Vía Célere Desarrollos Inmobiliarios, S.A.

€300,000,000 5.25 % Senior Secured Notes due 2026

LISTING SUPPLEMENT

This listing supplement dated April 1, 2021 (the "**Listing Supplement**") is prepared in connection with the issuance by Vía Célere Desarrollos Inmobiliarios, S.A., a *sociedad anónima* organized under the laws of Spain (the "**Issuer**"), of €300,000,000 in aggregate principal amount of its 5.25% Senior Secured Notes due 2026 (the "**Notes**").

The Notes were issued on March 25, 2021. The terms and conditions of the Notes are described in the offering memorandum dated March 18, 2021 (the "**Offering Memorandum**"). The Offering Memorandum, together with this Listing Supplement, constitutes listing particulars for the purpose of listing the Notes on the Global Exchange Market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**").

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market.

These listing particulars have been approved by Euronext Dublin. Such approval relates only to the Notes which are to be admitted to trading on the Global Exchange Market. There can be no assurance that such listing will be maintained.

The Issuer has prepared this Listing Supplement solely for the purpose of its application to list the Notes on Euronext Dublin. The Issuer accepts responsibility for the information in this Listing Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

Capitalized terms used but not defined in this Listing Supplement shall have the meaning given to them in the Offering Memorandum.

Additional Listing Information

For the year ended December 31, 2020, the Issuer, Vía Célere, S.L.U. and Maywood Invest, S.L.U. each had Adjusted EBITDA of €53.5 million, €29.2 million and €19.1 million respectively, representing 57.3%, 31.3% and 20.5%, respectively of our consolidated Adjusted EBITDA (consolidated Adjusted EBITDA was €93.4 million), and as of December 31, 2020, each had total assets of €1,310.6 million, €15.8 million and €36.4 million, respectively, representing 87.4%, 1.1% and 2.4%, respectively, of our consolidated total assets (consolidated total assets were €1,499.3 million) and total liabilities of €649.3 million, €25.3 million and €41.5 million, respectively, representing 95.6%, 3.7% and 6.1%, respectively, of our consolidated total liabilities (consolidated total liabilities were €679.6 million).

The Audited Consolidated Annual Accounts of the Group presented in the Offering Memorandum include the Issuer, the Subsidiary Guarantors and the non-Guarantor subsidiary companies of the Issuer.

Maywood Invest, S.L.U. and Vía Célere, S.L.U. were formed on November 21, 2013 and March 19, 2007, respectively.

April 1, 2021

Important Notice

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("*QIBs*") UNDER RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*") OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) OUTSIDE OF THE UNITED STATES (AND, IF INVESTORS ARE RESIDENT IN (I) A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "*EEA*"), QUALIFIED INVESTORS, AS SUCH TERM IS DEFINED IN REGULATION (EU) 2017/1129 (THE "*PROSPECTUS REGULATION*") OR (II) THE UNITED KINGDOM (THE "*UK*"), QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "*EUWA*") (*THE "UK PROSPECTUS REGULATION*")).

You must read the following disclaimer before continuing: The following applies to the offering memorandum (the "*offering memorandum*") following this disclaimer whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your Representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act; provided that investors that are resident in (i) a Member State of the EAA, you are a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation or (ii) the UK, are a qualified investor as defined in the UK Prospectus Regulation. The offering memorandum is being sent at your request and by accepting the e-mail or other electronic transmission and accessing the offering memorandum, you shall be deemed to have represented to us and to the Initial Purchasers set forth in the attached offering memorandum (the "*Initial Purchasers*") that (1) you and any customers you represent are either (a) QIBs or (b) that the electronic mail address that you gave the Initial Purchasers and to which the offering memorandum has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia; (2) if you are resident in (i) a Member State of the EEA, you are a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation or (ii) the UK, you are a qualified investor as defined in the UK Prospectus Regulation; and (3) that you consent to delivery of the offering memorandum by electronic transmission.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person.

Under no circumstances shall the offering memorandum constitute an offer to sell or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

The information in the attached offering memorandum is not complete and may be changed. The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchasers nor any person who controls them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

Professional investors and ECPs Only Target Market (EEA): Solely for the purposes of the manufacturers' product approval process of the manufacturers, the target market assessment in respect of the debt securities described in the offering memorandum has led to the conclusion that: (i) the target market for such debt securities is eligible counterparties ("*ECPs*") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "*MiFID II*"); and (ii) all channels for distribution of such debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "*distributor*") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such debt securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Professional investors and ECPs Only Target Market (UK): Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the debt securities has led to the conclusion that: (i) the target market for the debt securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("*COBS*"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("*UK MiFIR*"); and (ii) all channels for distribution of the debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the debt securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the debt securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors: The debt securities described in the offering memorandum are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the "*Insurance Distribution Directive*"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the debt securities described in the offering memorandum or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the debt securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the securities in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from a requirement to publish a prospectus for offers of securities. The offering memorandum is not a prospectus for the purpose of the Prospectus Regulation.

Prohibition of Sales to UK Retail Investors: The debt securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the U.K. Financial Services and Markets Act 2000 (the "*FSMA*") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the debt securities or

otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the debt securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. The offering memorandum has been prepared on the basis that any offer of the securities in the UK will be made pursuant to an exemption under the under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of securities. The offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

The offering memorandum is being distributed only to and directed only at (i) persons who are outside the UK, (ii) persons who have professional experience in matters relating to investments and fall within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (as amended, the "*Financial Promotion Order*"), (iii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iv) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue of any securities may otherwise lawfully be communicated or caused to be communicated, or (v) those persons to whom they may otherwise lawfully be distributed (all such persons referred to in (i) through (v) together being referred to as "*relevant persons*"). The offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The attached offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer (as defined herein).

Vía Célere Desarrollos Inmobiliarios, S.A.

€300,000,000 5.25% Senior Secured Notes due 2026

Issue price: 100.000% plus accrued interest, if any, from the Issue Date.

Vía Célere Desarrollos Inmobiliarios, S.A., a public limited liability company (*sociedad anónima*) formed under the laws of Spain (the "*Issuer*") is offering (the "*Offering*") €300,000,000 aggregate principal amount of its 5.25% senior secured notes due 2026 (the "*Notes*").

Interest on the Notes will be paid semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2021. The Notes will mature on April 1, 2026.

We intend to allocate an amount equal to the net proceeds of the Offering for Eligible Green Projects (as defined in "*Green Bond Framework*"). We will use the gross proceeds of the Notes as set forth in "*Use of Proceeds*." The Issuer believes the Notes meet the environmental eligibility criteria for green bonds as defined by the Green Bond Principles, as published by the International Capital Market Association.

Prior to April 1, 2023, the Issuer will be entitled at its option to redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of such Notes plus the applicable "*make whole*" premium described in this offering memorandum (the "*offering memorandum*"), plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

On or after April 1, 2023, the Issuer will be entitled at its option, upon not less than 10 nor more than 60 days' notice, to redeem all or a portion of the Notes at the redemption prices set forth under "*Description of Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to April 1 , 2023, the Issuer will be entitled at its option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including any additional Notes) using the net cash proceeds from certain equity offerings at a redemption price equal to 105.25% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, so long as at least 50% of the aggregate principal amount of the Notes (including any additional Notes) remains outstanding after each such redemption and each such redemption occurs within 180 days after the date of the relevant equity offering.

The Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all or part of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. However, a change in control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. See "*Description of Notes*."

The Notes will be the Issuer's senior obligations and will be guaranteed (i) on the Issue Date (as defined herein) by Maywood Invest, S.L.U. and Vía Célere, S.L.U. (collectively, the "*Subsidiary Guarantors*") and (ii) within 30 days following the Issue Date by Vía Célere Holdco, S.L. a newly formed private limited liability company (*sociedad de responsabilidad limitada*) to be formed under the laws of Spain (the "*Parent Guarantor*" and together with the Subsidiary Guarantors, the "Guarantors"). The obligations of each Guarantor under its guarantee (each a "*Guarantee*") will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

On the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law governed *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Issuer, (b) a Spanish law governed *in rem* right of pledge over material bank accounts of the Issuer opened and maintained in Spain; (c) a Spanish law governed *in rem* right of pledge over the entire issued share capital of Maywood Invest, S.L.U.; (d) a Spanish law governed *in rem* right of pledge over the entire issued share capital of Vía Célere, S.L.U.; (e) a Spanish law governed *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Maywood Invest, S.L.U.; (f) a Spanish law governed *in rem* right of pledge over material bank accounts of Maywood Invest, S.L.U. opened and maintained in Spain; (g) a Spanish law governed in rem right of pledge in respect of intercompany loan receivables (if any) owed to Vía Célere, S.L.U.; and (h) a Spanish law governed *in rem* right of pledge over material bank accounts of Vía Célere, S.L.U. opened and maintained in Spain (collectively, the "*Issue Date Collateral*"). Within 30 days of the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law governed *in rem* right of pledge over the entire issued share capital of the Issuer; (b) a Spanish law governed *in rem* right of pledge over material bank accounts of the Parent Guarantor opened and maintained in Spain; and (c) a Spanish law governed *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Parent Guarantor (collectively, the "*Post-Closing Collateral*" and together with the Issue Date Collateral, the "*Collateral*"). The maximum secured amount under the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. See "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

The Notes and the Guarantees will be secured by first-ranking security interests over substantially the same assets that secure the Revolving Credit Facility. See "*Summary—The Offering—Collateral*" and "*Description of Notes—Security*". Pursuant to the terms of the Intercreditor Agreement (as defined herein), the Revolving Credit Facility and certain hedging obligations will be secured on a "super priority" basis and in the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations have been repaid in full. See "*Description of Notes—Security*."

This offering memorandum includes information on the terms of the Notes and the Guarantees, security, covenants and transfer restrictions. For a detailed description of the Notes, see "*Description of Notes*."

