (*) | | | |
|---|---|---|---|
| | Consolidated comparative figures 2018 (**) | Adjustment (Note 7) | Comparative figures in the consolidated financial statements 2019 |
| Investment properties | 285,788,652.81 | (6,985,708.46) | 278,802,944.35 |
| Profit/loss for the year | (1,375,063.19) | (6,985,708.46) | (8,360,771.65) |

(*) Figures not audited.

(**) Comparative figures for the year ended 31 December 2018 that would generate the individual financial statements for 2018 approved by the companies comprising the Group at the end of that year.

### 4.5. GOING CONCERN PRINCIPLE

At 31 December 2019, the Group had a negative result of 9,239,991 euros (2018: 8,360,771.65), arising mainly from the interest expenses on loans granted by its Sole Shareholder and financial institutions (see Notes 10 and 14), and from impairment of certain investment property (see Note 7). In addition, at 31 December 2019 the Group had negative working capital of 6,296,566.96 euros (negative by 2,442,118.31 euros at 31 December 2018). This is mainly due to the interest accrued on loans granted by related companies (see Note 14.1) and cash requirements and payments made on bank financing

(see Note 10.4). The Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations. The support of the Parent Company's sole shareholder took the form of contributions to equity in 2018 (see Note 9). A further contribution to its assets was made on 29 January 2020 in the sum of 100,000 euros. It should also be noted that the Group had positive equity at both 31 December 2018 and 31 December 2019 and has a reduced structure, helping to mitigate risk.

Lastly, the Parent's Company's directors assessed the impact of COVID-19 on these consolidated financial statements for 2019 and concluded that it did not give rise to any adjustment (see Note 22). As part of the measures adopted, and as mentioned in the mentioned note, the Group asked the lenders of the debt described in Note 10 for certain modifications of the conditions of the financing contract, granting some of them, which will allow it to face the eventual impact of the pandemic caused by COVID 19 in the Group's results and financial situation.

As a result of the foregoing, the Parent Company's directors have assessed the potential short- and medium-term impact of the aforementioned factors on the Group's business and forecasts, using various sensitivity analyses, and consider that at the date of preparation of these consolidated financial statements, the Company's ability to continue operating is not affected and, therefore, they are prepared on a going concern basis.

### 4.6. GROUPING OF ITEMS

Certain items in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement are grouped together for better understanding, even though such information, when significant, has been itemised in the corresponding notes to the consolidated financial statements.

## 5. RECORDING AND EVALUATION REGULATIONS

The main recording and evaluation regulations used by the Group in preparing its consolidated financial statements for 2019, in accordance with the regulatory framework on applicable financial information, were as follows:

*5.1 Acquisition of control*

Subsidiary companies are those over which the Company, directly or indirectly through subsidiary companies, exercises control, as provided for in Article 42 of the Code of Commerce. Note 3 includes certain information on the subsidiaries included in the Group's consolidation, as well as changes in the scope of consolidation during the year.

The acquisition of control of a subsidiary by the Parent Company (or another Group company) is regarded as a business combination, which is recorded under the acquisition method. This method requires the acquirer to record, on the acquisition date, the identifiable assets acquired and liabilities assumed in a business combination and, where appropriate, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

The cost of acquisition is determined as the sum of the fair values, on the acquisition date, of the assets transferred, liabilities incurred or assumed, and the equity instruments issued by the acquirer, as well

as the fair value of any contingent consideration that depends on future events or on the fulfilment of certain conditions, which should be recorded as an asset, liability or equity according to its nature.

The expenses relating to the issue of the equity instruments or financial liabilities delivered are not part of the cost of the business combination and are recorded in accordance with the rules applicable to financial instruments (see Notes 5.5 and 5.6). Fees paid to legal advisors or other professionals involved in the business combination are recorded as expenses as incurred. Furthermore, expenses generated internally for these items or expenses that the acquiree would have incurred, are not included in the business combination costs.

Excess, on the acquisition date, of the cost of the business combination over the proportionate share of the value of the identifiable assets acquired, less the liability assumed representing the equity interest in the acquiree, is recognised as goodwill. In the exceptional event that this amount were to exceed the cost of the business combination, the excess would be recognised in the consolidated income statement as income.

*5.2 Consolidation method*

The assets, liabilities, income, expenses, cash flows and other items in the individual financial statements of the Group companies are included in the fully consolidated financial statements. This method has been applied according to the following criteria:

*a) Time standardisation*

The consolidated financial statements are established on the same date as the Parent Company's individual financial statements.

The subsidiaries have established the same end date and period as the Parent Company and, therefore, there is no need for a time standardisation.

*b) Valuation standardisation*

The assets and liabilities, income and expenses, and other items in the individual financial statements of the subsidiaries have been valuated using uniform methods. Assets, liabilities, income and expenses that were not valuated on a uniform basis with respect to those applied on consolidation were revalued, with the necessary adjustments being made, solely for consolidation purposes.

*c) Aggregation*

The different items in the previously standardised individual financial statements are aggregated according to their nature.

*d) Elimination of investment-equity*

The book values representing the subsidiary's equity instruments held directly or indirectly by the Parent Company are offset by the proportional part of the subsidiary's equity items attributable to these holdings, generally on the basis of the values resulting from application of the acquisition method described above.

On consolidations subsequent to the year in which control was acquired, the excess or shortfall in the equity of the subsidiary from the date of acquisition that is attributable to the Parent Company is

presented in the consolidated balance sheet under the headings of reserves or adjustments for changes in value, depending on their nature. The part attributable to external shareholders is recorded under the heading "External shareholders".

*e) External shareholder participation*

The valuation of external shareholders is made on the basis of their effective participation in the subsidiary's equity, after incorporating the abovementioned adjustments. Goodwill is not attributed to external shareholders. The excess between the losses attributable to the external shareholders of a subsidiary and their proportional share of the equity is attributed to the latter, even if this involves a debit balance under this item.

At 31 December 2019 and 2018, the Group had no external shareholders as the subsidiaries are wholly owned by the Parent Company.

*f) Intra-group item eliminations*

Receivables and payables, income and expenses and cash flows between Group companies are eliminated in full. Furthermore, all the results produced by internal operations are eliminated and deferred until they are realised against third parties outside the Group.

*g) Goodwill and business combinations*

The acquisition of control of a subsidiary by the Parent Company is regarded as a business combination, which is recorded under the acquisition method. In subsequent consolidations, the investment-equity of subsidiaries will be eliminated generally based on the values resulting from applying the purchase method of accounting described below on the date of control.

Business combinations are accounted for using the acquisition method, whereby the date of acquisition is determined and the cost of the combination is calculated, and the identifiable assets acquired and liabilities assumed are recognised at their fair value on that date.

The goodwill or negative difference of the combination is determined by the difference between the fair values of the recorded assets acquired and liabilities assumed, and the cost of the combination, all referring to the date of acquisition.

The cost of the combination is determined by the aggregation of:

- The acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity instruments issued.

- The fair value of any contingent consideration that depends on future events or the fulfilment of predetermined conditions.

The expenses related to the issue of equity instruments or financial liabilities given in exchange for the elements acquired do not form part of the combination cost.

Likewise, as from 1 January 2010, neither the fees paid to legal advisors or other professionals who were involved in the combination, nor the expenses internally incurred on such account form part of the combination cost. Those sums are allocated directly to the consolidated income statement.

*h) Modification of the equity interest without loss of control*

Once control over a subsidiary has been obtained, subsequent transactions that give rise to a change in the Parent Company's equity interest in the subsidiary, without a loss of control over the subsidiary, are treated in the consolidated financial statements as an equity transaction, and the following rules apply:

a) The amount of goodwill or negative difference recognised, as well as other assets and liabilities recognised, remains unchanged;

b) The profit or loss that would have been recognised in the individual statements is eliminated in consolidation with the corresponding adjustment to the reserves of the company whose equity interest is reduced;

c) The amounts of "adjustments for changes in value" and "grants, donations and legacies" are adjusted to reflect the Group companies' equity interests in the capital of the subsidiary;

d) The interest of external shareholders in the subsidiary's equity is shown on the basis of the percentage of ownership that non-Group third parties hold in the subsidiary, after the transaction has been carried out, which includes the percentage of ownership of goodwill recognised in the consolidated statements associated with the change that has occurred;

e) The necessary adjustment resulting from points (a), (b) and (c) above shall be allocated to reserves.

In 2019 and 2018, there were no changes in the equity (see Note 3).

*i) Loss of control*

When control of a subsidiary is lost, the following rules are observed:

- The profit or loss recognised in the individual financial statements is adjusted for consolidation purposes;

- If the subsidiary is classified as a multi-group or associated company, it is consolidated and the equity method is applied initially, taking into account for the purposes of the initial valuation the fair value of the investment retained at that date;

- The interest in the subsidiary's equity that is retained after the loss of control and that is not included in the scope of consolidation is measured in accordance with the criteria applicable to financial assets (see Note 5.5), taking as the initial measurement the fair value on the date on which it ceases to be included in the scope of consolidation.

- An adjustment is recognised in the consolidated income statement to show the interests of external shareholders in the income and expenses generated by the subsidiary in the year until the date of loss of control, and in the transfer to the income statement of the income and expenses recognised directly in equity.

In 2019 and 2018, no loss of control over investee companies took place (see Note 3).

*5.3. Investment properties*

Investment property comprises owned office buildings that are held for long-term lease purposes and are not occupied by the Group.

The elements included in this section shall be initially valued using their cost, as it is either the acquisition price or production cost.

The acquisition price includes, in addition to the amount invoiced by the seller after deduction of any discount or reduction in price, all additional and directly-related expenses incurred up until they are put into operation.

These investment property items are subsequently valued at their acquisition price, minus accumulated depreciation and, where appropriate, the cumulative amount of any recognised valuation adjustment for impairments.

Finance costs directly related to the construction of investment properties with a term of more than one year were capitalised as part of the cost until the asset was put into operation.

Repairs that do not extend the useful life and maintenance costs are allocated to the income statement in the year in which they occur. The costs of expansion or improvement leading to an increase in production capacity or to a lengthening of the useful life of the assets are included in the assets as an increase in their value, and the book value of any items replaced is written off.

Investment property is depreciated on the basis of its cost and is calculated by the straight-line method on the basis of the estimated useful life of the various assets, which is as follows.

| Elements | Useful life (years) |
|---|---:|
| Buildings | 30-50 |

At each year-end the Group reviews the residual values, useful lives and depreciation methods of investment property and, if appropriate, adjusts them prospectively.

*Deterioration of the value of investment property*

The Group regularly assesses whether there are indications that any non-current asset or, as the case may be, any cash-generating unit may be impaired. If there are indications, their recoverable amounts are estimated.

The recoverable amount is the higher of the fair value less cost to sell and the value in use. An impairment loss occurs when the book value is greater than the recoverable amount. Value in use is the present net worth of expected future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset.

Valuation adjustments due to impairment and the reversal thereof are allocated to the consolidated income statement. Valuation adjustments due to impairment are reversed when the circumstances giving rise to them cease to exist, except for those corresponding to goodwill. The reversal of impairment is limited to the book value of the asset that would have appeared if the corresponding impairment had not been previously recognised.

The NEWSOMS INVEST Group makes appropriate provisions for the depreciation of investment property when the recoverable value is less than the amortised cost. The Parent Company's directors considered, for the purpose of determining recoverable amount, the valuations performed by

independent third-party experts. These valuations have been made on the basis of the following assumptions:

a) The valuation basis used by the independent valuator is the market value, which has been carried out in accordance with RICS Valuations - Global Standards 2017, which are included in the Red Book "RICS Valuations" (Royal Institute Chartered Surveyors). The VPS-4 definition is as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

b) The valuation methodology applied by the independent third-party expert was based on individual valuations of each property. For the valuations of the latter, the method of discounting flow income has been adopted. For the purpose of calculating the value in use of investment property, the amount that the Company expects to recover through the lease is taken into consideration. According to the state of the assets, the following has been considered:

    - For leased assets: the valuation was made on the basis of a flow discount on the income generated by the lease and the costs inherent to maintaining such assets (net revenue), as well as an estimate of the marketing cost (taxes, legal and third-party fees). This projection has been made for the duration of each lease agreement.

    - For assets under development: for assets under development, a net residual price is used, based on the leasable area, construction costs, etc.

c) The estimated returns ("yield") depend on the type and age of the properties and their location.

*5.4. Leases*

*Finance leases*

Contracts are classified as financial leases whenever their economic terms substantially transfer all the risks and rewards of ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases. The NEWSOMS INVEST Group does not have any financial leasing contracts at 31 December 2019 or 31 December 2018.

*Operating lease when the Group is a lessor*

Investment property is leased to third parties. These leases are classified as operating leases.

Assets leased out under operating leases are included in the consolidated balance sheet according to their nature. Income from operating leases is recognised in the consolidated income statement on a straight-line basis over the estimated term of the lease. The direct costs attributable to the contract are included as an increase in the value of the leased asset and are recognised as an expense over the term of the contract, applying the same criterion used for the recognition of lease income.

A payment made on entering into or acquiring a lease recorded as an operating lease represents advance lease payments that are amortised over the lease period in accordance with the profit pattern shown.

*5.5. Financial Assets*

<u>Classification and valuation</u>

*Loans and receivables:*

This category includes trade and non-trade receivables, which include financial assets with fixed or determinable payments that are not traded in an active market and for which it is estimated that all disbursements made by the Group will be recovered, except, as the case may be, for reasons attributable to the solvency of the debtor. They are classified as current assets, except for maturities exceeding 12 months from 31 December 2019, in which case they are classified as non-current assets.

These financial assets are initially recognised at fair value, including the transaction costs that are directly attributable to them, and subsequently measured at amortised cost with any accrued interest recognised on the basis of the effective interest rate, understood as the discount rate that matches the carrying amount of the instrument to all its estimated cash flows of all kinds through its residual life. However, trade receivables maturing within one year are measured, both initially and subsequently, at nominal value, provided that the effect of not discounting the cash flows is not material.

Impairment of financial assets

At least at year-end, any adjustments needed for impairment are made if there is objective evidence that not all the amounts owed will be collected.

The impairment loss amount is the difference between the carrying amount of the assets and the present value of future estimated cash flows, discounted at the effective interest rate valid at the time of initial recognition. Valuation adjustments and any reversals thereof are recognised in the income statement.

Derecognition

Financial assets are derecognised in the consolidated balance sheet when the contractual rights to the cash flows of the financial asset have expired or when they are transferred, provided that the risks and rewards of ownership are substantially transferred therein.

Interest received on financial assets

The interest corresponding to financial assets accrued after the acquisition are recorded as income in the consolidated income statement. Interest is recognised by using the effective interest rate method.

*5.6. Financial liabilities*

Classification and valuation

*Debits and accounts payable:*

They include financial liabilities arising from the purchase of goods and services through trading operations and debits from non-trading operations that are not derivative instruments. These borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months from the balance sheet date.

These liabilities are initially recognised at fair value adjusted by directly attributable transaction costs, which are subsequently recognised at amortised cost using the effective interest method. This effective interest is the discount rate that matches the carrying amount of the instrument to the expected flow of projected future payments until the maturity of the liability.

However, debits from trade operations with a maturity of no more than one year and without a contractual interest rate, as well as disbursements required by third parties on equity instruments, the amount of which is expected to be paid in the short term, are valued at their nominal value when the effect of not discounting the cash flows is not significant.

If existing debts are renegotiated, the financial liabilities are not deemed to change significantly if the lender of the new loan is the same as the initial lender and the present value of the cash flows, including net fees and commissions, is no more than 10% higher or lower than the present value of the outstanding cash flows payable on the original liability calculated using this same method.

*Financial liabilities held for trading and other financial liabilities at fair value with changes in the income statement*

All assets held for trading that are acquired for the purpose of selling them in the short term or form part of a portfolio of instruments identified and managed jointly for the purpose of obtaining a profit in the short term, and the financial liabilities designated by the Company at initial recognition for inclusion in this category as they entail more relevant information, are considered to be financial liabilities at fair value in the income statement. Derivatives are also classified as held for trading, provided they are not a financial guarantee contract or have been designated as hedging instruments.

These financial liabilities are valued, both initially and in subsequent valuations, at fair value, and any changes in fair value are recognised in the income statement for the year. Transaction costs directly attributable to the acquisition are recognised in the income statement for the year.

In the case of financial derivatives, the method of recognising the profit/loss depends on whether or not the derivative has been designated as a hedging instrument and, if so, on the type of hedge. If the derivative is not considered a hedge, the change in value is recognised in the income statement. This category includes both trade and non-trade accounts payable. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least 12 months from the balance sheet date.

Derecognition

The Group writes off financial liabilities when the obligation terminates.

### *5.7. Cash and cash equivalents*

This item includes the cash in hand, bank current accounts, deposits and temporary acquisitions of assets meeting the following requirements:

a) They are convertible to cash.
b) At the time of acquisition, their date of maturity did not exceed three months.
c) They are not subject to a significant risk of change in value.
d) They form part of the Company's standard cash management policy.

### *5.8. Provisions and contingencies*

Provisions are recognised when the Group has a present obligation, whether legal or constructive, arising from past events, it is probable that an outflow of resources to settle the obligation will be required and the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are valued at the present value of disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. Adjustments to the provision on account of its updating are recognised as a financial expense as they accrue.

Provisions maturing in one year or less with an immaterial financial effect are not discounted.

When part of the disbursement necessary to settle the provision is reimbursed by a third party, the reimbursement is recognised as a separate asset, provided that its collection is practically assured.

Contingent liabilities are regarded as possible obligations derived from past events, whose materialisation depends on whether one or more future events will take place or not, regardless of the Group's will. Said contingent liabilities are not included in the accounting record, but are set out in detail in these notes to the consolidated financial statements, except for when the outflow of resources is remote.

*5.9. Income tax*

<u>General regime</u>

The income tax expense or income is the amount accrued for this item during the year, consisting of both current and deferred tax expenses or income.

Both current and deferred tax expenses or income are accounted for in profit and loss. However, the tax effect related to items stated directly in equity is recognised in equity.

Current tax assets and liabilities are valued at the amounts expected to be paid to or recovered from the tax authorities, according to the regulations in force or approved and pending publication at the close of the financial year.

According to the liability method, deferred taxes are calculated based on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts. However, if the deferred taxes arise from initial recognition of assets or liabilities from a transaction that is not a business combination and which, on the transaction date, does not affect accounting profit/loss or taxable profit, they are not recognised. Deferred tax is calculated by applying tax regulations and rates approved or about to be approved on 31 December 2019, which are expected to be applicable when the relevant deferred tax asset or liability is settled.

Deferred tax assets are recognised when it becomes likely that the Company will have taxable profits in the future against which the temporary difference can be offset.

Deferred taxes are recognised on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except when the Company can control the time of reversal of the temporary differences, and it is also likely that they will not be reversed in the foreseeable future.

SOCIMI regime

Under Law 11/2009 of 26 October, amended by Law 16/2012 regulating Listed Real-Estate Market Investment Companies, entities that opt for the application of the special tax regime provided for in that law will be taxed at a rate of 0% for Corporate Income Tax. Article 25 of the revised Corporate Income Tax Law, approved by Royal Legislative Decree 4/2004 of 5 March, will not be applicable in the case of tax losses. Likewise, the regime of deductions and relief established in Chapters II, III and IV of that rule will not be applicable. In all other matters not provided for in Law 11/2009, the provisions of the Consolidated Text of the Law on Corporate Tax will be applicable in a supplementary manner.

The entity will be subject to a special tax of 19% on the full amount of profit dividends or shares distributed to shareholders whose stake in the entity's capital is equal to or greater than 5%, when such dividends, in the shareholders' fiscal location, are exempt or taxed at a rate of less than 10%. This tax will be considered as a corporate tax liability.

Articles 3 to 6 of said Law establish the main requirements and obligations that must be fulfilled by this type of company.

In view of the foregoing, it should be mentioned that on 19 September 2018, both the Parent Company and the subsidiaries adopted the decision adhere to the regime governed by Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI") with effect from the date of incorporation of the six Group companies (see Note 3). The State Tax Administration Authority was notified of this, under the same terms for all six Group companies, in a letter dated 28 September 2018.

The application of the abovementioned SOCIMI regime was carried out during the financial years 2018 and 2019 without prejudice to the fact that, during these years, the Group companies included in the regime did not comply with all the application requirements under the regulation, as, by virtue of the First Transitory Provision of Law 11/2009 on the SOCIMI regime, they have a period of two years from the date of the option for the application of the regime to comply with said requirements.

*5.10. Income and expenses*

Income is recognised at the fair value of the consideration receivable and represents the amounts receivable for goods delivered and services provided in the ordinary course of Group's business, less returns, rebates, discounts and value-added tax. Indirect taxes on operations that are passed on to third parties do not form part of the income.

The Group recognises the income when its amount can be reliably valued. It is likely that the future financial benefits will flow to the Group and the specific conditions for each one of the operations are met as follows. The amount of revenue cannot be reliably valued until all contingencies related to the sale have been resolved. The Group's estimates are based on past performance, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

Income for sales and services

Rental income is recognised on an accrual basis, income linked to incentives, start-up costs and shortfalls in leases are recognised in the income statement on a straight-line basis.

*5.11. Environmental aspects*

Environmental assets are those that are used on a long-term basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The costs incurred in the acquisition of systems, equipment and facilities with the purpose of eliminating, limiting or controlling possible impacts on the environment that could arise from the normal course of the Group's activities are considered to be investments.

Other environment-related expenses, other than those incurred in the acquisition of fixed assets, are considered to be expenses for the year.

The Parent Company's Board of Directors considers that, in view of the nature of the business activities carried out by the Group, any environmental contingencies that could arise would be of little significance and, in any case, the insurance policies taken out by the Group would sufficiently cover them.

*5.12. Related-party transactions*

In general, transactions between group companies are initially recognised at fair value. In the event that the price agreed upon differs from the fair value, the difference is recognised based on the economic reality of the transaction. These transactions are subsequently valued pursuant to the corresponding standards.

Notwithstanding the foregoing, in merger, spin-off or non-monetary contribution transactions, the items making up the acquired business are valued at the amount corresponding to them, once the transaction has been carried out, in the consolidated financial statements of the group or subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the financial statements to be considered for these purposes will be those of the largest group or subgroup in which the assets and liabilities of the Spanish parent company are included.

In these cases, any difference that might arise between the net value of the assets and liabilities of the acquired company, adjusted by the balance of the groupings of grants, donations and legacies received and adjustments for changes in value, and any amount of the capital and share premium, if any, issued by the absorbing company, is recognised in reserves.

*5.13. Equity*

The Parent Company's share capital is represented by ordinary shares, all of the same class.

The costs of issuing new shares or options are presented directly against interim equity, as lower reserves.

In the case of acquisition of own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any directly attributable incremental transaction costs, is included in equity.

*5.14. Foreign currency transactions*

Functional and reporting currency

The Group's consolidated financial statements are presented in euros, as this is the Group's working and reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in profit and loss, unless deferred to equity as qualified cash flow hedges and qualified investment hedges.

Changes in the fair value of monetary securities in foreign currencies classified as available for sale are analysed between conversion differences resulting from changes in the amortised cost of the security and other changes in the book value of the security. Conversion differences are recognised in profit/loss and other changes in the book value are recognised in equity.

Conversion differences on non-monetary items, such as equity instruments held at fair value with changes in the income statement, are presented as part of the gain or loss in fair value. Conversion differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

*5.15. Business combinations*

Mergers or divisions and business combinations arising from the acquisition of all the assets and liabilities of a company or of a party constituting one or more businesses are recognised in accordance with the acquisition method described in Notes 5.1 and 5.2.

*5.16. Consolidated Cash Flow Statement*

In the Consolidated Cash Flow Statement, the following terms, with the meanings specified below, are used:

- Cash flow: Inflows and outflows of cash and financial asset equivalents, understood as current, high liquidity investments subject low risks in value changes.
- Operating activities: the usual operating activities and others that are neither investing nor financing activities.
- Investing activities: the acquisition, sale or disposal by other means of non-current assets and other investments not included in cash or cash equivalents.
- Financing activities: activities that result in changes in the size and structure of the equity and liabilities that are not operating activities.

For the purposes of preparing the Consolidated Cash Flow Statement, "cash and cash equivalents" includes cash on hand and current bank deposits, as well as current, high liquidity investments that are readily convertible to known amounts of cash and are subject to low risks regarding changes in value.

*5.17 Segmented information*

In defining the segments, the criteria and assignments used by the governing body, in this case, the Parent Company's Board of Directors, are taken into account in order to analyse the Group's operations. Specifically, a distinction is made between the property leasing business described in Note 7 and corporate transactions, with no transactions in the latter segment in 2018 or 2019. Transactions

between segments are valued at market price.

## 6. INTANGIBLE ASSETS

As established in Annex 15 of the deed executed by the notary public, Jose Ángel Martínez Sanchiz, under number 1085 of his protocol, which in turn is contained in the supplementary deed incorporating documents under protocol number 1086, executed by the same notary, the subsidiary Orbis de la Vega, S.L., acquired the IT application for 20,000 euros from a company related to the seller of the investment property (see Note 7).

The amounts and balances attributable to the IT application at 31 December 2018 and 2019 are shown in the following tables:

| | Balance at 31/12/2018 | Additions / provisions | Write offs / Reversions | Transfers | Balance at 31/12/2019 |
|---|---|---|---|---|---|
| IT application | 20,000.00 | - | - | - | 20,000.00 |
| | **20,000.00** | **-** | **-** | **-** | **20,000.00** |
| Depreciation | (1,759.27) | (6,666.72) | - | - | (8,425.99) |
| | **(1,759.27)** | **(6,666.72)** | **-** | **-** | **(8,425.99)** |
| **Net book value** | **18,240.73** | **(6,666.72)** | **-** | **-** | **11,574.01** |

| (*) | Incorporation into 07/08/2018 | Additions / provisions | Write offs / Reversions | Transfers | Balance at 31/12/2018 |
|---|---|---|---|---|---|
| IT application | - | 20,000.00 | - | - | 20,000.00 |
| | **-** | **20,000.00** | **-** | **-** | **20,000.00** |
| Depreciation | - | (1,759.27) | - | - | (1,759.27) |
| | **-** | **(1,759.27)** | **-** | **-** | **(1,759.27)** |
| **Net book value** | **-** | **18,240.73** | **-** | **-** | **18,240.73** |

(*) Figures not audited.