There is currently no public market for the Notes. Application will be made to the Irish Stock Exchange plc (trading as Euronext Dublin) (the "*Exchange*") for the Notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange-regulated market of Euronext Dublin and is not a regulated market for purposes of Directive 2014/65/EU. There can be no assurance that the Notes will be, or will remain, listed on the Exchange and admitted to trading on the Global Exchange Market.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 36.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*") or the securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantees are being offered and sold inside the United States only to qualified institutional buyers ("*QIBs*") in accordance with Rule 144A under the U.S. Securities Act ("*Rule 144A*") and outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S under the U.S. Securities Act ("*Regulation S*"). Prospective purchasers that are QIBs are hereby notified that the sellers of the Notes may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. Outside the United States, sellers may be relying on Regulation S. For a description of certain restrictions on transfers of the Notes, please see "*Plan of Distribution*" and "*Notice to Investors*."

The Notes will be issued in the form of one or more global notes in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. See "*Book-Entry; Delivery and Form*." We expect that the Notes will be delivered in book-entry form through the facilities of Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking, S. A. ("*Clearstream*") on or about March 25, 2021 (the "*Issue Date*").

Global Coordinators and Bookrunners

J.P. Morgan **Deutsche Bank**

Passive Bookrunners

Credit Suisse **Santander** **CaixaBank** **BBVA** **Banco Sabadell**

Green Structuring Agent

J.P. Morgan

The date of this offering memorandum is March 18, 2021.

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Important Information

You should rely only on the information contained in this offering memorandum. The Issuer and the Guarantors have not, and J.P. Morgan AG, Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander, S.A., CaixaBank, S.A., Deutsche Bank Aktiengesellschaft and Credit Suisse Securities, Sociedad de Valores, S.A. (the "*Initial Purchasers*") have not, authorized anyone to provide prospective investors with information that is different from the information contained herein, and you should not rely on any such other information. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum. Our business, financial condition and results of operations may have changed since the relevant date.

None of the Issuer, the Guarantors or the Initial Purchasers are making an offer of the Notes in any jurisdiction where such offer is not permitted.

In making an investment decision regarding the Notes offered by this offering memorandum, you must rely on your own examination of our business and the terms of the Offering, including the merits and risks involved. Any decision to purchase Notes in the Offering must be based on the information contained in this offering memorandum.

You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. None of the Issuer, the Guarantors, any Initial Purchaser, the Trustee or the Security Agent is making any representation to you regarding the legality of an investment in the Notes by you under applicable legal investment or similar laws.

No representation or warranty, express or implied, is made by the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent or the Registrar or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent or the Registrar or their respective directors, affiliates, advisors and agents, whether as to the past or the future. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent or the Registrar or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent or the Registrar represents that the information in this offering memorandum is complete. We will make copies of certain actual documents available to you upon request. See "*Available Information*."

No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this offering memorandum is accurate as of the date hereof. Neither the delivery of this offering memorandum at any time nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in the business of the Issuer or the Guarantors since the date of this offering memorandum.

The Issuer is making the Offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes (the "*Purchase Agreement*"). The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The Issuer is offering the Notes, and the Guarantors are issuing the Guarantees, in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public

offering. If you purchase the Notes, you will be deemed to have made certain acknowledgements, representations and warranties as detailed under "*Notice to Investors*." You may be required to bear the financial risk of an investment in the Notes for an indefinite period.

The distribution of this offering memorandum and the offer and sale of the Notes are restricted by law in some jurisdictions. This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor any Initial Purchaser shall have any responsibility to make any such consents, approvals or permissions. See "*Notice to Certain European Investors*," "*Plan of Distribution*" and "*Notice to Investors*."

You agree that you will hold the information contained in this offering memorandum and the transactions contemplated hereby in confidence. You may not distribute this offering memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

Neither the U.S. Securities and Exchange Commission (the "*SEC*"), any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense. Application will be made for the Notes to be listed on the Official List of the Exchange and admitted to trading on the Global Exchange Market, and the Issuer will submit this offering memorandum to the Exchange in connection with the listing application. Any investor or potential investor should not base any investment decision relating to the Notes after publication of the listing particulars on the information contained in this offering memorandum and should refer instead to those listing particulars. This offering memorandum may be used only for the purposes for which it has been published.

The Issuer and the Guarantors accept responsibility for the information contained in this offering memorandum. The Issuer and the Guarantors have made all reasonable inquiries and confirm to the best of their knowledge, information and belief that the information contained in this offering memorandum with regard to each of them, their respective subsidiaries and affiliates, and the Notes is true and accurate in all material respects; that the opinions and intentions expressed in this offering memorandum are honestly held; and that they are not aware of any other facts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect.

The Issuer, the Guarantors and the Initial Purchasers make no assurances as to (i) whether the Notes offered hereby will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether an amount equal the net proceeds will be used for the Eligible Green Projects (as defined herein), (iii) the characteristics of the Eligible Green Projects, including their environmental and sustainability criteria or (iv) the suitability of the Second Party Opinion (as defined herein) or the Notes to fulfill such environmental and sustainability criteria. The Initial Purchasers have not undertaken, nor are responsible for, any assessment of the Eligible Green Projects, any verification of whether the Eligible Green Projects meet the eligibility criteria of our Green Bond Framework (as defined herein) or any monitoring of the use of proceeds. The Second Party Opinion and the Green Bond Framework are not incorporated into and do not form part of this offering memorandum. See "*Risk Factors — Risks Relating to the Notes and the Guarantees — We may use or allocate an amount equal to the net proceeds from the Offering in ways with which you may not agree*."

The information set out in those sections of the offering memorandum describing clearing and settlement, including the section entitled "*Book-Entry; Delivery and Form*", is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer, the Guarantors, the Trustee, the Paying Agent, the Registrar or the Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Notice to U.S. Investors

The Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements. See "*Notice to Investors*."

This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "*qualified institutional buyers*" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the U.S. in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The Notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the U.S. or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the U.S. or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

Notice to Certain European investors

European Economic Area

In relation to each Member State of the EEA (as defined below) (each, a "*Member State*"), each Initial Purchaser has represented and agreed, severally and not jointly, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "*retail investor*" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II (as defined below); or

(ii) a customer within the meaning of the Insurance Distribution Directive (as defined below) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (the "*Prospectus Regulation*").

MIFID II Product Governance / Professional Investors and Eligible Counterparties

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of any of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU as amended ("*MiFID II*") and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "*distributor*") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("*EEA*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "*Insurance Distribution Directive*"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the Notes in any Member State will be made

pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefore.

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA that is subject to the Prospectus Regulation will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes.

United Kingdom

In relation to the United Kingdom (the "*UK*"), each Initial Purchaser has represented and agreed, severally and not jointly, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("*EUWA*"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the *"UK Prospectus Regulation*").

UK Product Governance / Professional Investors and Eligible Counterparties

Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the debt securities has led to the conclusion that: (i) the target market for the debt securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("*COBS*"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("*UK MiFIR*"); and (ii) all channels for distribution of the debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the debt securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the debt securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPs Regulation / Prohibition of Sales to UK Retail Investors

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the UK, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "*Financial Promotion Order*"), (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000), in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "*relevant persons*"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. The Notes are not being offered or sold to any person in the UK, except in circumstances which will not result in an offer of securities to the public in the UK within the meaning of Part VI of the Financial Services and Markets Act 2000.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the UK Prospectus Regulation from a requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

Spain

This offering memorandum has not been and will not be registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Therefore, the Notes must not be offered or sold or distributed in Spain, nor must any subsequent resale of the Notes be carried out, or publicity or marketing of any kind be made in Spain, in relation to the Notes except (a) in circumstances which do not require the publication of a prospectus in accordance with the Prospectus Regulation or do not qualify as a public offering (*oferta pública*) of securities in accordance with article 35 of the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23, 2015 (*Texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*), as amended and restated from time to time (the "Spanish Securities Market Act"), or pursuant to an exemption from registration in accordance with Royal Decree 1310/2005 of November 4, 2005 on admission to listing and on issues and public offers of securities (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, de Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and supplemental rules enacted thereunder or in substitution thereof from time to time; and (b) by institutions authorized to provide investment services in Spain under Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, the Spanish Securities Market Act (and related legislation) and Royal Decree 217/2008 of February 15, 2008 on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Switzerland

This offering memorandum, as well as any other material relating to the Notes which are the subject of the offering of the Notes contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange Ltd. or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss

Exchange Ltd. and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. The Notes are being offered in Switzerland by way of a private placement (i.e., to a small number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This offering memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This offering memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly or indirectly be distributed or made available to other persons without the Issuer's express consent. This offering memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Canada

This offering memorandum constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes, as more fully described herein. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this offering memorandum on the merits of the Notes and any representation to the contrary is an offence.

Resale Restrictions

The offer and sale of the Notes in Canada are being made on a private placement basis only and are exempt from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of Notes acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada.

Representations of Canadian Purchasers

Each Canadian investor who purchases the Notes will be deemed to have represented to the Issuer, the Initial Purchasers and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Conflicts of Interest

Canadian purchasers are hereby notified that the Initial Purchasers are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105—*Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this offering memorandum.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this offering memorandum does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Notes or with respect to the eligibility of the Notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Hong Kong

Each Initial Purchaser (i) has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the "*SFO*") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of that CO; and (ii) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "*SFA*")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision of the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

Stabilization

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, J.P. MORGAN AG (THE "*STABILIZING MANAGER*") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Forward-looking Statements

This offering memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this offering memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial condition and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*aim*," "*anticipate*," "*believe*," "*continue*," "*could*," "*estimate*," "*expect*," "*forecast*," "*guidance*," "*intend*," "*may*," "*plan*," "*project*," "*should*," "*will*" or "*would*" or, in each case, their negative, or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this offering memorandum. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- changes in the economic conditions or trends in the markets in which we operate, including as a result of pandemics such as the Coronavirus disease first identified in 2019 (declared a pandemic by the World Health Organization on March 11, 2020) ("*COVID-19*") or other global economic and social disruptions, and any of its potential consequences, including, but not limited to, any total or partial lockdowns and mobility or commercial restrictions;
- the cyclical nature of our industry;
- the current economic uncertainty regarding the future of the Eurozone and economic developments in Spain and the European Union together with the current favourable low interest rate environment resulting in comparably high valuations of real estate portfolios in Spain;
- our activity being geographically concentrated in certain regions of Spain resulting in greater exposure to developments affecting the Spanish market than more geographically diversified businesses;
- the constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales;
- our ability to effectively manage our planned growth;
- the speculative nature of our BTR developments;
- our ability to realize our targets or any anticipated results;
- our business's dependence upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers;
- our being subject to certain liabilities for ten years following the completion of any construction;
- our buildings' construction materials;
- estimating future housing sales prices, which is inherently subjective;
- the limits on lease prices of housing in the autonomous community of Catalonia;

- competition in the residential development market;
- our growth and profitability being dependent upon our ability to identify and acquire land plots suitable for our purposes;
- the availability and cost of capital;
- our ability to sell our homes successfully or within the expected time frames;
- our ability to obtain the required permits and approvals for our development projects;
- our ability to secure construction permits or planning permission for developments on a timely basis;
- litigation and other adversarial claims;
- negative publicity adversely affect our reputation as well as our business and financial results;
- our dependence upon key personnel;
- incurring unanticipated costs or experiencing revenue shortfalls;
- unanticipated costs associated with potential acquisitions;
- the recoverability of our deferred tax assets;
- our acquisition and divestiture activities;
- the fact that our due diligence of acquisitions may not identify all possible risks and liabilities;
- demand for our homes;
- risks associated with joint ownership;
- a large stock of unsold houses in Spain which may exert downward pressure on new house prices;
- continuing to materialize pre-sales on the terms agreed;
- the illiquidity of land and real estate properties;
- losses in excess of insurance proceeds;
- natural disasters, public health crises (including as a result of pandemics such as COVID-19), political crises, terrorist attacks or other catastrophic events or social disruptions;
- our dependency on information technology systems, which may fail, be inadequate to the tasks at hand or be subject to cyberattack;
- inflation;
- a future decline in land values;
- changes in demographic patterns that may adversely affect demand for our homes;
- our ability to execute the purchase of some land secured through non-performing loans;
- regulations applicable to homebuilders;
- the construction of new developments, particularly in respect of health, safety and environmental risks;
- changes in certain laws and regulations that may affect demand for our homes;
- Spanish National, regional or local tax regulations may have a material impact on our business;
- the potential conflict between the interests of our shareholder and the interests of the holders of the Notes;
- failure to implement and maintain an effective system of internal controls;
- our susceptibility to disruption and misappropriation, theft or misuse of our confidential information;

- soil contamination;
- the Notes, our structure and our indebtedness;
- Spanish guarantee and collateral limitations; and
- the other factors discussed in more detail under "*Risk Factors*."

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this offering memorandum, including the sections entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Regulation*" and "*Business*," for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Any forward-looking statements are only made as at the date of this offering memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation, and do not intend, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum, including those set forth under "*Risk Factors*."

Market and Industry Data

In this offering memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market, economic and industry data and forecasts used in this offering memorandum were obtained from governmental and other publicly available sources and independent industry publications and reports. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified such data and cannot guarantee its accuracy or completeness.

In some cases, there may be no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. Neither we nor the Initial Purchasers can assure you of the accuracy and completeness of, and take no responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Our estimates involve risks and uncertainties and are subject to change based on various factors. See "*Forward-Looking Statements*" and "*Risk Factors*."

Savills

At our request, Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U. ("*Savills*"), external independent real estate appraiser whose business address is in Paseo de la Castellana, 81 28046 Madrid, has prepared a full valuation report dated March 5, 2021 with valuations of our properties as of December 31, 2020 (the "*Valuation Report*") included in this offering memorandum on page V-1 *et seq*. Savills has approved the content of the Valuation Report, consented to its form and context and authorized its inclusion in this offering memorandum and has accepted responsibility for its content exclusively vis-à-vis its addressees.

The valuation in the Valuation Report is based on Savills' estimate of the market prices that could be obtained for our assets as of December 31, 2020. However, the valuation of property is inherently subjective due to the individual nature of each property. The Valuation Report has been prepared by Savills on the basis of certain information that we provided which was not independently verified. The value of the properties in the Valuation Report has been assessed on the basis of market value as it is defined by the latest edition of the Royal Institution of Chartered Surveyors Valuation Professional Standards: "*the estimated amount for which an asset or liability should exchange on the date of valuation 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 Report is also qualified due to "*abnormal uncertainty*" at the present time caused by "*market instability*" together with reduced "*liquidity and market activity*" brought on by COVID-19, resulting in less certainty and a higher degree of caution attaching to the valuation provided therein. Following Savills' methodology, the key assumptions included by Savills in the Valuation Report for the valuation of our land bank portfolio are the discount rate and the sale price.

Any data present separately to the Valuation Report, shall be read and understood with the entire Valuation Report.

According to such methodology, the aggregate market value of the assets over which the Issuer has, directly or indirectly an ownership in whole or in part, interest of right included in the Valuation Report at December 31, 2020 amounts to €1,849 million. The aggregate attributable value of such assets corresponding to the Group is €1,770 million.

Presentation of Financial and Other Information

General

The Issuer was formed as a public limited liability company (*sociedad anónima*), under the laws of Spain on August 16, 1989. The financial information presented in this offering memorandum is derived from the historical consolidated financial information of the Issuer and its subsidiaries (together, the "*Group*") as of and for the years ended December 31, 2018, 2019 and 2020.

This offering memorandum contains:

- the English language audited consolidated annual accounts of the Group as of and for the year ended December 31, 2018 (the "*2018 Group Consolidated Financial Statements*"), which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("*IFRS*") and audited by KPMG Auditores, S.L.;
- the English translation of the Spanish language audited consolidated annual accounts of the Group as of December 31, 2019 (the "*2019 Group Consolidated Financial Statements*"), which have been prepared in accordance with IFRS and audited by KPMG Auditores, S.L. (the Spanish-language originals of the 2019 Group Consolidated Financial Statements can be found on the Group's website at https://www.viacelere.com/en); and
- the English translation of the audited consolidated annual accounts of the Group in Spanish language as of December 31, 2020 (the "*2020 Group Consolidated Financial Statements*" and, together with the 2018 Group Consolidated Financial Statements and the 2019 Group Consolidated Financial Statements, the "*Audited Consolidated Annual Accounts*"), the Spanish originals of which have been prepared in accordance with IFRS and audited by PricewaterhouseCoopers Auditores S.L. (the Spanish-language originals of the 2020 Group Consolidated Financial Statements can be found on the Group's website at https://www.viacelere.com/en).

Pursuant to Spanish regulatory requirements, consolidated directors' reports must accompany the Audited Consolidated Annual Accounts and are included elsewhere in this offering memorandum only in order to comply with such regulatory requirements. Any information contained in such reports shall be deemed to be modified or superseded by any information included elsewhere in this offering memorandum that is subsequent to or inconsistent with it. Investors are strongly cautioned that the directors' reports contain information as of various historical dates and do not contain a full description of the Group's business, affairs or results. The information contained in the directors' reports has not been prepared for the specific purpose of this offering. Accordingly, the directors' reports should be read together with the other portions of this Offering memorandum, and in particular the sections of this offering memorandum entitled "*Risk Factors*" and "*Management Discussion and Analysis*." Furthermore, the directors' reports include certain forward-looking statements that are subject to inherent uncertainty (see "*Forward-Looking Statements*" below).

Basis of Preparation

The Audited Consolidated Annual Accounts have been prepared on the basis of the accounting records of the Issuer and its subsidiaries in accordance IFRS in order to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at December 31, 2018, 2019 and 2020, of the results of its consolidated operations, of its consolidated cash flows and of the changes in consolidated equity for each of the years then ended.

Currency References

Unless otherwise indicated or otherwise required by the context, all references in this offering memorandum to "*euro*," "*€*," "*EUR*" or "*eurocent*" are to the lawful currency of the member states of the EEA, including Spain, in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time and all references to "*US dollars*," "*dollars*," "*US$*," "*USD*" or "*$*" are to the lawful currency of the United States of America.

Rounding

Certain numerical figures included herein have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Further, certain percentages shown in the charts in this offering memorandum reflect calculations based upon the underlying information prior to rounding off and, accordingly, may not conform exactly to the percentages that would result if the relevant calculation were based upon the rounded off figures.

Non-IFRS Measures

This offering memorandum includes certain financial measures which are not accounting measures required by or presented in accordance with IFRS. The following are the primary non-IFRS financial measures that are used in this offering memorandum:

- Published EBITDA, which we define as profit (loss) for the year adding back (i) income tax benefit/(expense), (ii) share of profit (loss) on investments accounted for using the equity method, (iii) net financial income/cost and (iv) depreciation and amortization charge;
- Published EBITDA Margin, which we define as Published EBITDA divided by revenue;
- Adjusted EBITDA, which we define as Published EBITDA adjusted for (i) non-recurring headquarter operating expenses (including redundancy payments and other related personnel costs), (ii) reversal of PPA adjustment on inventory delivered, (iii) net impairment reversal on not delivered units, (iv) impairment losses and gain/(losses) on disposal of non-current assets and (v) other "*one off*" items and/or non-operating gains and losses;
- Gross Margin, which we define as revenue, minus changes in inventory of finished goods and work in progress, minus raw materials and other consumables used, minus capitalized internal construction staff costs, minus other costs of sale (non-capitalized);
- Gross Margin (%), which we define as Gross Margin divided by revenue;
- Gross financial debt, which we define as the sum of current and non-current payables to credit institutions (bank borrowings);
- Net financial debt, which we define as the sum of gross financial debt and non-current and current payables of other financial liabilities minus cash and cash equivalents (including restricted cash which we define as amounts received in advance from our pre-sales put into a special and separate account from our other funds in accordance with Law 20/2015);
- Adjusted net financial debt, which we define as net financial debt, plus restricted cash, plus borrowings of entities accounted for using the equity method, plus land deferred payments minus available cash of entities accounted for using the equity method, minus land deferred receivables and other customer pending collections;
- Interest coverage ratio, which we define as Adjusted EBITDA over interest expenses; and
- Net Secured LTV, which we define as adjusted net financial debt divided by the value of our portfolio based on the Savills Valuation Report normally conducted as of each June 30 and December 31.