## 7. INVESTMENT PROPERTIES

The breakdown and movements in the various items composing the investment property in 2018 and 2019:

| | Balance at 31/12/2018 | Additions / provisions | Write offs / Reversions | Transfers | Balance at 31/12/2019 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land | 121,192,591.38 | - | - | - | 121,192,591.38 |
| Buildings | 160,307,408.62 | 574,377.94 | - | - | 160,881,786.56 |
| Expenses recognised as an increase in acquisition cost | 5,149,331.45 | 38,430.74 | - | - | 5,187,762.19 |
| Inv. Property in progress | - | 1,193,968.77 | - | - | 1,193,968.77 |
| | **286,649,331.45** | **1,806,777.45** | **-** | **-** | **288,456,108.90** |
| **Depreciation** | | | | | |
| Buildings | (860,678.64) | (3,184,213.08) | - | - | (4,044,891.72) |
| **Impairment** | (6,985,708.46) | (10,378,605.18) | 4,993,217.32 | | (12,371,096.32) |

| | | | | | |
|---|---|---|---|---|---|
| | **(7,846,387.10)** | **(13,562,818.26)** | **4,993,217.32** | **-** | **(16,415,988.04)** |
| **Net book value** | **278,802,944.35** | **(11,756,040.81)** | **4,993,217.32** | **-** | **272,040,120.86** |

| (*) | Incorporation at 07/08/2018 | Additions | Write offs / Reversions | Transfers | Balance at 31/12/2018 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land | - | 121,192,591.38 | - | - | 121,192,591.38 |
| Buildings | - | 160,307,408.62 | - | - | 160,307,408.62 |
| Expenses recognised as an increase in acquisition cost | - | 5,149,331.45 | - | - | 5,149,331.45 |
| Inv. Property in progress | - | - | - | - | - |
| | **-** | **286,649,331.45** | **-** | **-** | **286,649,331.45** |
| **Depreciation** | | | | | |
| Buildings | - | (860,678.64) | - | - | (860,678.64) |
| **Impairment** | - | (6,985,708.46) | - | - | (6,985,708.46) |
| | **-** | **(7,846,387.10)** | **-** | **-** | **(7,846,387.10)** |
| **Net book value** | **-** | **278,802,944.35** | **-** | **-** | **278,802,944.35** |

(*) Figures not audited.

At 31 December 2019, the Group's investment property related to the following assets:

- Investments properties for office spaces located on the plot known as Area II, located in Madrid, Calle Vía de los Poblados, number 3, and registered in the Madrid Land Registry number 2, under property number 37,245, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under protocol number 1,085. The property was purchased for 66,000,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 1,192,925.08 euros, were capitalised during 2018. During the year 2019, there were activations for an amount of 6,016.62 euros and 577,253.89 recognised euros corresponding to unfinished improvement works.
- Investment properties for office spaces located on the plot known as Area IV, located in Madrid, Calle Vía de los Poblados, number 3, and registered in the Madrid Land Registry number 2, under property number 37,247, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under protocol number 1,085. The property was purchased for 65,500,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 1,185,300.74 euros, were capitalised during 2018. During the year 2019, there were activations for an amount of 400,314.86 euros and 80,392.40 recognised euros corresponding to unfinished improvement works.
- Investments properties for office spaces and three business premises located on four (4) properties that comprise the entire building in Madrid at Calle Agustín de Foxá, number 29, and registered in the Madrid Land Registry number 29, under property number 22,415, 28,057, 28,060 and 28,061, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under protocol number 1,085. The property was purchased for 29,500,000 euros. Furthermore, the costs incurred in the purchase, amounting to 550,260.93 euros, were capitalised during 2018. During the year 2019, there were activations for an amount of 5,945.08 euros and 403,888.42 recognised euros corresponding to unfinished improvement works.
- Investment properties of the Company correspond to the acquisition of two (2) properties located in Madrid at number 6 and 14 Calle Juan Ignacio Luca de Tena and are registered in the Madrid Land Registry number 17, under property number 38,539 and 30,568, 30,569,

acquired by virtue of the purchase deed executed before the notary public of Madrid, Mr Ignacio Martinez-Gil Vich, on 26 September 2018 under protocol number 1,085. The properties were purchased for 45,000,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 855,526.42 euros, were capitalised during 2018. During the year 2019, there were activations for an amount of 66,143.31 euros and 26,281.03 recognised euros corresponding to unfinished improvement works.

With reference to the property located at Calle Juan Ignacio Luca de Tena, number 6, see Note 22, which describes events subsequent to year-end 2019.

- Investment properties for office spaces located in the Vega business park, in Alcobendas, at Avenida de la Vega, number 15, and is registered in the Alcobendas Land Registry number 2, under property number 45,245, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under protocol number 1,085. The property was purchased for 75,500,000 euros. Furthermore, the costs incurred in the purchase, amounting to 1,362,037.42 euros, were capitalised during 2018. During the year 2019, there were activations for an amount of 134,388.81 euros and 106,153.03 recognised euros corresponding to unfinished improvement works.

Finally, it should be noted that the net book value was 272,040,120.86 at 31 December 2019 (278,802,944.35 euros at the end of 2018).

The Group has taken out several insurance policies to cover the risks to which the investment property is exposed. The coverage of these policies is considered to be sufficient.

The breakdown of the type of investment properties the NEWSOMS INVEST Group has at 31 December 2019, at their net and gross book value:

| | Units | Gross book value | Impairment and depreciation | Net book value |
|---|---|---|---|---|
| Investment properties | 8 buildings | 288,456,108.90 | (16,415,988.04) | 272,040,126.86 |

The breakdown of the type of investment properties the NEWSOMS INVEST Group has at 31 December 2018, at their net and gross book value:

| (*) | Units | Gross book value | Impairment and depreciation | Net book value |
|---|---|---|---|---|
| Investment properties | 8 buildings | 286,649,331.45 | (7,846,387.10) | 278,802,944.35 |

(*) Figures not audited.

It should be noted that the investment properties owned by the subsidiaries Orbis Cristalia 2&3, S.L., and Orbis Cristalia 5&6, S.L., consist of two buildings corresponding to each company, but they are not divided and are included in the same cadastral reference.

All the assets mentioned in the note are located in the autonomous Community of Madrid and act as security for the mortgage loan described in Note 10.4.

### 7.1. OPERATING LEASES

Investment property is leased to third parties under operating leases. The leases are for a period of between 1 and 15 years, with staggered rents and no lease at all for some of them.

Lease income amounted to 15,351,236.18 euros in 2019 (4,047,746.00 euros in the year ended 31 December 2018) (see Note 13).

The minimum future collections on lease contracts, which cannot be cancelled at 31 December 2019 and 2018, taking into account the first termination dates agreed with each tenant (any future increases due to inflation have not been taken into account), are as follows:

| | **31/12/2019** | **31/12/2018 (*)** |
|---|---:|---:|
| Within one year | 13,861,452.53 | 14,322,466.55 |
| Between one and five years | 20,952,423.17 | 34,172,323.27 |
| After five years | 2,024,526.49 | 1,980,471.91 |
| **TOTAL** | **36,838,402.19** | **50,475,261.73** |

(*) Figures not audited.

It should also be mentioned that the property located at Calle Juan Luca de Tena 6 was sold in 2020 (see Note 22).

### 7.2. VALUATION OF REAL-ESTATE ASSETS

At 31 December 2019 and 31 December 2018, according to the latest study by an independent expert, the aggregate market value of investment property was 285,300,000 euros and 280,700,000 euros, respectively, as shown in the following breakdown:

| | 2019 | 2018 (*) |
|---|---|---|
| Calle Vía de los Poblados, number 3, Area II | 68,600,000.00 | 64,300,000.00 |
| Calle Vía de los Poblados, number 3, Area IV | 68,200,000.00 | 65,000,000.00 |
| Calle Agustín de Foxá, number 29 | 32,300,000.00 | 29,200,000.00 |
| Calle Juan Ignacio Luca de Tena, number 6 | 20,400,000.00 | 17,200,000.00 |
| Calle Juan Ignacio Luca de Tena, number 14 | 32,300,000.00 | 30,400,000.00 |
| Avenida de la Vega, number 15 | 63,500,000.00 | 74,600,000.00 |
| **Total** | **285,300,000.00** | **280,700,000.00** |

(*) Figures not audited.

The Group calculates the recoverable values of investment property based on the corresponding valuation at 31 December 2019, carried out by an independent expert. In 2018, investment property was valued on 31 October 2018, and no significant events occurred until 31 December 2018 that would affect the property value. The valuations have been carried out by valuators of recognised prestige in the sector.

The valuations of these real-estate assets have been carried out by experts under the "market value" hypothesis and in accordance with the provisions of the RICS Appraisal and Valuation Standards (Red Book) published by the Royal Institution of Chartered Surveyors of Great Britain (RICS).

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation methodology adopted for the purpose of determining the fair value of the properties is the discounted cash flow method with a 10-year projection of net operating income (2018: 10 years) and capitalise the 11th year with an exit yield, applying an Internal Rate of Return (IRR) to discount the cash flows obtained.

The discounted cash flow method is based on the prediction of the probable net income that the assets will generate over a given period of time, considering the residual value of the assets at the end of that period. Cash flows are discounted at an internal rate of return to get the current net value. This internal rate of return is adjusted to reflect the risk associated with the investment and the assumptions made.

The most important variables are therefore those listed below:

| | 2019 | | | | | 2018 (*) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Occupation at valuation date (%)** | **Market income (thousands of euros/year)** | **Exit yield (%)** | **IRR (%)** | **Envisaged CAPEX (%)** | **Occupation at valuation date (%)** | **Market income (thousands of euros/year) (**)** | **Exit yield (%)** | **IRR (%) (**)** | **Envisaged CAPEX (%)** |
| Orbis de la Vega, S.L. | 80.35 | 4,064 | 5.00 | 6.75 | 2.29 | 98.00 | 4,140 | 4.89 | 4.83 | 3.69 |
| Orbis Cristalia 2&3, S.L. | 88.80 | 3,843 | 5.00 | 7.00 | 1.28 | 88.80 | 3,286 | 4.68 | 4.45 | 2.79 |
| Orbis Cristalia 5&6, S.L. | 72.30 | 3,827 | 5.00 | 7.00 | 1.38 | 61.10 | 3,412 | 4.76 | 4.37 | 3.18 |
| Orbis JILT 6&14, S.L. | 0 and 94.70 | 1,087 and 1,626 | 4.75 | 6.75 | 0.44 | 0 and 94.00 | 1,052 and 1,519 | 5.25 and 4.75 | 4.74 | 4.49 and 2.01 |
| Orbis Foxa 29, S.L. | 95.90 | 1,466 | 4.25 | 6.25 | 0.70 | 96.00 | 1,514 | 4.79 | 4.01 | 5.05 |

*(*) Figures not audited.*

*(**) The independent expert has not considered any price revision index in its valuation.*

It should be noted that one of the most important lessees of the property owned by the subsidiary Orbis de la Vega, S.L., terminated the lease agreement before the end of 2019. Similarly, in 2019, the subsidiary Orbis de la Vega, S.L., was notified by another lessee of its decision to exercise its right to terminate its lease in 2020.

In addition, there has been a reduction in the value of the property owned by the aforementioned subsidiary. The Company commissioned valuation reports from an independent expert in 2018 and another in 2019. The decrease in the value of the property between the two dates is mainly a result of changes in the assumptions relating to the exit yield and the discount rate, as well as the consideration in 2019 of a structural unoccupancy rate of 5% and, additionally, the change in the assumptions for the recovery of costs through the re-invoicing of lessees, all of which derive from the change in the environment and circumstances due to the reduction in the level of occupation of the property and in the conditions of the leases.

## 8. FINANCIAL ASSETS

### 8.1. ANALYSIS BY CATEGORIES

The book value of each of the financial asset categories established in the "Financial instruments" recording and valuation regulations is as follows at 31 December 2019 and 31 December 2018, except cash and cash equivalents (see Note 8.4):

Long-term financial assets:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Loans and receivables** | **Credits, derivatives and other** | **Credits, derivatives and other** |
| Guarantees and deposits created | 1,671,391.44 | 1,622,413.70 |
| **Total** | **1,671,391.44** | **1,622,413.70** |

(*) Figures not audited.

Short-term financial assets:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Loans and receivables** | **Credits, derivatives and other** | **Credits, derivatives and other** |
| Trade receivables for sales and services | 97,009.31 | 219,342.01 |
| Advances to suppliers | 713,492.91 | 155,673.11 |
| Amounts resulting from rent shortfalls and staggered rental payments | 388,232.06 | 84,384.07 |
| **Total** | **1,198,734.28** | **459,399.19** |

(*) Figures not audited.

At 31 December 2019 and 31 December 2018, there were short-term assets with the public authorities, which are not included in this breakdown (see Note 11).

The fair values of the loans and receivables coincide with the book values.

At 31 December 2019 and 31 December 2018, no impairment was registered as regards the figure of "Trade receivables for sales and services", as provisions for impairment of these balances were considered necessary.

The maximum credit risk exposure at the reporting date is the fair value of each category of accounts receivable indicated above. The Group maintains certain guarantee instruments to cover any contingency in the event of a possible rental non-payment.

## 8.2. GUARANTEES, DEPOSITS CREATED AND ACCRUALS

a) GUARANTEES AND DEPOSITS CREATED

At 31 December 2019 and 2018, the amounts of the items composing the long-term and short-term financial investments heading are as follows:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Loans and receivables** | **Credits, derivatives and other** | **Credits, derivatives and other** |
| Guarantees and deposits created | 1,671,391.44 | 1,622,413.70 |
| **Total** | **1,671,391.44** | **1,622,413.70** |

(*) Figures not audited.