In this offering memorandum, we present our Net Secured LTV and adjusted net financial debt to reflect 50% of the financial position of and results achieved by Célere Forum Barcelona, S.L. ("*Forum*"), our joint venture in relation to the development of the Diagonal Port project. We hold a 50% ownership in Célere Forum Barcelona, S.L., account for contributions from Forum using the equity method only and it is not consolidated in our accounts in accordance with IFRS. Pursuant to a shareholders agreement with our joint venture partner, we have exclusively managed development for the Diagonal Port owned by Forum from the acquisition of the land through the delivery of the finished units. We believe presenting Net Secured LTV and adjusted net financial debt inclusive of 50% of financial position of and the results achieved by Forum contributes to a more complete picture of the activity levels actually managed by the Group during 2018, 2019 and 2020, and in the same manner as management views and operates the business. For more information see "*Business-Other Key Business Information-Material Contracts-Joint Venture-Célere Forum*."

See "*Summary — Summary Financial, Operating and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" for further information as to the calculation of these non-IFRS financial measures.

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These measures are used internally for benchmarking performance both between our own operations and against other homebuilding companies. They are based upon various sources of information derived from our internal management systems, our reporting systems and, in the case of Net Secured LTV, the Valuation Report. The non-IFRS measures presented in this offering memorandum may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating result as reported under IFRS. The Published EBITDA measure presented in this offering memorandum differ from the definition of "*Consolidated EBITDA*" set forth under the caption "*Description of Notes — Certain Definitions*". By eliminating potential differences between periods caused by factors such as depreciation and amortization methods, financing and capital structures and taxation positions or regimes, we believe these non-IFRS financial measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For example, management uses Gross Margin, Published EBITDA and Adjusted EBITDA as measures of the Group's underlying business performance, as Adjusted EBITDA provides an analysis of operating results excluding transactions not considered to be core business and Gross Margin provides information on how our business is performing, starting with revenue and subtracting the inventory costs associated with those revenue. For these reasons, we believe these non-IFRS financial measures and similar measures are regularly used by the investment community as a means of comparing companies in our industry.

Our management also uses the non-IFRS financial measures described above to assess our operating and financial performance and to make decisions about allocating resources in our business.

None of the non-IFRS financial measures presented herein are a measurement of performance under IFRS and they should not be considered in isolation or construed as a substitute for (a) operating profit or profit for the period as a measure of our operating performance, (b) cash flow from operating, investment and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity.

The non-IFRS financial measures presented herein have limitations as analytical tools, including the following:

- other companies in our industry may calculate the non-IFRS financial measures presented herein differently than we do, which limits their usefulness as a comparative measure;
- they do not reflect our cash expenditures or future requirements for capital expenditures, contractual commitments or working capital;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future, and the non-IFRS financial measures do not reflect any cash requirements that would be required for such replacements;
- some of the items that we eliminate in calculating the relevant non-IFRS financial measures reflect cash payments that were made, or will in the future be made; and
- they remove the results of impairments and disposals of fixed assets which may also occur in future periods.

Certain amounts and percentages included in this offering memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column of a table may not exactly equal the total figure for that column.

The financial information included in this offering memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Notes were being registered with the SEC.

Key Operating Metrics

We measure our operating performance according to a number of key operating metrics. Other companies operating in the housebuilding sector may use these terms, phrases and operating metrics differently when describing their own operating performance, and as a result of which these terms, phrases and unaudited operating metrics may not be directly comparable. These operational metrics are based on our estimates and do not form part of our financial statements and have not been audited or otherwise reviewed by outside auditors, consultants or experts. These key operating metrics are set out and defined below.

- "*ASP*" for any period is the average selling price for a unit calculated as revenue from residential developments divided by the total Deliveries;
- "C*ommercialization*" is an overarching reference to real estate assets at various stages of planning and development for which sales activity has commenced and is ongoing, including certain Fully Permitted Land and WIP;
- "*Deliveries*" represent all residential units delivered in each period;
- "*Fully Permitted Land*" is land suitable for development where, at a minimum, the most specific land use planning, a reallotment project, has already been approved, and for which the reorganization of land plots and the building rights have been detailed;
- "*Gross asset value*" or "*GAV*" represents the estimated current market value of property and land asset, as estimated by Savills;
- "*Gross development value*" or "*GDV*", refers to the Savills's estimates for the development value of our Fully Permitted Land and Strategic Land (as defined above). GDV is the estimate of the revenue which could potentially be generated from the development and sale of units in our land bank. GDV is calculated on the assumptions that units on all plots are constructed in accordance with full planning consents obtained, or where no planning consent has been obtained, with our development plans;

  Where the number of affordable housing units is not yet determined, Savills estimates what will be required based on the relevant local authority's policy and our historical experience. GDV is therefore only an estimate as at a given date, reflecting the revenue we might be able to achieve were all of our developments to be completed as planned. GDV for each development is solely an estimate and may materially change in the future based on a number of factors, such as, general economic conditions, changes in private sales or affordable housing sales prices in the relevant areas, changes in the design of the relevant development and the number of private and affordable housing and for the Strategic Land, the terms of the actual planning consents. The estimate may not be accurate and there is no certainty that it indicates actual future receipts from the developments. GDV is a measure of estimated gross revenue and does not include cost items such as estimated costs of sale, but is focused solely on the possible receipts from the development. As a result, GDV should not be taken as an indication of actual future returns on development or our financial prospects. See also "Risk Factors — Risks relating to our Business and Industry — Real estate appraisals with respect to our property portfolio included in this offering memorandum may not reflect the current market values of our portfolio because determining such values is an inherently subjective process;"
- "*Land bank*" is comprised of all the real estate assets that we might be or have been able to develop and is organized in groups comprising "Strategic Land", "Fully Permitted Land", "Ready to Build Land", "WIP" and "Stock" by reference to the level of control we currently exercise over such land and the nature of the planning and construction status for such assets;
- "*Pre-sales*" or "Order book", is the aggregate agreed purchase price for future units in development projects for units that have been sold and not delivered and have been (i) formalized through a reserve contract or (ii) formalized through a sale and purchase agreement;
- *"Ready to Build Land*" is Fully Permitted Land with all of the utilities and services required for urban land uses and real estate development in place, subject to obtaining the relevant construction permit. We also consider as Ready to Build Land, land where it is possible to carry out simultaneously construction of urban infrastructure and housing;

- "*Residential units*," "*potential units*" or "*units*" refer to (i) within our portfolio our estimates of potential residential units that we expect to develop in a certain asset, site or in our total portfolio, based on current licenses in place or, where no specific regulation is available, the relevant local authority's policy combined with our historical experience and (ii) WIP and residential units delivered across a prior historical period;

- "*Strategic Land*" is land suitable for development and includes each of (i) "*Regulated Developable Land*", for which a specific general plan has already been approved with the necessary zoning in place but for which some of the necessary urbanization planning, including reallotment project, is pending, (ii) "*Unregulated Developable Land*," which includes land suitable for development but with no delimitation of sectors and no general plan yet approved, and (iii) "*Rural Land*," which is land zoned for agricultural activities; and

- "*WIP*" are comprised of all Fully Permitted Land units for which building permits have been received and construction works have begun;

In this offering memorandum, we present our WIP, GAV, deliveries and land bank to reflect 50% of the results achieved by Célere Forum Barcelona, S.L., one of our joint ventures, in relation to the development of the Diagonal Port project. We hold a 50% ownership in Célere Forum Barcelona, S.L., account for contributions from Célere Forum Barcelona, S.L. using the equity method only and it is not consolidated in our accounts in accordance with IFRS. Pursuant to a shareholders agreement with our joint venture partner, we have exclusively managed development for the Diagonal Port owned by Forum from the acquisition of the land through the delivery of the finished units. We believe presenting WIP, deliveries GAV, and land bank inclusive of 50% of the results achieved by Célere Forum Barcelona, S.L. contributes to a more complete picture of the activity levels actually managed by the Group during 2018, 2019 and 2020, and in the same manner as management views and operates the business. For more information see "*Business — Other Key Business Information — Material Contracts — Joint Venture — Célere Forum*."

We present GAV and GDV metrics because we believe that they and similar metrics are widely used by certain investors, securities analysts and other interested parties as supplemental metrics of performance and liquidity. These metrics are used internally for benchmarking performance both between our own operations and against other homebuilding companies and they reflect Savills estimates. GAV and GDV metrics presented in this offering memorandum may not be comparable to other similarly titled metrics of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating result as reported under IFRS.

Our management also uses GAV and GDV measures described above to assess our operating and financial performance and to make decisions about allocating resources in our business.

Certain Definitions

For the definition of certain financial terms used in this offering memorandum, see "*Presentation of Financial and Other Information*."

In this offering memorandum, unless the context otherwise requires:

"*2018 Group Consolidated Financial Statements*" is as defined in "*Presentation of Financial and Other Information*;"

"*2019 Group Consolidated Financial Statements*" is as defined in "*Presentation of Financial and Other Information*;"

"*2020 Group Consolidated Financial Statements*" is as defined in "*Presentation of Financial and Other Information*;"

"*Aelca*" refers to Aelca Desarrollos Inmobiliarios, S.L.;

"*Aelca Acquisition*" refers, together, to the acquisition of certain affiliate, operating and project companies related to Aelca pursuant to share purchase agreements entered into on September 28, 2018 and notarized on January 4, 2019, before notary of Madrid Mrs. Sandra María Medina Gonzálvez, under number 12 of her files and the subsequent merger of such companies into the Issuer pursuant to a merger deed executed on January 9, 2019 before notary of Madrid Mrs. Sandra María Medina Gonzálvez, under number 193 of her files;

"*Aelca Acquisition Facility*" refers to the €223 million term loan and revolving credit facility entered into in relation to the Aelca Acquisition and pursuant to a senior syndicated loan agreement executed January 2, 2019, amongst the Issuer as borrower, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of other financial entities as original lenders, and Credit Suisse International as agent and security agent;

"Aelca Assets" refers to residential homebuilding assets acquired through the Aelca Acquisition;

"*Audited Consolidated Annual Accounts*" is as defined in "*Presentation of Financial and Other Information*;"

"*Board of Directors*" refers to the board of directors of the Issuer;

"*Clearstream*" refers to Clearstream Banking, S.A. or any successor thereof;

"*Collateral*" refers, collectively, to the Issue Date Collateral and the Post-Closing Collateral;

"*Development Loans*" refers, in the aggregate, to the Development Loans entered into primarily to finance construction projects and secured with mortgages on the financed project;

"*Development Loan Agreements*" refer, in the aggregate, to the development loan agreements entered into in respect of the Development Loans;

"*EEA*" refers to the European Economic Area;

"*EU*" refers to the European Union;

"*EURIBOR*" refers to the Euro Interbank Offered Rate;

"*euro*" or "€" refers to the lawful currency of the European Monetary Union;

"*Euroclear*" refers to the Euroclear Bank SA/NV or any successor thereof;

"*Exchange*" refers to the Irish Stock Exchange plc (trading as Euronext Dublin);

"*Forum*" refers to the housing development owned by Célere Forum Barcelona, S.L., in the city of Barcelona;

"Group," "*we*," "*us*" and "*our*" refer to the Parent Guarantor and its consolidated subsidiaries;

"*Guarantees*" refers to the guarantees of the Notes provided by each of the Guarantors;

"*Guarantors*" refers to the Parent Guarantor (as and when such Guarantee is granted within 30 days following the Issue Date) and the Subsidiary Guarantors, collectively;

"*Iberia*" refers to the Iberian Peninsula that is principally divided between Spain and Portugal, but also includes Andorra, Gibraltar and a small part of France along the Iberian Peninsula's northeastern edge;

"*ICO Loan*" refers to the (a) a loan agreement dated April 27, 2020, as amended, supplemented and/or restated from time to time, by and between VÍa Célere Gestion de Proyectos, S.L.U. as borrower, the Issuer as guarantor and Bankinter, S.A., and guaranteed by the *Instituto de Crédito Oficial* ("ICO"); (b) a loan agreement dated June 5, 2020, as amended, supplemented and/or restated from time to time, by and between VÍa Célere Gestion de Proyectos, S.L.U. as borrower, the Issuer as guarantor and Banco Santander, S.A., and guaranteed by the ICO; (c) a loan agreement dated April 28, 2020, as amended, supplemented and/or restated from time to time, by and between VÍa Célere Gestion de Proyectos, S.L.U. as borrower, the Issuer as guarantor and Banco de Sabadell, S.A., and guaranteed by the ICO and attested by the Notary Public of Madrid, Mr. Pablo J. Ramallo Taboada; and (d) a loan agreement dated July 10, 2020, as amended, supplemented and/or restated from time to time, by and between VÍa Célere Gestion de Proyectos, S.L.U. as borrower, the Issuer as guarantor and Liberbank, S.A., and guaranteed by the ICO and attested by the Notary Public of Madrid, Mrs. Sandra M Medina González;

"*IFRS*" refers to International Financial Reporting Standards as adopted by the European Union;

"*Indenture*" refers to the indenture governing the Notes to be dated the Issue Date, by and among, *inter alios*, the Issuer, the Guarantors, the Trustee and the Security Agent;

"*Initial Purchasers*" refers to J.P. Morgan AG, Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander, S.A., CaixaBank, S.A., Deutsche Bank Aktiengesellschaft and Credit Suisse Securities, Sociedad de Valores, S.A.;

"*Intercreditor Agreement*" refers to the intercreditor agreement, to be dated on or around the Issue Date, by and among, *inter alios*, the Issuer, the Parent Guarantor, the Trustee, the Security Agent and the lenders under the Revolving Facility Agreement;

"*Issue Date*" means March 25, 2021;

"*Issue Date Collateral*" refers, collectively, to (a) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Issuer, (b) a Spanish law *in rem* right of pledge over material bank accounts of the Issuer opened and maintained in Spain; (c) a Spanish law *in rem* right of pledge over the entire issued share capital of Maywood Invest, S.L.U.; (d) a Spanish law *in rem* right of pledge over the entire issued share capital of Vía Célere, S.L.U.; (e) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Maywood Invest, S.L.U.; (f) a Spanish law *in rem* right of pledge over material bank accounts of Maywood Invest, S.L.U. opened and maintained in Spain; (g) a Spanish law in rem right of pledge in respect of intercompany loan receivables (if any) owed to Vía Célere, S.L.U.; and (h) a Spanish law *in rem* right of pledge over material bank accounts of Vía Célere, S.L.U. opened and maintained in Spain;

"*Issuer*" refers to Vía Célere Desarrollos Inmobiliarios, S.A., a public limited liability company (*sociedad anónima*), formed under the laws of Spain, having its registered office at Calle de Carlos y Guillermo Fernández Shaw 1, 28007, Madrid, Spain and registered with the Commercial Register of Madrid, under volume 34645, sheet 111, page number M-623073, and Tax Identification Number A-36111391;

"*Notes*" refers to the €300.0 million aggregate principal amount of the Issuer's 5.25% senior secured notes due 2026 offered hereby;

"*Offering*" refers to the offering hereby of the Notes;

"*Post-Closing Collateral*" refers, collectively, to (a) a Spanish law *in rem* right of pledge over the entire issued share capital of the Company; (b) a Spanish law *in rem* right of pledge over material bank accounts of the Parent Guarantor opened and maintained in Spain; and (c) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Parent Guarantor;

"*Parent Guarantor Reorganization*" refers to the incorporation of the Parent Guarantor by the shareholders of the Issuer and the transfer or other contribution of all of the voting stock of the Issuer to the Parent Guarantor so that the Issuer becomes a direct wholly owned subsidiary of the Parent Guarantor within five days from the Issue Date;

"*Parent Guarantor*" refers to Vía Célere Holdco, S.L., a private limited liability company (*sociedad de responsabilidad limitada*) to be incorporated under the laws of Spain pursuant to the Parent Restructuring, with its registered office to be at Calle Carlos y Guillermo Fernández Shaw 1, 28007, Madrid, Spain, or such other entity with substantially similar details to be incorporated pursuant to the Parent Restructuring;

"*Paying Agent*" means any person authorized by the Issuer to pay the principal of (and premium and additional amounts, if any) or interest on any Notes on behalf of Issuer;

"*Prospectus Regulation*" refers to Regulation (EU) 2017/1129, including any relevant implementing measure in each member state of the EEA;

"*Revolving Credit Facility*" refers to the super senior revolving credit facility of up to €30.0 million made available to certain members of the Group pursuant to the Revolving Facility Agreement;

"*Revolving Facility Agreement*" refers to the super senior revolving facility agreement entered into on March 6, 2021, by and among, *inter alios*, the Issuer as original borrower, certain financial institutions named therein as Lenders, J.P. Morgan A.G. as agent, and the Security Agent;

"Santander Credit Line" refers to the credit agreement dated December 2, 2015 (as amended, supplemented and/or restated from time to time) by and, among other entities, the Issuer as borrower and Banco Popular, S.A. (now Banco Santander, S.A.) as lender;

"*Security Agent*" refers to Bondholders, S.L., in its capacity as security agent under the Indenture and the Revolving Credit Facility;

"*Security Documents*" means the agreements creating security interests over the Collateral as described under "*Description of Notes – Security*;"

"*Spanish Companies Act*" refers to Royal Legislative Decree 1/2010, of July 2, which approves the restated companies act, as amended (Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital);

"*Spanish Guarantors*" refers to the Guarantors organized under the laws of Spain;

"*Spanish Insolvency Act*" refers to Royal Legislative Decree 1/2020 approving the consolidated text of the Insolvency Law, which entered into force on September 1, 2020 (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*);

"*Spanish Securities Market Act*" refers to the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23, 2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*);

"*Sponsor*" refers to certain funds or investment vehicles managed or advised by Värde Partners, Inc.;

"*Subsidiary Guarantors*" refers, collectively, to Maywood Invest, S.L.U. and Vía Célere, S.L.U. and any Restricted Subsidiaries that become guarantors of the Notes in the future in accordance with the terms of the Indenture;

"*Transactions*" refers, together, to the Offering, the entering into of the Revolving Credit Facility and the use of the proceeds from the Notes as described in "*Use of Proceeds;"*

"*Trustee*" refers to Bondholders, S.L., in its capacity as trustee under the Indenture;

"*UK*" or the "*United Kingdom*" refers to the United Kingdom of Great Britain and Northern Ireland; and

"*UK Prospectus Regulation*" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Summary

The following summary highlights selected information from this offering memorandum and does not contain all the information that you should consider before investing in the Notes. It does not contain all the information that may be important to you or that you should consider before investing in the Notes, and it is qualified in its entirety by the remainder of this offering memorandum. This offering memorandum contains specific terms of the Notes, as well as information about the Group's business and detailed financial data. You should read this offering memorandum in its entirety, including the "Risk Factors" section and our financial statements and the notes to those statements. In addition, certain statements include forward-looking information that involves risks and uncertainties. See "Forward-Looking Statements."

Overview

Vía Célere is the leading developer of residential homes in Spain based on units delivered, as of December 31, 2020, with 1,932 units delivered in 2020. Our core business is the acquisition and development of land in Spain for residential purposes, and our main product is multi-family developments targeted at the mid-to mid-high segment of the Spanish housing market for primary residences (with an ASP for the year ended December 31, 2020 of €316,000). We believe that we have a high-quality and well-located land bank which, as of December 31, 2020, had the estimated capacity to support the development of 21,189 potential units.