The long-term guarantees relate mainly to guarantees provided in connection with investment property leases (see Note 7). In accordance with the provisions of Article 36 of Law 29/1994 of 24 November, on the urban leases, these guarantees have been deposited with the bodies stipulated therein.

b) ACCRUALS

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Short-term asset accruals | 308,699.29 | 90,516.20 |
| Short-term liability accruals | 102,877.49 | - |

(*) Figures not audited.

Therefore, the short-term asset accruals correspond to expenses arising from occupancy incentives and expenses of various kinds accruing after the end of each year.

## 8.4. CASH AND CASH EQUIVALENTS

The components of this heading at 31 December 2019 and 31 December 2018, respectively, are the following:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Demand current accounts | 5,280,477.55 | 4,817,245.36 |
| **TOTAL** | **5,280,477.55** | **4,817,245.36** |

(*) Figures not audited.

The financing agreement described in Note 10.4 establishes certain minimum cash requirements to be maintained by the Group companies.

## 9. SHAREHOLDERS' EQUITY

### 9.1. SHARE CAPITAL

| year-end | Class | Number | Nominal value / share | Total nominal value |
|---|---|---|---|---|
| 31/12/2019 and 31/12/2018 | Registered | 3,000 | 1.00 | 3,000 |

At 31 December 2019, as well as at 31 December 2018, the share capital of the Parent Company was 3,000.00 euros, represented by 3,000 shares, fully subscribed and paid up on incorporation, each with a nominal value of 1 euro.

In 2020, a capital increase was carried out, which is described in Note 22.

There are no contracts in place with the Sole Shareholder other than those described in Notes 10.5 and 14.

### 9.2. LEGAL RESERVE

In accordance with the Spanish Companies Law, and pursuant to Article 6.2 of Law 11/2009 of 26 October, regulating Listed Real-Estate Market Investment Companies, the company must transfer 10% of its profit for the year to the legal reserve until the balance of this reserve reaches 20% of the share capital. The legal reserve may only be used to increase capital. Except for the aforementioned purpose and provided that it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that there are no other sufficient reserves available for such purpose.

In accordance with Law 11/2009 regulating Listed Real-Estate Market Investment Companies (SOCIMI), the legal reserve of companies that have opted for the application of the special tax regime established in this Law may not exceed 20% of the share capital. The articles of association of these companies may not establish any reserve of an unavailable nature other than that mentioned above. In addition, they will be obliged to distribute by means of dividends to their shareholders, once the corresponding business obligations have been met, the profit obtained in the year, in accordance with the provisions of Article 6 of Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies (See Note 1).

Once the provisions stipulated by law or by the articles of association are covered, dividends may only be distributed with a charge to profit for the year or to unrestricted reserves, if the value of equity is not, or as a result of the distribution, does not become, less than the share capital. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If the Parent Company has retained losses that reduce its equity to less than the share capital amount, the profit must be used to offset those losses.

At 31 December 2019 and 31 December 2018, the legal reserve had not been set up at the Parent Company, in view of the losses obtained since its creation.

### 9.3. RESERVES AND LOSSES FROM PREVIOUS PERIODS

At 31 December 2019, there were negative reserves amounting to 1,571.13 euros arising from the companies' incorporation expenses and generated by the losses in 2018, also taking into account that established in Note 4.4. At year end on 31 December 2018, there was no amount of voluntary reserves.

The breakdown by company is as follows:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| NEWSOMS INVEST, S.L. | (14,350.42) | - |
| Orbis Cristalia 2&3, S.L. | (2,837,797.88) | - |
| Orbis Cristalia 5&6, S.L. | (1,983,242.18) | - |
| Orbis Foxa 29, S.L. | (862,413.04) | - |
| Orbis Jilt 6&14, S.L. | (497,558.39) | - |
| Orbis de la Vega, S.L. | (2,162,758.94) | - |
| **TOTAL** | **(8,358,120.85)** | **-** |

(*) Figures not audited.

### 9.4. OTHER SHAREHOLDERS' CONTRIBUTIONS

In order to provide sufficient liquidity to the subsidiaries, the Sole Shareholder of the Company made successive contributions for a total amount of 76,396,539.00 euros during the second half of 2018, which was formalised on 11 January 2019. The balance of this heading has not changed in 2019.

### 9.5. PROFIT/LOSS BY COMPANY

The contribution of each Group company included in the scope of consolidation to the consolidated profit/loss in the period at 31 December 2019 and 2018 is as follows:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| NEWSOMS INVEST, S.L. | (5,606,812.98) | (7,835,589.47) |
| Orbis Cristalia 2&3, S.L. | 2,391,493.33 | (2,841,970.27) |
| Orbis Cristalia 5&6, S.L. | (201,870.83) | (1,983,242.18) |
| Orbis Foxa 29, S.L. | 559,937.44 | (862,413.04) |
| Orbis Jilt 6&14, S.L. | (1,372,562.07) | (497,558.39) |
| Orbis de la Vega, S.L. | (10,360,021.62) | (2,162,758.94) |
| **TOTAL** | **(14,589,836.73)** | **(16,183,532.29)** |

(*) Unaudited, re-expressed figures.

### 9.6. EARNINGS PER SHARE

Earnings per share are determined by dividing the net profit attributable to shareholders of the Parent Company (after tax and minority interests) by the weighted average number of shares in circulation during that period.

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Profit/loss attributed to the Parent Company | (14,589,836.73) | (16,183,532.29) |
| Number of shares | 3,000.00 | 3,000.00 |
| | **(4,863.28)** | **(5,394.51)** |

(*) Unaudited, re-expressed figures.

Diluted earnings per share are determined in a similar way to basic earnings per share, but the weighted average number of shares in circulation is adjusted to account for the potential dilutive effect of the convertible debentures at year-end. At 31 December 2019 and year-end 2018, there were no convertible debentures in force, so the basic and diluted earnings per share coincide.

## 10.FINANCIAL LIABILITIES

### 10.1. ANALYSIS BY CATEGORIES

The book value of each of the financial liability categories established in the "Financial instruments" recording and valuation regulations is as follows at 31 December 2019 and 31 December 2018, with the exception of balances with public authorities:

<u>Long-term financial liabilities:</u>

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Debits and payables** | **Other** | **Other** |
| Guarantees and deposits received | 2,277,648.02 | 2,267,388.69 |
| Bank borrowings | 160,646,373.98 | 163,776,894.31 |
| Payables to group companies | 42,478,034.00 | 42,478,034.00 |
| **Total** | **205,402,056.00** | **208,522,317.00** |
| | | |
| **Financial liabilities at fair value** | **Derivatives** | **Derivatives** |
| Derivatives | 3,223,036.20 | 1,440,396.12 |
| **Total** | **3,223,036.20** | **1,440,396.12** |

(*) Figures not audited.

Short-term financial liabilities:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Debits and payables** | **Other** | **Other** |
| Bank borrowings | 4,739,832.64 | 2,815,790.24 |
| Payables to group companies | 6,350,260.11 | 3,164,407.56 |
| Payable to suppliers | 1,410,353.76 | 765,675.38 |
| Customer advances | 131,361.43 | - |
| Other liabilities | 81,321.47 | 216,878.09 |
| **Total** | **12,713,129.41** | **6,962,751.27** |

(*) Figures not audited.

All financial liability balances are in euros and their book value does not differ significantly from their fair value.

### 10.2. GUARANTEES AND DEPOSITS RECEIVED

Under "Guarantees and deposits received" in relation to long-term liabilities, the amounts relate to guarantees received in connection with the lease contracts of investment property (see Note 7).

### 10.3. DERIVATIVES

The "Derivatives" heading corresponds to the valuation of the derivatives formalised by the subsidiaries in connection with the bank financing received from the financial institutions CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG (see Note 10.4). The derivatives formalised cover 95% of the principal financing received, with quarterly interest settlements and maturity in October 2023, with fixed interest of 0.292% and variable interest (3-month Euribor). The values are broken down as follows:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| **Financial institution** | **Value** | **Value** |
| Caixabank SA | (1,611,518.10) | (720,198.06) |
| Deutsche Pfandbriefbank AG | (1,611,518.10) | (720,198.06) |
| **Total** | **(3,223,036.20)** | **(1,440,396.12)** |

(*) Figures not audited.

### 10.4. BANK BORROWINGS

The "Bank borrowings" heading includes the debts of the subsidiaries to the financial institutions CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG by virtue of the deed formalised on the financing agreement for the amount of 170,000,000 euros, executed by the notary public, Ignacio Paz-Ares Rodriguez, under number 1231 of his protocol. Both financial institutions act as lenders at 50% of the total principal. The initial funding of 170,000,000 euros received on 30 November 2018 was allocated as follows:

- Repayment of the loan principal on the same day in the amount of 166,207,977.00 euros in favour of the sole shareholder of the Parent Company EPISO 4 REBOUND HOLDING, S.À.R.L. (see Note 10.5), which had made various payments for the acquisition of the investment property, detailed in Note 7, for a total of 281,500,000.00 euros.

- Payment of 3,792,023.00 euros for debt formalisation costs to which 54,689.55 euros were added as higher formalisation costs, amounting to 3,846,712.55 euros.

95% of the principal of the bank loan is covered by a derivative (see Note 10.3), which bears interest at a fixed rate of 0.292% and a variable three-month EURIBOR rate.

Long-term debts to financial institutions are as follows:

| **31/12/2019** | | | | | |
|---|---|---|---|---|---|
| **Type of operation** | **Financial institutions** | **Financing percentages** | **Interest** | **Expiry date** | **Euros** |
| Mortgage loan | Caixabank, S.A. | 50% | 3M EURIBOR + 1.5% (95% covered by a derivative) | 31 October 2023 | 81,600,000.00 |
| | Deutsche Pfandbriefbank AG | 50% | | | 81,600,000.00 |
| Mortgage formalisation costs | | | | | (2,553,626.02) |
| **Total** | | | | | **160,646,373.98** |

| **31/12/2018 (*)** | | | | | |
|---|---|---|---|---|---|
| **Type of operation** | **Financial institutions** | **Financing percentages** | **Interest** | **Expiry date** | **Euros** |
| Mortgage loan | Caixabank, S.A. | 50% | 3M EURIBOR + 1.5% (95% covered by a derivative) | 31 October 2023 | 83,725,000.00 |
| | Deutsche Pfandbriefbank AG | 50% | | | 83,725,000.00 |
| Mortgage formalisation costs | | | | | (3,673,105.69) |
| **Total** | | | | | **163,776,894.31** |

(*) Figures not audited.

Short-term debts to financial institutions are as follows:

| **Type of operation** | **Financial institutions** | **Financing percentages** | **31/12/2019** |
|---|---|---|---|
| | | | **Short term (euros)** |
| Short-term Principal | Caixabank, S.A. | 50% | 2,125,000.00 |
| | Deutsche Pfandbriefbank AG | 50% | 2,125,000.00 |
| Unpaid and accrued loan interest | Caixabank, S.A. | 50% | 158,217.56 |
| | Deutsche Pfandbriefbank AG | 50% | 158,217.56 |
| Unpaid and accrued swap interest | Caixabank, S.A. | 50% | 86,698.77 |
| | Deutsche Pfandbriefbank AG | 50% | 86,698.77 |
| **Total** | | | **4,739,832.64** |

| **Type of operation** | **Financial institutions** | **Financing percentages** | **31/12/2018 (*)** |
|---|---|---|---|
| | | | **Short term (euros)** |
| Short-term Principal | Caixabank, S.A. | 50% | 1,275,000.00 |
| | Deutsche Pfandbriefbank AG | 50% | 1,275,000.00 |
| Unpaid and accrued loan interest | Caixabank, S.A. | 50% | 87,818.70 |
| | Deutsche Pfandbriefbank AG | 50% | 87,818.70 |
| Unpaid and accrued swap interest | Caixabank, S.A. | 50% | 45,076.42 |
| | Deutsche Pfandbriefbank AG | 50% | 45,076.42 |
| **Total** | | | **2,815,790.24** |

(*) Figures not audited.

There is a schedule of principal repayments. As such, repayments are made according to the following percentages per year:

| | Initial principal percentage |
|---|---|
| First year | 1.50% |
| Second year | 2.50% |
| Third year | 4.00% |
| Fourth year | 5.00% |
| Fifth year | 5.00% |

On the last maturity date, all the outstanding principal will be returned.

In accordance with the financing agreement described above, in addition to the requirements to provide certain financial information and the commitment to maintain a minimum level of cash (see Note 8.4), the Group must comply with the following financial ratios over the term of the loan:

- Loan-To-Value: must not exceed 62.5%, and in the event that the investment properties located in Calle Vía de los Poblados 3 and in Calle Juan Luca de Tena 6 were the only ones owned by the Group, it must not exceed 50%.
- Debt Service Cover ratio: must be no less than 105% during the first year from the entry into force of the financing agreement and no less than 110% during the following 4 years on each of the verification dates.
- WALB: must be not less than 1.75 years during the first year after the entry into force of the financing agreement and not less than 2 years during the remaining years on each of the verification dates.

In the event of failure to comply with the first two ratios, the Group must either repay the part of the loan required to meet the ratios or deposit an amount of cash in an unavailable account established in the agreement.