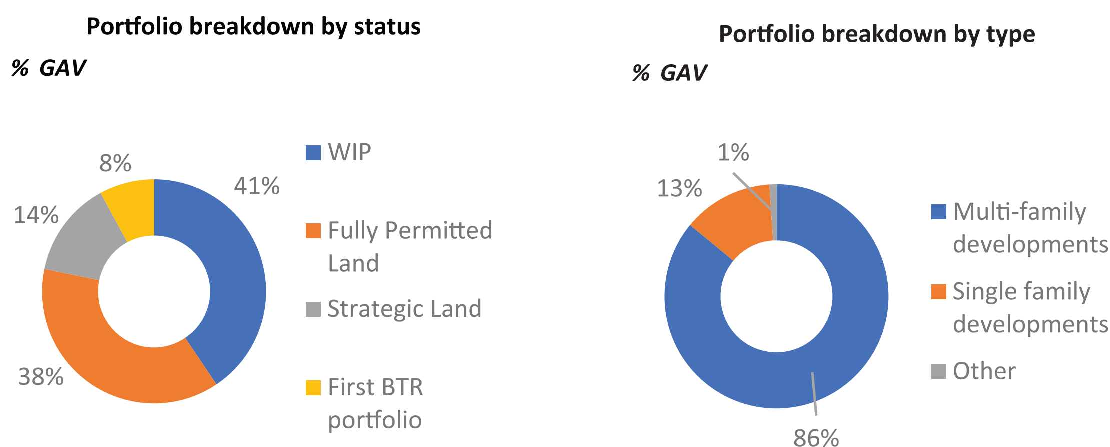
We have three business lines:

1. **Build-to-sell** (**"BTS"**) is focused on the development and sale of primary residences in multi-family developments, has been our main line of business since inception and is currently the cornerstone of our strategy.

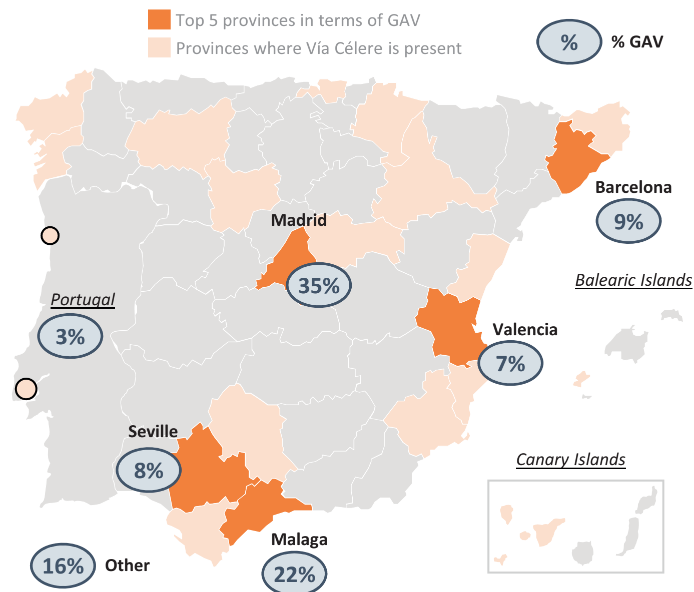
2. **Build-to-rent** (**"BTR"**) is focused on the development of rental real estate to capitalize on the increasing demand for rental homes. We are focused on the development and divestment of BTR units on (or shortly after) completion, and do not intend to undertake the asset management and rental of these units in the long term. We target institutional investors as purchasers of rental property developments who will operate the units as rental properties.

3. **Land management** is a complementary activity to support growth in our BTS and BTR divisions that leverages our capabilities to transform Strategic Land (land suitable for development) into Fully Permitted Land (reallotment project approved). Fully Permitted Land feeds one of the other main activities, with the optionality of selling land plots with a value maximization and asset rotation approach.

Based on the Valuation Report, our portfolio had, an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million as of December 31, 2020. The following graphs break down our portfolio by asset development status and by type of primary residence property, each as of December 31, 2020:



We specialize in the Spanish residential industry, focusing on the development of primary residences and, to a lesser extent, on vacation homes. We primarily target areas for land acquisition and development where we believe that there is clear demand for new housing. In particular, we focus our operations on five key provinces in Spain: Madrid, Málaga, Barcelona, Seville and Valencia, as shown in the map below:

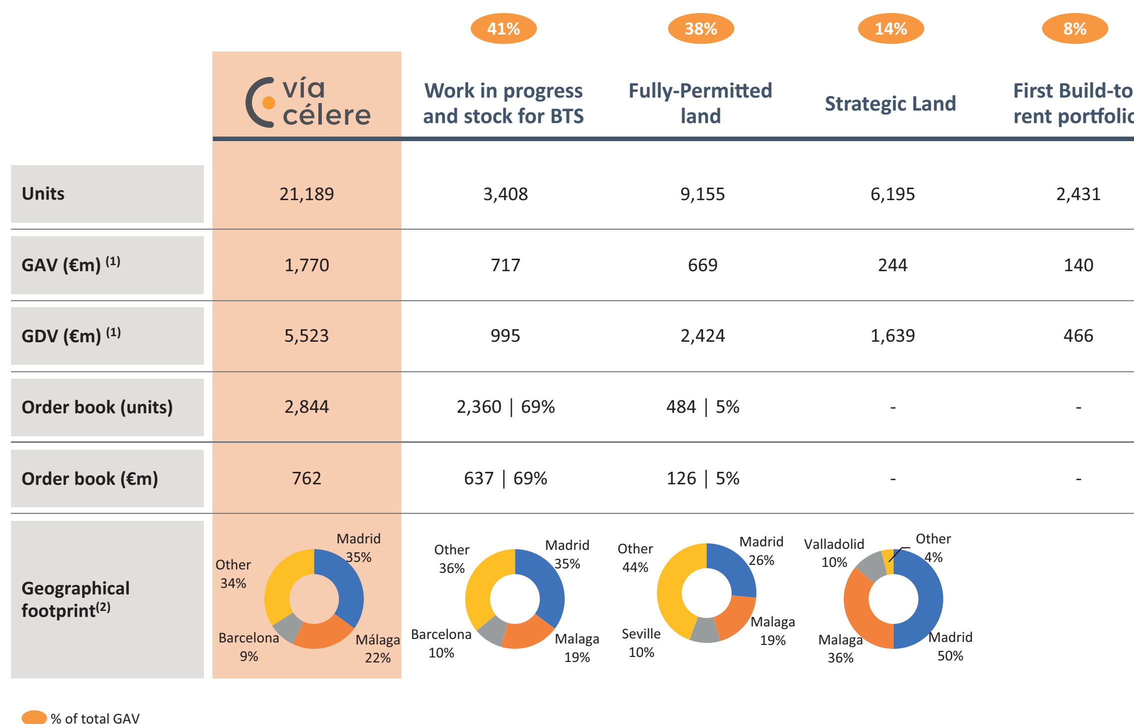


Our top five regions represent 81% of our total land bank and are the key areas of higher household creation based on public statistics (representing approximately 54% of the expected net household creation in Spain and an implied growth over the 2020-35 period of approximately 8% compared to Spain's average net household growth of approximately 6% for the same period based on Instituto Nacional de Estadistica).

Our activity is managed through highly experienced regional branch managers and support teams with in-depth knowledge of their respective markets and long-term relationships with local private companies, financial entities, public administrations, suppliers and other relevant stakeholders in each region. Our management team, with experience across various economic cycles, together with our skilled regional branch managers, control all stages of the value chain in our residential development process, including land acquisition, urbanization planning and housing development. We employ a mixed model that combines an extensive range of activities undertaken in-house with outsourcing to selected external service providers such as architects, sub-contractors, construction companies and, when targeting foreign buyers, sales agents. While we retain control over all critical decisions in the process and undertake most land acquisition and development tasks in-house, outsourcing allows us to control our fixed costs and scale our business with relative ease.

We have a high-quality land bank which provides visibility on future residential development activity. Based on the Valuation Report, our portfolio has an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million, which is composed of Fully Permitted Land with an aggregate GAV of €1,526 million and an aggregate GDV of €3,884 million, and Strategic Land with an aggregate GAV of €244 million and an aggregate GDV of €1,639 million, each as of December 31, 2020, and excluding land on which we have a purchase option. For additional information on the calculation of our aggregate GAV and GDV, see "*Business—Detailed Business Overview—Portfolio*." We estimate that our portfolio of both Fully Permitted and Strategic Land would allow the construction of approximately 21,189 potential units. As of December 31, 2020, approximately 86% of our land bank is Fully Permitted Land (approximately 47% of which are WIP and 31% are Ready to Build Land) and approximately 14% of our land bank is Strategic Land, in each case as a percentage of aggregate GAV.

The following graph sets forth the values and size of our land bank across various stages of development and geographies:



	vía célere	Work in progress and stock for BTS (41%)	Fully-Permitted land (38%)	Strategic Land (14%)	First Build-to-rent portfolio (8%)
Units	21,189	3,408	9,155	6,195	2,431
GAV (€m) (1)	1,770	717	669	244	140
GDV (€m) (1)	5,523	995	2,424	1,639	466
Order book (units)	2,844	2,360 | 69%	484 | 5%	-	-
Order book (€m)	762	637 | 69%	126 | 5%	-	-
Geographical footprint(2)	Madrid 35%, Málaga 22%, Barcelona 9%, Other 34%	Madrid 35%, Malaga 19%, Barcelona 10%, Other 36%	Madrid 26%, Malaga 19%, Seville 10%, Other 44%	Madrid 50%, Malaga 36%, Valladolid 10%, Other 4%	

% of total GAV

Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of BTS deliveries achieved for the two years ended December 31, 2020, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP units (including stock), with an aggregate GDV of €995 million, with construction progress of 90% and 43% for the units expected to be delivered in 2021 and 2022, respectively. We also have 1,383 additional BTS units that were not work in progress but are already under commercialization. We will continue to leverage this favorable market well into the future with healthy pre-sales levels in our BTS business line which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We expect our selling, general and administrative costs to gradually decrease in the next two years so as to achieve a level closer to selling, general and administrative costs in 2018. In addition, we have also applied for licenses to commence construction on 2,431 units in our BTR business line, 20% of which we have secured as of December 31, 2020. Building licenses are generally obtained within six to twelve months from application and are followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter, with similar margins and construction costs as our BTS division.