Furthermore, in the event of non-compliance with the third ratio (WALB), the Group will be obliged to set up a special reserve to be used for actions necessary to restore compliance with this ratio.

In the opinion of the Parent Company's directors, these ratios were being met at 31 December 2019 and it is expected that they will be met within the next 12 months from the date of preparation of the consolidated financial statements.

### 10.5. PAYABLES TO GROUP COMPANIES

The "Payables to Group companies" heading includes the loans formalised by the subsidiaries (see Note 3) with EPISO 4 REBOUND HOLDING, S.À.R.L. Each subsidiary formalised certain financing agreements (bridge interest-bearing loan and interest-bearing loan) with the sole shareholder of the Parent Company. All the agreements were signed on 29 November 2018, with an annual interest rate of 7.5%, with the due dates and payments corresponding to the return of principal and accrued interest as agreed between the parties. At year-end 2019 and 2018 there are balances, which are as follows:

| Lender | Loan | Opening balances | Increases | Decreases | Final balance at 31/12/2019 |
|---|---|---|---|---|---|
| 4 Rebound Holding S.à r.l. | *Bridge debt Interest-bearing loan* | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| EPISO 4 Rebound Holding S.à r.l. | *Interest-bearing loan* | 42,478,034.00 | - | - | 42,478,034.00 |
| **Total** | | **42,478,034.00** | **0.00** | **0.00** | **42,478,034.00** |

| Lender | Loan | Opening balances | Increases | Decreases | Final balance at 31/12/2018 (*) |
|---|---|---|---|---|---|
| EPISO 4 Rebound Holding S.à r.l. | *Bridge debt Interest-bearing loan* | - | 167,727,977.00 | (167,727,977.00) | - |
| EPISO 4 Rebound Holding S.à r.l. | *Interest-bearing loan* | - | 42,478,034.00 | - | 42,478,034.00 |
| **Total** | | **0.00** | **210,206,011.00** | **(167,727,977.00)** | **42,478,034.00** |

(*) Figures not audited.

Short-term balances with group companies are set out in Note 14.

20,000,000 euros included in the principal of debts to group companies corresponds to the "Amount on Deposit" or "Notarial Deposit" paid by the company EPISO 4 Rebound Holding S.à r.l., in order to guarantee the successful acquisition of the property investments set out in Note 7.

### 10.6. SUPPLIERS AND OTHER LIABILITIES

These correspond to invoices issued by suppliers, as well as provisions for expenses considered to have been accrued at year-end 2019 and 2018.

Customer advances relate to amounts collected from lessees corresponding to periods in which there was a rent shortfall, cancelling the amount at the beginning of 2020.

Other liabilities relate to guarantees from contractors that have not yet been paid to them.

This liability item does not include balances with public administrations (see Note 11).

Information about the average period for payment to suppliers:

The breakdown of information required in relation to the average period for payment to suppliers, under Law 15/2010 of 5 July and amendments to Law 31/2014 of 3 December, and ICAC Resolution 29 January 2016, is as follows:

| | 31 December 2019 | From 7 August 2018 to 31 December 2018 (*) |
|---|---|---|
| | **Days** | **Days** |
| Average period of payment to suppliers | 31.47 | 0.11 |
| Ratio of transactions paid | 27.29 | 0.11 |
| Ratio of transactions pending payment | 120.08 | 70.39 |
| | **Euros** | **Euros** |
| Total payments made | 8,683,964.85 | 283,158,817.91 |
| Total payments pending | 409,491.35 | 9,268.48 |

(*) Figures not audited.

The Group is meeting the legally established deadlines with some minor delays, due to invoices that do not comply with the contractual terms as they do not conform to or comply with other obligations of the suppliers under the service agreement or order formalised. As such, there may be a small delay in payment.

### 10.7. CAPITAL MANAGEMENT

The NEWSOMS INVEST Group is financed with funds received from the Group and related companies (see Note 10.5), as well as with bank financing granted jointly by the financial institutions CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG (see Note 10.4).

As the Group companies are subject to the special tax regime of the SOCIMI ("LSOCIMI"), they are obliged to distribute at least 80% of their profit in the form of dividends to their shareholders in accordance with the legal obligation under Law 16/2012 (see Note 2).

The main objectives of the Group's capital management are to ensure short- and long-term financial stability, adequate financing of investments and reduction of debt levels. The Board of Directors of the Parent Company considers the level of debt to be appropriate.

### 10.8. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

The table below includes an analysis of financial instruments that are valued at fair value, classified by the valuation method. The different levels have been defined as follows:

- Listed prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Data other than the listed price included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).
- Data for assets or liabilities that are not based on observable market data (i.e. unobservable data) (Level 3).

| | 31 December 2019 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **Non-current:** | | | |

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative financial instruments (see Note 10.3) | - | (3,223,036.20) | - |

| | 31 December 2018 (*) | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **Non-current:** | | | |
| Derivative financial instruments (see Note 10.3) | - | (1,440,396.12) | - |

(*) Figures not audited.

The table sets out the Group's financial liabilities valued at fair value. The fair value of interest rate swap derivatives is calculated as the current value of estimated future cash flows, based on estimated interest rate curves.

For the fair value of investment property, see Note 7.

## 11. TAX MATTERS

The breakdown of balances relating to assets and liabilities with public administrations at 31 December 2019 and 2018 is as follows:

| | | **31/12/2019** |
|---|---|---|
| | **Assets** | **Liabilities** |
| **Current** | | |
| Value Added Tax (VAT) | 10,582.63 | (278,490.29) |
| Tax withholdings and pre-payments | - | (563.52) |
| **Total** | **10,582.63** | **(279,053.81)** |

| | | **31/12/2018 (*)** |
|---|---|---|
| | **Assets** | **Liabilities** |
| **Current** | | |
| Value Added Tax (VAT) | - | (846,099.56) |
| Tax withholdings and pre-payments | - | (428.23) |
| **Total** | **-** | **(846,527.79)** |

(*) Figures not audited.

Under current legislation, tax returns cannot be deemed to be final until they have been audited by the tax authorities or until the currently-established four-year statute-of-limitations period has expired. The Group has the last two financial years open for review for all the taxes applicable to it, which are those that have elapsed since the incorporation of the Parent Company and the subsidiaries.

As a result of the differing interpretations that could be made of current tax legislation, among other reasons, additional liabilities could arise as a result of an inspection. In any case, the Board of Directors believes that said liabilities, should they arise, would not significantly affect the consolidated financial statements.

## 12. CALCULATION OF CORPORATE TAX

The conciliation of the net income and expenses at 31 December 2019 and 2018, the tax base (taxable profit) of the Corporate Tax, is as follows:

| | Consolidated income statement | | |
|---|---|---|---|
| | **Increases** | **Decreases** | **Total** |
| **Income and expenses for the year** | | | **(9,239,991.00)** |
| Corporate tax | | | **-** |
| Temporary differences | 3,286,976.03 | - | **3,286,976.03** |
| Other adjustments (Nota 4.4) | 5,385,387.86 | - | **5,385,387.86** |
| **Tax base (taxable profit/loss)** | | | **(567.627,11)** |

The adjustments to the tax base for 2019 relate to the temporary differences arising from the limitation on the deductibility of financial costs and to the amount indicated in Note 4.4. No deductions have been generated or applied.

On 28 September 2018, and with effect from 28 September 2018, the Group companies notified the corresponding Office of the State Agency for Tax Administration of their tax address regarding the option adopted by the Sole Shareholder of the Parent Company to adhere to the SOCIMI regime.

In application of the SOCIMI regime, and pursuant to Article 9 of Law 11/2009 regulating the aforementioned regime, it is established that the entities that opt for the application of the special tax regime will be taxed at the rate of zero percent (0%) Corporate Tax and, where not provided for by Law 11/2009, they will be regulated by the general provisions established in Royal Legislative Decree 4/2004 of 5 March, approving the revised text of the Corporate Tax Law.

However, the tax is accrued in proportion to the distribution of dividends. In the event of generating of tax losses, Law 27/2014 of 27 November on Corporate Tax will not apply. Likewise, the regime of deductions and relief established in Chapters II, III and IV of that rule will not be applicable.

As established in Article 9 of the Law of SOCIMI, the entity will be subject to a kind of special tax of 19% on the full amount of profit dividends or shares distributed to shareholders whose stake in the entity's capital is equal to or greater than 5%, provided that said dividends, in the shareholders' fiscal location, are exempt or taxed at a rate of less than 10%. This tax will be considered as a corporate tax liability.

At the date of preparation of these consolidated financial statements, the Group did not comply with all the requirements of the aforementioned legislation (see Note 2). However, the Company's directors consider that the conditions will be met within the time limit laid down by law.

In the event of non-compliance with any of the conditions, the Group would be taxed under the general system provided that it did not remedy such deficiencies in the year following the non-compliance.

Given that the parent company and subsidiaries were incorporated in the same year in which the tax regime established in Law 11/2009, as amended by Law 16/2012 of 27 December, was applied, there are no tax losses prior to the application of this regime.

## 13. INCOME AND EXPENSES

### 13.1. NET REVENUE

The breakdown of the net sum of the Group's revenue corresponding to its continuing operations per activity category is as follows:

| DESCRIPTION | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Income from leasing office spaces | 10,028,709.55 | 2,731,719.53 |
| Income from leasing parking spaces | 1,374,875.25 | 330,930.83 |
| Income from leasing retain spaces | 116,604.67 | 9,546.07 |
| Income from leasing warehouse spaces | 1,296.00 | - |
| Adjustments for linearisation of rent shortfalls, staggered rent and similar situations | 303,847.99 | 84,384.07 |
| Adjustments to income for occupancy incentives and lease formalisation costs | (77,890.49) | - |
| Income from re-invoicing of expenses | 3,603,793.21 | 891,165.50 |
| **Total** | **15,351,236.18** | **4,047,746.00** |

(*) Figures not audited.

All the details in the table above correspond to properties located in the Community of Madrid.

### 13.2. OTHER OPERATING EXPENSES

The breakdown of this heading at 31 December 2019 and 2018 is as follows:

| Outside services: | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Repair and maintenance costs | 723,673.56 | 74,147.53 |
| Independent professional services | 2,757,138.07 | 622,727.57 |
| Insurance premiums | 75,699.02 | 20,084.87 |
| Banking services | 67,105.24 | 3,091.78 |
| Advertising | 1,606.32 | - |
| Utilities | 1,208,551.98 | 12,166.26 |
| Other services | 1,483,707.55 | 306,234.24 |
| Taxes | 1,647,342.22 | 2,033.45 |
| **TOTAL** | **7,964,823.96** | **1,040,485.70** |

(*) Figures not audited.

The "Repairs and maintenance" heading includes expenses relating to investment property owned by the Group (see Note 7).

With respect to taxes, the corresponding breakdown would be as follows:

| Taxes | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Local taxes | 1,631,317.35 | - |
| Non-deductible VAT | 16,024.87 | 2,033.45 |
| **TOTAL** | **1,647,342.22** | **2,033.45** |

(*) Figures not audited.

The Group was exempted from Business Taxes in 2018 and 2019.

### 13.3. OTHER PROFIT/LOSS

During 2019, the Group received compensation totalling 1 million euros as a result of exercising the early termination option on the lease by one of the main lessees of a space in one of the Group's properties (see Note 7).

The amount of 1,520,000 euros of other profit/losses for 2018, correspond to the so-called Seller's Contribution, in accordance with point F of Clause 10 of deed 1085 (see Note 6), by which the seller paid said amount to the subsidiaries to cover capitalisable expenses in investment property and other items.

### 13.4. FINANCIAL PROFIT/LOSS

The breakdown of this heading for the period up to 31 December 2019, and with respect to 31 December 2018, is as follows:

| | 31/12/2018 | 31/12/2018 (*) |
|---|---|---|
| **Finance costs:** | **(7,286,976.03)** | **(3,603,804.66)** |
| Interest on loans with companies of the Group (see Note 14.1) | (3,185,852.55) | (3,164,407.56) |
| Interest on loans with financial institutions | (2,012,773.76) | (175,637.40) |
| Interest on financial derivatives (Swap) | (1,011,021.70) | (90,152.84) |
| Other finance costs | (1,077,328.02) | (173,606.86) |
| | | |
| **Exchange rate differences** | **(90.56)** | **-** |
| **Fair value variation in financial instruments (see Note 10.3)** | **(1,782,640.08)** | **(1,440,396.12)** |
| **TOTAL** | **(9,069,706.67)** | **(5,044,200.78)** |

(*) Figures not audited.

### 14. RELATED PARTIES

All transactions with related parties have been between the subsidiaries and the sole shareholder of the Parent Company, EPISO 4 REBOUND HOLDING, S.À.R.L. The transactions between the abovementioned parties are for financing and management services provided to the subsidiaries.

### 14.1. RELATED PARTY TRANSACTIONS AND BALANCES.

The transactions that took place in 2018 and 2019 were the following:

| | | | **31/12/2019** |
|---|---|---|---|
| **Company name** | **Type of relationship** | **Item** | **Amount** |
| EPISO Rebound Holding Sarl | Shareholder | Loan establishment | - |
| EPISO Rebound Holding Sarl | Shareholder | Accrued interest | 3,185,852.55 |
| EPISO Rebound Holding Sarl | Shareholder | Current transactions | 1,525,708.46 |
| **Total** | | | **4,711,561.01** |

| | | | **31/12/2018 (*)** |
|---|---|---|---|
| **Company name** | **Type of relationship** | **Item** | **Amount** |
| EPISO Rebound Holding Sarl | Shareholder | Loan establishment | 42,478,033.99 |
| EPISO Rebound Holding Sarl | Shareholder | Accrued interest | 3,164,407.56 |
| EPISO Rebound Holding Sarl | Shareholder | Current transactions | 332,206.76 |
| **Total** | | | **45,974,648.31** |

(*) Figures not audited.

Transactions with related parties regarding operations in the normal course of the Company's business and are carried out at market prices, which are similar to those applied to unrelated entities.

The breakdown of balances for financing with group companies is as follows:

| | **Type of relationship** | **Type of relationship** | **Related parties** | **% of holding** | **Loan principal (31/12/2019)** | **Accumulated interest (31/12/2019)** |
|---|---|---|---|---|---|---|
| **Orbis Cristalia 2&3, S.L.U.** | Bridge debt Interest-bearing loan | Shareholder | EPISO Rebound Holding S.à.r.l. | 100.00% | - | 532,978.96 |
| | Interest-bearing loan | | | | 9,918,239.00 | 943,127.67 |
| **Orbis Cristalia 5&6, S.L.U.** | Bridge debt Interest-bearing loan | | | | - | 541,014.49 |
| | Interest-bearing loan | | | | 10,144,029.00 | 964,612.16 |
| **Orbis Foxa 29, S.L.U.** | Bridge debt Interest-bearing loan | | | | - | 227,171.91 |
| | Interest-bearing loan | | | | 4,276,666.99 | 406,661.95 |
| **Orbis Jilt 6&14, S.L.U.** | Bridge debt Interest-bearing loan | | | | - | 415,521.79 |
| | Interest-bearing loan | | | | 7,100,499.00 | 675,203.92 |
| **Orbis de la Vega, S.L.U.** | Bridge debt Interest-bearing loan | | | | - | 594,318.55 |
| | Interest-bearing loan | | | | 11,038,600.00 | 1,049,648.70 |
| **TOTAL** | | | | | **42,478,033.99** | **6,350,260.11** |

| | Type of relationship | Type of relationship | Related parties | % of holding | Loan principal (31/12/2018) (*) | Accumulated interest (31/12/2018) (*) |
|---|---|---|---|---|---|---|
| Orbis Cristalia 2&3, S.L.U. | Bridge debt Interest-bearing loan | Shareholder | EPISO Rebound Holding S.à.r.l. | 100.00% | - | 532,978.96 |
| | Interest-bearing loan | | | | 9,918,239.00 | 199,259.75 |
| Orbis Cristalia 5&6, S.L.U. | Bridge debt Interest-bearing loan | | | | - | 541,014.49 |
| | Interest-bearing loan | | | | 10,144,029.00 | 203,809.99 |
| Orbis Foxa 29, S.L.U. | Bridge debt Interest-bearing loan | | | | - | 227,171.91 |
| | Interest-bearing loan | | | | 4,276,666.99 | 85,911.93 |
| Orbis Jilt 6&14, S.L.U. | Bridge debt Interest-bearing loan | | | | - | 415,521.79 |
| | Interest-bearing loan | | | | 7,100,499.00 | 142,666.49 |
| Orbis de la Vega, S.L.U. | Bridge debt Interest-bearing loan | | | | - | 594,318.55 |
| | Interest-bearing loan | | | | 11,038,600.00 | 221,753.70 |
| **TOTAL** | | | | | **42,478,033.99** | **3,164,407.56** |

(*) Figures not audited.

On 28 November 2018, the subsidiaries signed a series of loans granted by the Sole Shareholder of the Parent Company, i.e. EPISO Rebound Holding S.à.r.l., as described above, with maturity on 31 March 2024. At 31 December 2019 and 2018, the loans with the Parent Company's Sole Shareholder were as follows:

- Interest-bearing loan agreement between Orbis Cristalia 2&3, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 9,918,239.00 euros with an annual interest rate of 7.5%. At 31 December 2018, the maximum amount of 9,918,239.00 euros had been made available, an amount that was still available up to 31 December 2019, accruing interest of 943,127.67 euros (199,259.75 euros at 31 December 2018), which was accumulated to the principal of the loan.

- Interest-bearing loan agreement between Orbis Cristalia 5&6, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 10,144,029.00 euros with an annual interest rate of 7.5%. At 31 December 2018, the maximum amount of 10,144,029.00 euros had been made available, an amount that was still available up to 31 December 2019, accruing interest of 964,612.16 euros (203,809.99 euros at 31 December 2018), which was accumulated to the principal of the loan.

- Interest-bearing loan agreement between Orbis Foxa 29, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 4,276,666.99 euros with an annual interest rate of 7.5%. At 31 December 2018, the maximum amount of 4,276,666.99 euros had been made available, an amount that was still available up to 31 December 2019, accruing interest of 406,661.95 euros (85,911.93 euros at 31 December 2018), which was accumulated to the principal of the loan.

- Interest-bearing loan agreement between Orbis Jilt 6&14, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 7,100,499.00 euros with an annual interest rate of 7.5%. At 31 December 2018, the maximum amount of 7,100,499.00 euros had been made available, an amount that was still available up to 31 December 2019, accruing interest of 675,203.92 euros (142,666.49 euros at 31 December 2018), which was accumulated to the principal of the loan.

- Interest-bearing loan agreement between Orbis de la Vega, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 11,038,600.00 euros with an annual interest rate of 7.5%. At 31 December 2018, the maximum amount of 11,038,600.00 euros had been made available, an amount that was still available up to 31 December 2019, accruing interest of 1,049,648.70 euros (221,753.70 euros at 31 December 2018), which was accumulated to the principal of the loan.

- Bridge interest-bearing loan agreement between Orbis Cristalia 2&3, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 38,681,980.55 euros with an annual interest rate of 7.5%. In 2018, the maximum amount of 38,681,980.55 euros had been made available and paid on 30 November 2018 as a result of obtaining the loan described in Note 10.4, accruing interest of 532,978.96 euros up to the time of payment.

- Bridge interest-bearing loan agreement between Orbis Cristalia 5&6, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 39,265,897.73 euros with an annual interest rate of 7.5%. In 2018, the maximum amount of 39,265,897.73 euros had been made available and paid on 30 November 2018 as a result of obtaining the loan described in Note 10.4, accruing interest of 541,014.49 euros up to the time of payment.

- Bridge interest-bearing loan agreement between Orbis Foxa 29, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 16,486,779.52 euros with an annual interest rate of 7.5%. In 2018, the maximum amount of 16,486,779.52 euros had been made available and paid on 30 November 2018 as a result of obtaining the loan described in Note 10.4, accruing interest of 227,171.91 euros up to the time of payment.

- Bridge interest-bearing loan agreement between Orbis Cristalia 6&14, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 30,160,420.02 euros with an annual interest rate of 7.5%. In 2018, the maximum amount of 30,160,420.02 euros had been made available and paid on 30 November 2018 as a result of obtaining the loan described in Note 10.4, accruing interest of 415,521.79 euros up to the time of payment.

- Bridge interest-bearing loan agreement between Orbis de la Vega, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 43,132,899.18 euros with an annual interest rate of 7.5%. In 2018, the maximum amount of 43,132,899.18 euros had been made available and paid on 30 November 2018 as a result of obtaining the loan described in Note 10.4, accruing interest of 594,318.55 euros up to the time of payment.

The following is a breakdown of business transactions by Management Fees accrued with EPISO Rebound Holding S.à.r.l. at 31 December 2019 and 2018:

| | 31/12/2019 | 31/12/2018 (*) |
|---|---|---|
| Orbis Cristalia 2&3, S.L. | 357,714.95 | 77,888.62 |
| Orbis Cristalia 5&6, S.L. | 355,004.98 | 77,298.55 |
| Orbis Foxa 29, S.L. | 159,887.75 | 34,813.85 |
| Orbis Jilt 6&14, S.L. | 409,204.22 | 53,105.88 |
| Orbis de la Vega, S.L. | 243,896.56 | 89,099.86 |
| **TOTAL** | **1,525,708.46** | **332,206.76** |

(*) Figures not audited.

All invoices received during 2018 and 2019 were paid in the corresponding years and the outstanding balance is zero euros.

## 15. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Remuneration of the members of the Board of Directors

The members of the Board of Directors of the Parent Company and its subsidiaries have not received any remuneration in the form of profit-sharing or bonuses. They have also not received any shares or stock options during the year, nor have they exercised any options or have any options outstanding.

At 31 December 2019, as in 2018, no contributions had been made to pension funds or plans for former or current members of the Board of Directors of the Parent Company or its subsidiaries. Similarly, no obligations have been incurred for these items during 2019 or 2018.

At 31 December 2018 and 31 December 2018, the Parent Company and its subsidiaries had not made any payments or had not taken out any life insurance policies, nor had they taken out any insurance policies to cover the risk of death or civil liability.

b) Advances and loans to the members of the governing body

At 31 December 2019, as in 2018, no advances or loans had been granted to the members of the Company's governing body, nor was any balance maintained with them.

c) Remuneration and loans to senior executives

The members of senior management, who also form part of the Board of Directors of the Parent Company and its subsidiaries, earned a total of 18,000 euros at 31 December 2019 for their executive duties in the Parent Company and its subsidiaries (18,000 euros at 31 December 2018), invoiced through a trading company.

d) Information regarding conflicts of interest involving members of the Board of Directors.

In order to avoid situations of conflict of interest in the Company, the directors have throughout the year complied with the obligations set out in Article 228 of the revised text of the Spanish Companies Law. Furthermore, both said directors and the persons related to them have refrained from engaging in any of the situations of conflict of interest provided for in Article 229 of said Law, except in cases where the corresponding authorisation was obtained.

Neither the Company's directors nor persons connected to them, as defined in the Spanish Companies Law, held ownership interests in companies engaging in an activity that is identical, similar or complementary to the corporate purpose of the Company. The titles or positions held in such companies, where appropriate, are shown below:

| Director | Company | Interests | Title or position |
|---|---|---|---|
| Yves Barthels | Orbis de la Vega, S.L. | 0% | Joint and several director |
| Yves Barthels | Orbis Cristalia 5&6, S.L. | 0% | Joint and several director |
| Yves Barthels | Orbis Foxa 29, S.L. | 0% | Joint and several director |
| Yves Barthels | Orbis Jilt, S.L. | 0% | Joint and several director |
| Yves Barthels | Newsoms Invest, S.L. | 0% | Consultant (*) |
| Yves Barthels | CCP5 Curzon Holding, S.L. | 0% | Joint director |
| Yves Barthels | CCP5 Curzon Propco Manoteras, S.L. | 0% | Joint director |

| Director | Company | Interests | Title or position |
|---|---|---|---|
| Richard Orozco Law | Orbis de la Vega, S.L. | 0% | Joint and several director |
| Richard Orozco Law | Orbis Cristalia 5&6, S.L. | 0% | Joint and several director |
| Richard Orozco Law | Orbis Foxa 29, S.L. | 0% | Joint and several director |
| Richard Orozco Law | Orbis Jilt, S.L. | 0% | Joint and several director |
| Richard Orozco Law | Newsoms Invest, S.L. | 0% | Joint and several director (*) |
| Richard Orozco Law | CCP5 Curzon Holding, S.L. | 0% | Joint director |
| Richard Orozco Law | CCP5 Curzon Propco Manoteras, S.L. | 0% | Joint director |

(*) Joint and several director of this company until 26 March 2020.

## 16. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

The Group's risk management policies are established by the Board of Directors and management of the Group's financial risks is centralised in the Finance Department, which has mechanisms in place to control exposure to fluctuations in interest rates and exchange rates, and to credit and liquidity risks. Based on these policies, the Group has established a series of procedures and controls to identify, measure and manage the risks arising from its business activity.

The Group's activities are exposed to several kinds of financial risk: market risk (including interest rate risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns. The Group uses derivative financial instruments to hedge its exposure to certain risks.

The main financial risks affecting the Group are detailed below:

a)Market risk:

*Interest rate risk*

The Group's interest rate risk derives from its financial debt. Loans taken out with floating interest rates expose the Group's cash flows to the interest rate risk, which is offset by cash and cash equivalents held at floating rates.

The Group analyses its exposure to interest rates in an ongoing manner. Several scenarios are simulated, taking into account financing alternatives. Based on these scenarios, the Group calculates the impact of a certain change in interest rates on its profits (these scenarios are used only for liabilities

representing the most significant positions subject to interest rates). These analyses take into account:

- the economic setting in which the Group operates, designing different economic scenarios by modifying the key variables that could affect the Group (interest rates, share prices, occupancy rates of the investment properties, etc.).

- any inter-dependent variables identified and the degree to which they are linked.

- the timeframe in which the assessment is made, taking the time horizon of the analysis into consideration and any possible deviations.

Simulations are performed regularly so as to ensure that the maximum potential loss stays within the limits set by Management and the Directors of the Parent Company.