Our land bank portfolio is sufficient for us to deliver units for over 10 years at the average annual production levels achieved for the last two years ended December 31, 2020 and December 31, 2019 of 1,553 units per annum. Accordingly, we are positioned to fully execute our business plan for both our BTS and BTR business lines without the need to acquire any additional land, freeing us to undertake only opportunistic and highly attractive land acquisitions, while continuing to complete non-core land sales, in each case, in line with our reinvestment policy. For the year ended December 31, 2020, revenue from non-core plot land sales amounted to €47 million.

Depending on the complexity, location of a project and our market knowledge, we employ either our supervision project management, in which we oversee the construction process led by external construction

companies, or, in a select number of developments, we employ our full project management model, in which we act as a general contractor. Our ability to act as a general contractor through our full project management and our strong relationships in the local construction industries within our focus regions allow us to step into projects when a construction company is not performing and provide us with negotiating flexibility with construction companies, contractors and sub-contractors to minimize cost overruns and delays.

Our sales to domestic customers, which represent the majority of our sales, are handled by a mixed team of in-house and external sales personnel, while sales to foreign buyers are mainly handled by external real estate agents. We believe that our in-house sales function in or central and southern regions allows us to achieve higher sales prices, reduce costs and establish stronger client relationships, which is reflected in our strong client satisfaction ratings. In larger geographical regions in the north and east of Spain, we employ a mix of in-house and external sales teams in order to ensure good service with competitive costs. We are focused on delivering customer satisfaction and currently 93% of our BTS buyers/customers respond that they would recommend us, based on our post-sales customer surveys conducted at delivery.

We are focused on innovation, sustainability and client satisfaction and have won numerous industry and consumer awards in recent years, such as the Ecofin Award for Titan of Finance (2012), Asprima-Sima Awards (2012, 2013, 2015, 2016, 2017 and 2019), the Vía Award for Best Real Estate Developer (2013), Suelo Award (2016), Porcelanosa Award for Best Energy Efficient Project (2016), Cinco Días Award for Most CSR Business Innovation (2017), the OCARE Award for CSR Communication (2018 and 2019), the Capital Radio Award for the Most Innovative Company in the Real Estate Sector (2018), the Actualidad Económica Award to the 100 best ideas of the economical actuality for the Magic House and the La Razón Award for leadership and innovation in real estate development. We believe our focus on sustainability is appreciated by our clients, who value the green credentials of our developments, and is a key message in securing sales.

We also benefit from a positive and highly fragmented competitive landscape in the BTS division, with institutional investors very atomized and representing a small fraction of the new homes built per annum (when compared to other countries like UK or Germany). Relative scarcity of available land and large capital outlays requiring high levels of equity for new participants are barriers to entry into the BTS market.

In the face of economic and public health crises triggered by the COVID-19 pandemic, the residential market fundamentals of home affordability, balance of supply and demand and access to financing remain healthy. Despite closures caused by the pandemic in the first half of 2020, our revenue for the year ended December 31, 2020 exceeded figures from the prior year by 81% with construction activity and unit delivery returning to pre-COVID-19 levels. In large cities in Spain, the undersupply of new homes coupled with affordability ratios at sustainable levels and low interest rates fuel increased demand for more homes for both sale and rent. For the year ended December 31, 2020, our revenue, profit and Adjusted EBITDA were €657.0 million, €49.7 million and €93.4 million, respectively.

Strengths

We are well positioned to take advantage of the strong fundamentals of the residential market in Spain proving to be resilient during COVID-19 and with a positive market outlook

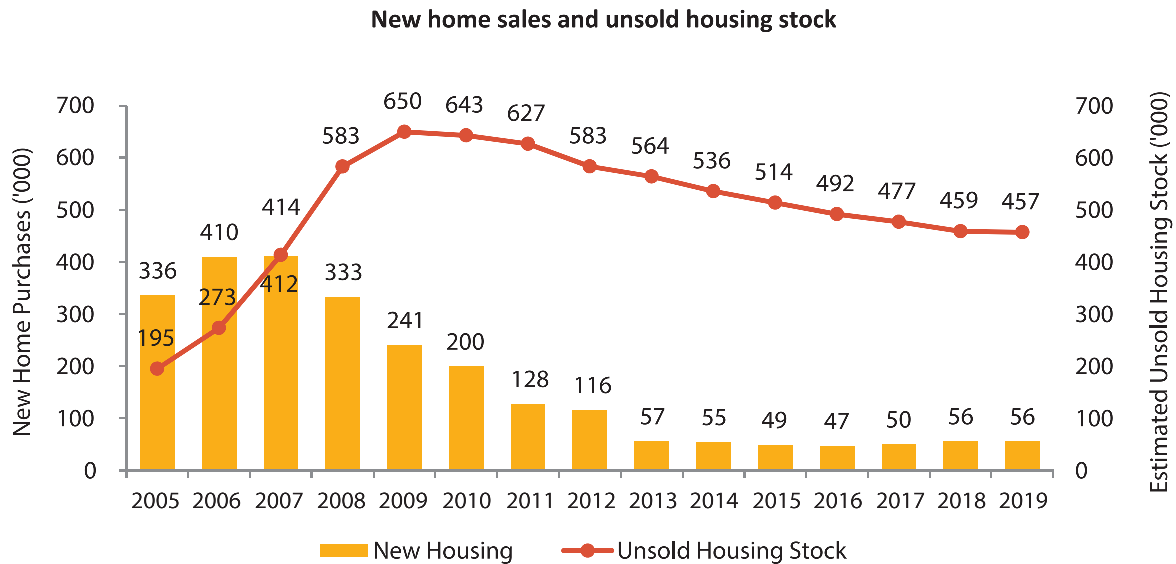
We believe that the strong Spanish housing market fundamentals, which proved resilient during the COVID-19 pandemic, will allow us to benefit from the expected stable market in the coming years, in particular by taking advantage of the high quality of our land bank, our industrialized and scalable business model, and our financial flexibility and strong financial position.

Prior to the COVID-19 pandemic, the Spanish residential market was still recovering from the global financial crisis, with most market fundamentals (e.g., prices, affordability, the demand-supply balance, access to financing, demand for rental homes) well below the 2008 peak and at healthy levels. The market has persevered through the COVID-19 pandemic, and we believe that, based on an undersupply of new homes, low affordability ratios with accessible financing at low interest rates, together with a stable annual household creation of over 70,000 (Source: INE), housing demand should rise sustainably in the long-term, specifically in the key regions in which we have presence, as indicated by the INE study.

While at the beginning of the global financial crisis Spanish housing stock remained high following a period of aggressive investing in the sector prior to the financial crisis, new housing developments declined from 2007 to 2013 (source: Spanish Ministry of Development), before resurging from 2014 onwards.

The following shows the number of new home sales as against unsold housing stock in Spain across the years 2005-2017:

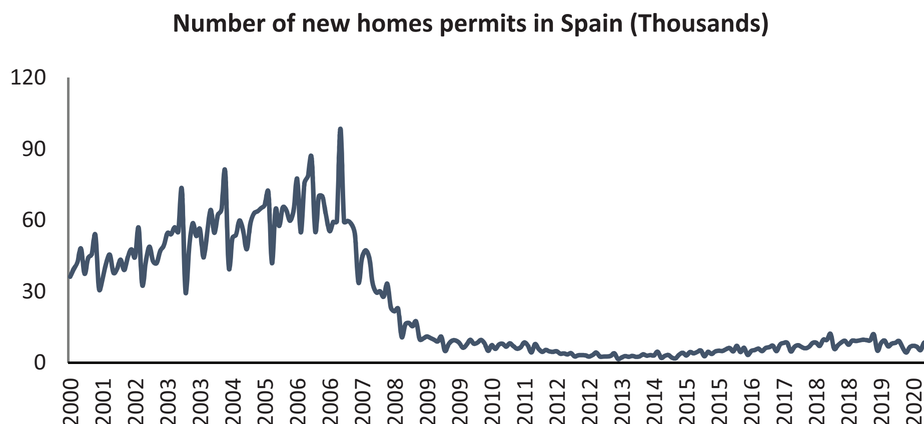
New home sales and unsold housing stock



This factor, together with the general lack of available financing for new development projects and a long period of weak housing demand, translated into a structural undersupply of new homes in certain areas that has continued to present day. The number of new homes built has remained considerably below the number of new home transactions in Spain since 2011 and permits for new builds have remained below household creation since 2008 and currently sits at approximately 0.9x as of September 2020. This has resulted in demand exceeding supply for approximately ten years in a row. The undersupply is expected to continue as approximately 93,000 permits were granted for new builds in Spain for the twelve months ended May 31, 2020 compared to approximately 809,000 at the historical peak in the twelve months ended December 31, 2006.

The following graph plots the number of new homes permits in Spain across the years 2000-2020:

Number of new homes permits in Spain (Thousands)

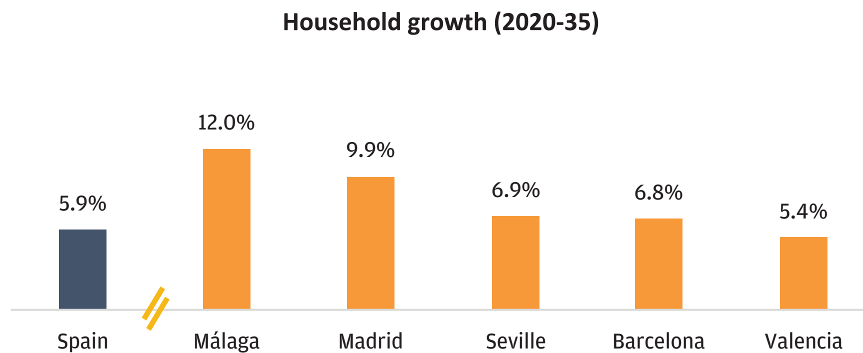


In addition, we believe that existing housing stock that was built before the financial crisis is not as relevant, in relative terms, to our key markets of Madrid, Barcelona, Málaga, Seville and Valencia, where approximately 81% of our land bank is located and where we believe there is an increased demand for new builds. Net household creation in these provinces is expected to amount to approximately 54% of the net household creation in Spain for the 2020-2035 period, with approximately 8% net household growth in these regions (compared to the national average of approximately 6%) for the same period (Instituto Nacional de Estadistica (INE)). We believe we are able to differentiate our new builds from older housing stock in these areas due to our

locations, quality of construction, energy efficiency, amenities and communal areas within our development. This increased demand is evidenced by the absorption of our completed projects, pre-sale levels of ongoing projects and the price premium paid for our new builds compared to the unsold housing stock built prior to the global financial crisis.