At 31 December 2019 and 2018, 100% of the financing in place with third parties is tied to floating rates, and the Group has set up certain derivative financial instruments to mitigate its exposure to fluctuations in interest rates (see Note 10.3). The Group's loans are denominated in euros.

b)Credit risk:

There is no significant concentration of credit risk, defined as the impact of impairment of accounts receivable on the consolidated income statement, within the Group companies. The Group has policies in place to ensure that sales and leases are undertaken with customers that have an appropriate credit history. In general, the Group keeps its cash on hand and cash equivalents at financial institutions with a high credit rating. Most of the leasing agreements concluded with the tenants are long-term agreements.

c)Liquidity risk:

Management and the Board of Directors of the Parent Company are responsible for managing the liquidity risk related to the ability to settle payment commitments and/or commitments arising from new investments. The specific maturity of the Group's financial instruments at 31 December 2019 is shown in Notes 8 and 10 of these consolidated financial statements.

Excess cash held by the Group is invested in current accounts that earn interest at a certain rate or in term deposits, choosing appropriate maturities or sufficient liquidity to afford the required comfort in line with the forecasts mentioned above. At 31 December 2019, the Group has the cash and cash equivalents indicated in Note 8.4.

## 17. OTHER INFORMATION

### 17.1. PERSONNEL STRUCTURE

The Group does not have any employees. As such, there were no personnel expenses, social security contributions or other personnel costs accrued in the year (2018: same situation).

The current Board of Directors of the Parent Company is made up of 3 men.

### 17.2. AUDIT FEES

The fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for the auditing of these consolidated financial statements amount to 45,700 euros, as well as 43,100 euros for the auditing of individual financial statements and other auditing services (2018: 0 euros).

In 2019, no fees were accrued by other companies in the PwC network (2018: same situation).

### 17.3. PROVISIONS AND CONTINGENCIES

At the date of preparation of these consolidated financial statements, the Parent Company's directors considered that no events had occurred that might make it necessary to allocate a provision or to disclose information about any contingencies.

## 18. ENVIRONMENTAL INFORMATION

The systems, equipment, facilities and expenses incurred by the Group for the protection and improvement of the environment were not significant at 31 December 2019 or at 31 December 2018.

The Parent' Company's directors considered that at 31 December 2019 and 2018 there were no contingencies relating to environmental protection and improvement that would have a significant impact on the consolidated financial statements. At present, the Group does not carry out activities that have a significant impact on the environment.

The Group has not received any environmental subsidies during the four-month period ended 31 December 2019 or 31 December 2018.

## 19. INFORMATION REQUIREMENTS DERIVING FROM THE STATUS OF SOCIMI (LAW 11/2009)

The Parent Company and its subsidiaries are in the process of formalising certain legal and formal requirements of the SOCIMI regime during the transition period established by Law 11/2009 of 26 October (see Note 2).

In compliance with the provisions of Article 11 of Law 11/2009 regulating Listed Real-Estate Market Investment Companies, as the Parent Company and its subsidiaries are covered by the SOCIMI regime, the following information is provided:

1- Reserves from previous years to the application of the tax regime established in Law 11/2009, modified by Law 16/2012 of 27 December.

   There are no reserves from previous years in which the tax regime established in Law 11/2009, as amended by Law 16/2012 of 27 December, has not been applied because the 2018 financial year in which the companies were incorporated was the same year as that from which the aforementioned special regime has been applied.

2- There are no reserves from years in which the special tax regime has been applicable, so there is no need to differentiate between the portion of income taxed at 0% or at the special rate of 19% and that which has been taxed at the general tax rate.

   At 31 December 2019, negative reserves are reflected (see Note 9).

3- As the profit/loss of the Parent Company and its subsidiaries in 2018 and 2019 was a loss, no dividends were distributed out of profits. No dividends were distributed from the profits of each year in which the tax regime established in this Law was applicable.

4- The distribution of dividends charged to reserves has not been agreed upon and, therefore, it is not appropriate to specify the financial year from which the applied reserve came and whether these were taxed at the 0% tax rate, or at the special 19% tax rate, or at the general tax rate.

5- No resolution date for distribution of the dividends mentioned in sections c) and d) above has been established.

6- Since the company made losses in 2018, no dividends were distributed.

7- The date of acquisition of the real estate properties intended for lease referred to in section 1, article 2, of this Act is indicated in Note 7 of these consolidated financial statements.

8- The assets calculated as part of the 80% referred to in section 1, article 3, of this Act are identified in Note 7.

9- Reserves carried forward from years in which the tax regime stipulated in this Act was applicable and capitalised during the tax period, but not for distribution or to offset losses, identifying the year in which the reserves arose: not applicable.

**MANDATORY DISTRIBUTION OF DIVIDENDS**

Given its status as a SOCIMI, and as set forth in article 27 of its articles of association, the Parent Company is required to distribute dividends of the profits earned during the year, after meeting the relevant commercial obligations, pursuant to article 6 of Law 11/2009, of 26 October, amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI").

## 20. BUSINESS COMBINATIONS

In 2018, on 7 August 2018, specifically, the Parent Company acquired 100% of the share units and voting rights of the subsidiaries for a total acquisition price of 15,000.00 euros (Note 3).

This transaction did not give rise to revaluation of the assets provided, intangible assets or goodwill because the fair value of the assets acquired (cash) was equal to the consideration given.

## 21. SEGMENT REPORTING

Since all the revenue-generating companies engage in the operation of real-estate investments under a rental system and they are all located in the Community of Madrid, there is no segmentation or classification based on relevant criteria that would provide any useful information not already provided in the other notes to these consolidated financial statements, because all the income and expenses are linked to the same segment: real-estate leasing.

## 22. EVENTS AFTER THE REPORTING PERIOD

On 29 January 2020 the Sole Shareholder resolved to make another contribution to the equity of the Parent Company, for a total of 100,000 euros.

On 27 February 2020, an asset accounted for under “Non-current assets - Investment properties” was derecognised from the balance sheet of the subsidiary Orbis JILT 6&14, S.L., which is 100% owned by the Parent Company (Note 3). The net carrying amount of the asset on the sale date was 16,086,212.63 euros, corresponding to the sale of the building located at Calle Juan Ignacio Luca de Tena, número 6, 28027 Madrid (“the Property”), as detailed in Note 7. The consideration received in the sale of the Property amounted to 21,000,000.00 euros, allocated to the following items:

- Payment on behalf of the seller to return the principal on the loans taken out with CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG for a total of 13,090,000.00 euros (6,545,000.00 euros with each bank).
- Payment on behalf of the seller of a total of 279,566.82 euros in interest accrued on the loans up to the time of sale and in early settlement fees related to the principal.
- Payment to the seller, Orbis JILT 6&14, S.L., of a total of 7,630,433.18 euros.

Since December 2019, COVID-19, a new coronavirus strain, has spread from China to other countries, including Spain. On 11 March 2020, the World Health Organisation declared the public health emergency situation brought about by the coronavirus (COVID-19) outbreak a global pandemic. Since then, national governments have responded by implementing policies and measures aimed at mitigating the virus and its economic impact on domestic markets and the global economy.

The rapid development of the events, both nationwide and worldwide, has led to an unprecedented health crisis, which will have an impact on the macroeconomic environment as well as on business performance. In order to address this situation, among other measures, the Government of Spain proceeded to declare a state of alarm through the enactment of Royal Decree 463/2020, of 14 March, and the approval of a number of extraordinary urgent measures aimed at addressing the economic and social impact of COVID-19, through Royal Decree-law 8/2020, of 17 March. In virtue of a series of Royal Decree-laws passed by the Government, business activities in sectors deemed non-essential were suspended. As of the reporting date of these consolidated financial statements, restrictions on mobility and passenger transport were in place as the main measures to stop the spread of COVID-19.

The impact that this is having on the Group’s operations is linked to the tenants’ inability to continue their business activities as usual, thus preventing the tenants from being able to pay the full rent amounts agreed. In response to this situation, in order to minimise the impact of COVID-19, the Group is currently negotiating with numerous tenants in response to their requests to negotiate rent grace periods or staggered rents for several months. As of the reporting date of these consolidated financial statements, certain agreements had already been reached for the establishment of new grace periods.

As of the reporting date of these consolidated financial statements, the subsidiaries are classifying the rent collection status of tenants into different scenarios. The situation is summarised in the table below, indicating the company and percentage of rents classified under each scenario:

| Subsidiary | Rent collected | Agreements for payment deferral | Grace periods negotiated with tenants | Pending collection or negotiation |
|---|---|---|---|---|
| **Orbis Cristalia 5&6, S.L.** | 32% | 0% | 39% | 29% |
| **Orbis Cristalia 2&3, S.L.** | 97% | 0% | 0% | 3% |
| **Orbis de la Vega, S.L.** | 97% | 0% | 3% | 0% |
| **Orbis Jilt 6&14, S.L.** | 34% | 0% | 64% | 2% |
| **Orbis Foxa 29, S.L.** | 69% | 5% | 0% | 26% |

Due to the drop in expected income, as of the reporting date of these consolidated financial statements, there is evidence that subsidiaries Orbis Cristalia 5&6, S.L. and Orbis Jilt 6&14, S.L. do not have sufficient liquidity to settle all the payments to be made during the months in which COVID-19 has the strongest impact. However, the Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations.

Nonetheless, the full economic impact of COVID-19 is as of yet unknown, and the Directors of the Parent Company continue to monitor the events and their impact on the Group. The Group's Directors are constantly in contact with their service providers to ensure the continuity of the Company's operations, and to assess its liquidity status and the obligations of lessees with which the subsidiaries have concluded leasing agreements and the financing obligations of the latter, as well as making assessments based on the value estimates contained in these financial statements. The necessary steps are being taken to address the situation and minimise its impact, considering that, based on the most recent estimates and the cash position to date, the situation does not affect application of the going concern principle.

In addition, the lenders of the borrowings described in Note 10 have granted the subsidiaries a waiver of compliance with the ratios stated in said Note until the second half of 2021.

The Parent Company considers that these events do not call for any adjustment to the consolidated financial statements for the year ended 31 December 2019, although they might have a significant impact on operations, and therefore, on its future profit/loss and cash flows. Because of the complexity and rapid evolution of the situation, it is not possible, at present, to quantify its potential impact on the Group with certainty, which, if any, will be recognised prospectively in the 2020 financial statements.

Moreover, on 3 April 2020, in virtue of the instrument bearing number 1372 of the notary records of notary Antonio de la Esperanza Rodríguez, in accordance with the resolution by the Sole Shareholder dated 26 March 2020, the share capital of the Parent Company was increased by 4,997,000 euros through the issuance of 4,997,000 new share units with a par value of 1 euro each, consecutively numbered from 3,001 to 5,000,000, which are fully subscribed and paid out against reserves (other shareholder contributions) for the purpose of complying with the terms of the SOCIMI regime (Note 2).

On the same date, in accordance with the decision of the Sole Shareholder dated 26 March 2020, the Parent Company was converted into a public limited company, converting its shares and changing its name, under an instrument witnessed by the notary Antonio de la Esperanza Rodríguez, under notary records number 1373. As a result of the foregoing, the Parent Company's name was changed from NEWSOMS INVEST, S.L. to ORBIS PROPERTIES SOCIMI, S.A., as of the date of preparation of these financial statements, having obtained the mandatory independent expert's report issued on 26 March 2020.

Furthermore, the Parent Company is currently in the process of being listed in the Paris EURONEXT index in 2020.

# Newsoms Invest, S.L. (Single-Member Company) and subsidiaries

## CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Company status: organisational structure and operation.

NEWSOMS INVEST, S.L., was incorporated on 5 July 2018 and is the parent of a corporate group (jointly, the Newsoms Invest Group). The Group's business activity consists of operating real-estate assets, mainly office buildings located in the Community of Madrid, under operating leases. 2018 was the first year for the Group, with eight buildings in its portfolio since they were acquired on 26 September 2018.

Since 6 April 2017, the Group has applied the regime established under Law 11/2009, of 26 October, amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies (SOCIMI), with retroactive effects starting from 1 January 2018, which in practice means that, when certain requirements are met, the Group is subject to a Corporate Income Tax rate of 0%. The Company expects to be listed in the Paris EURONEXT index by September of this year.

### 1.1. Balance sheet

Investment properties have remained virtually unchanged between the acquisition date and 31 December 2019, except for the inclusion of investments related to improvements and upgrades that are being added to the buildings in order to facilitate commercialisation of the spaces available for lease.

### 1.2. Income statement

Increases have been seen in most of the items on the consolidated income statement, mainly due to the fact that, unlike 2018, the Group had a full year of activity. During the year ended 31 December 2019, the sum of other operating expenses came to 7,964,823.96 euros (1,040,485.70 euros in 2018). The Group's revenue showed similar performance. The Group's finance income in said period was 9,069,706.67 euros (5,044,200.78 euros in 2018).

It should be noted that one of the most important lessees of the property owned by the subsidiary Orbis de la Vega, S.L., terminated the lease agreement before the end of 2019. The subsidiary Orbis de la Vega, S.L. has also received notice from another tenant of their decision to exercise their right to rescind the lease agreement in the first half of 2020.

In addition, there has been a reduction in the value of the property owned by the aforementioned subsidiary. The Company commissioned valuation reports from an independent expert in 2018 and another in 2019. The decrease in the value of the property between the two dates is mainly a result of changes in the assumptions relating to the exit yield and the discount rate, as well as the consideration in 2019 of a structural unoccupancy rate of 5% and, additionally, the change in the assumptions for the recovery of costs through the re-invoicing of lessees, all of which derive from the change in the environment and circumstances due to the reduction in the level of occupation of the property and in the conditions of the leases.

As a result of the investment recoverability analysis at the subsidiaries, at 31 December 2018 the Group recorded impairment totalling 7,846,387.10 euros. At 31 December 2019, the Group recognised further net impairment amounting to 5,385,387.86 euros.

### 2.Business Evolution

The Spanish economy continues on the path of recovery, showing greater than expected growth and reaching higher levels than other European economies. This is mainly due to private consumption,

which is what has driven this recovery. The high rate of business liquidations, prompting a slight drop in real-estate market demand, as well as political uncertainty, are ongoing risks that must be faced in order for economic recovery to improve.

However, the outbreak of the COVID-19 virus is exposing the real-estate sector to certain difficulties resulting from the impact of the different royal decrees passed (see section 8 herein), thus leading to the shut-down of some sectors and confinement of the population. Because of this situation, negotiations are now underway between the subsidiaries and certain tenants that are having difficulties in paying the rent, in order to minimise the impact of COVID-19. As a result of these negotiations, new grace periods are being stipulated for the affected periods in exchange for extending the occupancy terms in the spaces and other similar conditions.

**3.Main risks and uncertainties**

Because of the type of business in which the Group engages, its activities are exposed to a range of financial risks (including the foreign currency risk, interest rate risk and price risk).

Risk management is monitored by the Directors of the Parent Company, who assess the financial risks and hedge them in line with approved policies. The Directors provide written policies for overall risk management.

The uncertainty caused by the impact of COVID-19 is being managed in conjunction with the tenants that currently occupy the spaces.

The NEWSOMS INVEST Group is financed with funds received from group companies and related parties, in addition to financing from banks granted jointly by CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG.

As the Group companies are subject to the special tax regime for SOCIMI (“LSOCIMI”, Spanish acronym), they are required to distribute at least 80% of their profits as dividends paid to their shareholders pursuant to the legal obligation stipulated in Law 16/2012.

The main objectives of the Group's capital management are to ensure short- and long-term financial stability, adequate financing of investments and reduction of debt levels. The Board of Directors of the Parent Company considers the level of debt to be appropriate.

The Group’s risk management policies are established by the Board of Directors and management of the Group’s financial risks is centralised in the Finance Department, which has mechanisms in place to control exposure to fluctuations in interest rates and exchange rates, and to credit and liquidity risks. Based on these policies, the Group has established a series of procedures and controls to identify, measure and manage the risks arising from its business activity.

The Group’s activities are exposed to several kinds of financial risk: market risk (including interest rate risk), credit risk and liquidity risk. The Group’s global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns. The Group uses derivative financial instruments to hedge its exposure to certain risks.

The main financial risks affecting the Group are detailed below:

<u>a)Market risk:</u>

*Interest rate risk*

The Group’s interest rate risk derives from its financial debt. Loans taken out with floating interest rates

expose the Group's cash flows to the interest rate risk, which is offset by cash and cash equivalents held at floating rates.

The Group analyses its exposure to interest rates in an ongoing manner. Several scenarios are simulated, taking into account financing alternatives. Based on these scenarios, the Group calculates the impact of a certain change in interest rates on its profits (these scenarios are used only for liabilities representing the most significant positions subject to interest rates). These analyses take into account:

- the economic setting in which the Group operates, designing different economic scenarios by modifying the key variables that could affect the Group (interest rates, share prices, occupancy rates of the investment properties, etc.).

- any inter-dependent variables identified and the degree to which they are linked.

- the timeframe in which the assessment is made, taking the time horizon of the analysis into consideration and any possible deviations.

Simulations are performed regularly so as to ensure that the maximum potential loss stays within the limits set by Management and the Directors of the Parent Company.

At 31 December 2019 and 2018, 100% of the financing in place with third parties is tied to floating rates, and the Group has set up certain derivative financial instruments to mitigate its exposure to fluctuations in interest rates. The Group's loans are denominated in euros.

b)Credit risk:

There is no significant concentration of credit risk, defined as the impact of impairment of accounts receivable on the consolidated income statement, within the Group companies. The Group has policies in place to ensure that sales and leases are undertaken with customers that have an appropriate credit history. In general, the Group keeps its cash on hand and cash equivalents at financial institutions with a high credit rating. Most of the leasing agreements concluded with the tenants are long-term agreements.

c)Liquidity risk:

Management and the Board of Directors of the Parent Company are responsible for managing the liquidity risk related to the ability to settle payment commitments and/or commitments arising from new investments. The specific maturity of the Group's financial instruments at 31 December 2019 is shown in Notes 8 and 10 of the consolidated financial statements.

Excess cash held by the Group is invested in current accounts that earn interest at a certain rate or in term deposits, choosing appropriate maturities or sufficient liquidity to afford the required comfort in line with the forecasts mentioned above. At 31 December 2019, the Group has the cash and cash equivalents indicated in Note 8.4 of the notes to the consolidated financial statements.

**Fair value estimation**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Techniques such as discounted cash flow estimates are used to determine the fair value of financial instruments.

The carrying amount of trade payables and receivables is assumed to be near their fair value. For the purposes of financial reporting disclosures, the fair value of financial liabilities is estimated by discounting future contractual cash flows.

The table below includes an analysis of financial instruments that are valued at fair value, classified by the valuation method. The different levels have been defined as follows:

- Listed prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Data other than the listed price included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).
- Data for assets or liabilities that are not based on observable market data (i.e. unobservable data) (Level 3).

| | 31 December 2019 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **Non-current:** | | | |
| Derivative financial instruments (see Note 10.3) | - | (3,223,036.20) | - |

| | 31 December 2018 (*) | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **Non-current:** | | | |
| Derivative financial instruments (see Note 10.3) | - | (1,440,396.12) | - |

(*) Figures not audited.

The table sets out the Group's financial liabilities valued at fair value. The fair value of interest-rate swaps is calculated as the present value of future estimated cash flows based on estimated interest rate curves.

See Note 7 of the notes to the consolidated financial statements for details on the fair value of investment properties.

## 4. Procedures and controls

Risks related to the possibility of inadequate leadership and management of the Group, which could lead to an infringement of Spanish laws, are included in this category. Specifically, this includes Law 5/2010 and the amendments enacted in the Reform of the Criminal Code in reference to the criminal liability of companies, as well as Law 31/2014, which reforms the Spanish Companies Law as regards new duties and responsibilities of Directors.

The implementation of risk management policies in the Group is a process driven by the Directors, for which each and every member of the Group is responsible, aimed at providing reasonable assurance that the objectives set by the Group will be accomplished and offering the shareholders (or the sole shareholder, before the Company was converted into a public limited company. on 3 April 2020), other stakeholders and the market in general appropriate guarantees to ensure that the value generated will be safeguarded.

## 5. Research and Development Activities

The Group has not performed any R&D activities during the years ended 31 December 2018 and 2019.

## 6. Outlook

As the impact of the COVID-19 crisis slowly subsides, profits are expected to increase gradually, bolstered by reduced operating costs and higher occupancy levels.

## 7. Treasury Shares

The Group owns no treasury shares, nor have any transactions with them been conducted in 2019 or 2018.

## 8. Events after the reporting period

On 29 January 2020 the Sole Shareholder resolved to make another contribution to the Company's equity, for a total of 100,000 euros.

On 27 February 2020, an asset accounted for under "Non-current assets - Investment properties" was derecognised from the balance sheet of the subsidiary Orbis JILT 6&14, S.L., which is 100% owned by the Parent Company. The net carrying amount of the asset on the sale date was 16,086,212.63 euros, corresponding to the sale of the building located at Calle Juan Ignacio Luca de Tena, número 6, 28027 Madrid ("the Property"), as detailed in Note 7. The consideration received in the sale of the Property amounted to 21,000,000.00 euros, allocated to the following items:

- Payment on behalf of the seller to return the principal on the loans taken out with CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK AG for a total of 13,090,000.00 euros (6,545,000.00 euros with each bank).
- Payment on behalf of the seller of a total of 279,566.82 euros in interest accrued on the loans up to the time of sale and in early settlement fees related to the principal.
- Payment to the seller, Orbis JILT 6&14, S.L., of a total of 7,630,433.18 euros.

Since December 2019, COVID-19, a new coronavirus strain, has spread from China to other countries, including Spain. On 11 March 2020, the World Health Organisation declared the public health emergency situation brought about by the coronavirus (COVID-19) outbreak a global pandemic. Since then, national governments have responded by implementing policies and measures aimed at mitigating the virus and its economic impact on domestic markets and the global economy.

The rapid development of the events, both nationwide and worldwide, has led to an unprecedented health crisis, which will have an impact on the macroeconomic environment as well as on business performance. In order to address this situation, among other measures, the Government of Spain proceeded to declare a state of alarm through the enactment of Royal Decree 463/2020, of 14 March, and the approval of a number of extraordinary urgent measures aimed at addressing the economic and social impact of COVID-19, through Royal Decree-law 8/2020, of 17 March. In virtue of a series of Royal Decree-laws passed by the Government, business activities in sectors deemed non-essential were suspended. As of the reporting date of these consolidated financial statements, restrictions on mobility and passenger transport were in place as the main measures to stop the spread of COVID-19.

The impact that this is having on the Group's operations is linked to the tenants' inability to continue their business activities as usual, thus preventing the tenants from being able to pay the full rent amounts agreed. In response to this situation, in order to minimise the impact of COVID-19, the Group is currently negotiating with numerous tenants in response to their requests to negotiate rent grace periods or staggered rents for several months. As of the reporting date of these consolidated financial statements, certain agreements had already been reached for the establishment of new grace periods.

As of the reporting date of these consolidated financial statements, the subsidiaries are classifying the rent collection status of tenants into different scenarios. The situation is summarised in the table below, indicating the company and percentage of rents classified under each scenario:

| Subsidiary | Rent collected | Agreements for payment deferral | Grace periods negotiated with tenants | Pending collection or negotiation |
|---|---|---|---|---|
| **Orbis Cristalia 5&6, S.L.** | 32% | 0% | 39% | 29% |
| **Orbis Cristalia 2&3, S.L.** | 97% | 0% | 0% | 3% |

| Subsidiary | Rent collected | Agreements for payment deferral | Grace periods negotiated with tenants | Pending collection or negotiation |
|---|---|---|---|---|
| **Orbis de la Vega, S.L.** | 97% | 0% | 3% | 0% |
| **Orbis Jilt 6&14, S.L.** | 34% | 0% | 64% | 2% |
| **Orbis Foxa 29, S.L.** | 69% | 5% | 0% | 26% |

Due to the drop in expected income, as of the reporting date of these consolidated financial statements, there is evidence that subsidiaries Orbis Cristalia 5&6, S.L. and Orbis Jilt 6&14, S.L. do not have sufficient liquidity to settle all the payments to be made during the months in which COVID-19 has the strongest impact. However, the Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations.

Nonetheless, the full economic impact of COVID-19 is as of yet unknown, and the Directors of the Parent Company continue to monitor the events and their impact on the Group. The Group's Directors are constantly in contact with their service providers to ensure the continuity of the Company's operations, and to assess its liquidity status and the obligations of lessees with which the subsidiaries have concluded leasing agreements and the financing obligations of the latter, as well as making assessments based on the value estimates contained in these financial statements. The necessary steps are being taken to address the situation and minimise its impact, considering that, based on the most recent estimates and the cash position to date, the situation does not affect application of the going concern principle.

In addition, the lenders of the borrowings described in Note 10 of these consolidated financial statements for 2019 have granted the subsidiaries a waiver of compliance with the ratios stated in said Note until the second half of 2021.

The Parent Company considers that these events do not call for any adjustment to the consolidated financial statements for the year ended 31 December 2019, although they might have a significant impact on operations, and therefore, on its future profit/loss and cash flows. Because of the complexity and rapid evolution of the situation, it is not possible, at present, to quantify its potential impact on the Group with certainty, which, if any, will be recognised prospectively in the 2020 financial statements.

Moreover, on 3 April 2020, in virtue of the instrument bearing number 1372 of the notary records of notary Antonio de la Esperanza Rodríguez, in accordance with the resolution by the Sole Shareholder dated 26 March 2020, the share capital of the Parent Company was increased by 4,997,000 euros through the issuance of 4,997,000 new share units with a par value of 1 euro each, consecutively numbered from 3,001 to 5,000,000, which are fully subscribed and paid out against reserves (other shareholder contributions) for the purpose of complying with the terms of the SOCIMI regime.

On the same date, in accordance with the decision of the Sole Shareholder dated 26 March 2020, the Parent Company was converted into a public limited company, converting its shares and changing its name, under an instrument witnessed by the notary Antonio de la Esperanza Rodríguez, under notary records number 1373. As a result of the foregoing, the Parent Company's name was changed from Newsoms Invest, S.L. to Orbis Properties SOCIMI, S.A., as of the date of preparation of these financial statements, having obtained the mandatory independent expert's report issued on 26 March 2020.

Furthermore, the Parent Company is currently in the process of being listed in the Paris EURONEXT index in 2020.

## NEWSOMS INVEST, S.L. (Single-Member Company) and subsidiaries

### PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

On **June 26th 2020** the Board of Directors of NEWSOMS INVEST, S.L., pursuant to the provisions of article 253 of the Spanish Companies Law and article 44 of the Code of Commerce, drew up the consolidated financial statements of NEWSOMS INVEST, S.L. and subsidiaries and the consolidated directors' report for the year ended 31 December 2019, consisting of the pages preceding this certification.

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Yves Barthels

Board member

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Jean-Philippe Jean Jacques
Board member

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Romain Pierre Andre
Delvert

Board member