Net household creation per annum over the 2020-35 period is expected to amount to approximately 5,000 in Malaga, approximately 3,000 in Seville, approximately 4,000 in Valencia, approximately 17,000 in Madrid and approximately 10,000 in Barcelona, representing approximately 54% of the net household creation in spain. The following chart shows the expected net household growth across the top five regions in Spain for the years 2020-2035:

Household growth (2020-35)

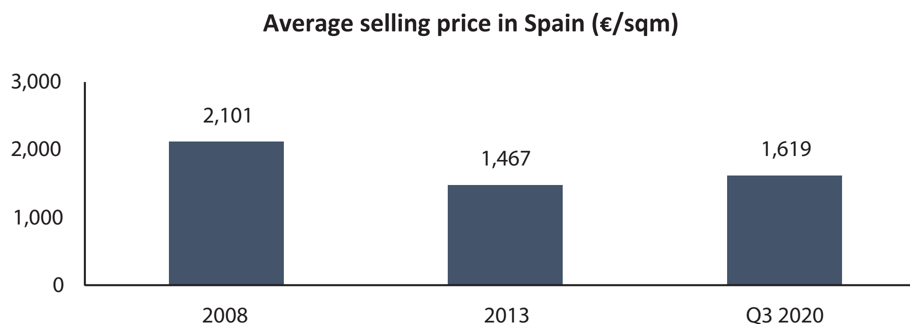


Source: INE

The drop in home prices resulting from the 2008 global financial crisis led to a sustained reduction in prices until 2013 where the market recovered to the current levels which still remain approximately 23% below peak levels. The average selling price of residential homes in Spain for Q3 2020 was €1,619/sqm, compared to €2,101/sqm at its peak in 2008 and €1,467/sqm at its low in 2013.

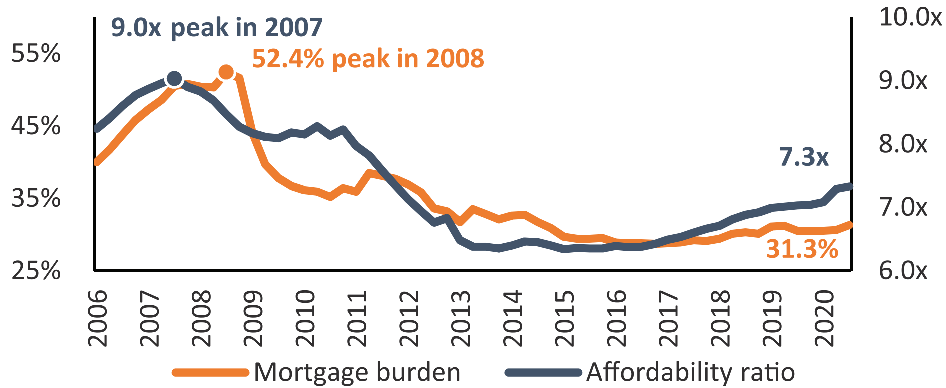
The following chart shows average housing prices in Spain for 2018, 2013 and Q3 2020, respectively:

Average selling price in Spain (€/sqm)



Price increase in the last five years has consequently increased the affordability ratio, which currently remains at very sustainable levels. In 2020, the average cost of a home equated to approximately 7.3 times the average gross household annual income, significantly lower than at the previous cycle peak in 2008 (approximately 9.0 times). We believe Spanish households are in a strong position to take advantage of this affordability, as the average Spanish household used 31.3% of household income to service its mortgage as of September 30, 2020, compared to 52.4% at the peak in the third quarter of 2008.

The following graph shows both mortgage burden and affordability ratio in Spain across the years 2006-2020:



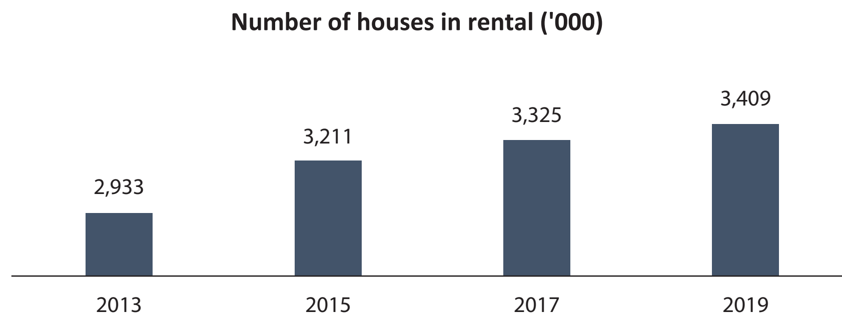
Additionally, interest rates are estimated to remain very low for the foreseeable future, even more likely as a result of the COVID-19 contingency plans. Banks continue to grant mortgages and we expect this trend to continue, driven by banks' need to improve profitability and healthy exposure to the residential market (as opposed to the view during and immediately following the global financial crisis).

Temporary consumption moderation during this COVID-19 crisis has improved savings, and in Spain increased savings have historically translated into increased future residential demand.

In addition, we are also positioning ourselves to take advantage of the large opportunity in the Spanish rental market. The weight of rental households (as percentage of total households) in Spain has been traditionally well below other developed European countries such as the UK, France or Germany; or the EU average. During past years, demand for rental residential property has been consistently increasing in Spain, particularly among young people, who have demonstrated new consumption preferences and have faced more constraints to becoming home owners than prior generations. The COVID-19 pandemic might accelerate this trend, as similar to the global financial crisis, the COVID-19 pandemic has had an increased impact on younger generations in terms of increased unemployment and job insecurity compared with the average worker (*Source*: INE).

The below graph shows the number of Spanish households renting a dwelling across the years 2013, 2015, 2017 and 2019.

Number of houses in rental ('000)



Source: INE

The current rental market in Spain comprises dated stock on average and lessors are generally fragmented, unprofessional property owners. With low interest rates expected to continue, rental yield will remain attractive, which will attract investors and further compress yields.

We are well positioned to benefit from this trend through the sale of finished product of rental portfolios thanks to our superior track-record and land bank, mainly comprising multi-family development projects in the main Spanish cities where rental demand and institutional demand for rental properties are concentrated. In addition, we have a competitive advantage due to having acquired most of our land bank between 2015 and 2018, before recent land market inflation, whereas new competitors entering the market without an established land bank may struggle to source well located, fully permitted land in our key markets at prices which make the investments viable.

For an overview of our Build to Rent and Build to Sell Segments, *see "Business—Detailed Business Overview—Land Management, Build to Sell and Build to Rent"*.

The resiliency of the sector and especially for those developers with a good quality land portfolio in the relevant and more dynamic regions has been proven by the strong net sales recovery observed during the third quarter of 2020, with prices increasing on a year-on-year basis. Current net sales are in line with pre-COVID-19 levels.

We are the leading homebuilder in Spain by units delivered with well-located and high quality, liquid land bank

We are the leader in residential units delivered in Spain with 1,932 units in 2020 and 3,106 units in the 24-month period ended December 31, 2020.

We are also a leader in residential construction in Spain. As of December 31, 2020, the Group had 31 projects under construction. Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of deliveries achieved for the two years ended December 31, 2020 for our BTS division, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP, with an aggregate GDV of €995 million, and 1,383 additional units that were not work in progress but were already under commercialization. We will continue to leverage this favorable market well into the future with healthy pre-sales levels in our BTS business line which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of an estimated 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We have obtained more than 2,500 licenses for construction projects and have made another 2,978 requests for licenses for future construction launches including, as of the date of this offering memorandum, 468 for our BTR initiative.

We apply our mixed model to housing construction and, depending on the complexity, location of a project and our market knowledge, we employ either project management supervision, in which we oversee the construction process led by external construction companies, or, in a select number of developments, we employ our full project management model, in which we act as a general contractor. This full project management provides operational flexibility and minimizes interruption of our activity with respect to certain services. Moreover, our ability to act as a general contractor through our full project management and our strong relationships with local construction companies within our focus regions allow us to step into projects when a construction company is not performing and provide us with negotiating flexibility with construction companies, contractors and sub-contractors to minimize cost overruns and delays. Our in-house team has a track-record of 2,700 units delivered since 2012.

We have one of the largest residential land banks in Spain with a GAV of €1,770 million, a GDV of €5,523 million as of December 31, 2020 (according to Savills), a total buildable area of 2,147,028 square meters or 21,189 residential potential units, resulting in a self-sufficient company with no need for further acquisitions to achieve our expected deliveries for over 10 years at the average annual production level achieved in the last two years ended December 31, 2020 and December 31, 2019 (average of 1,553 units per annum). As a result of our clear investment criteria, in-depth, on-the-ground knowledge of local market dynamics and access to a wide range of sourcing of land opportunities, we believe that we own a carefully selected, high-quality and well-located land bank, which is focused on residential assets (99%). The following table sets forth the distribution of our current land bank as of December 31, 2020.

Province	Units[1]	GDV (*in millions of euros*)	GAV (*in millions of euros*)	% GAV
Madrid	7,795	2,252	619	35%
Málaga	4,040	1,086	381	22%
Barcelona	750	320	158	9%
Seville	2,881	519	146	8%
Valencia	1,656	336	126	7%
Portugal	541	167	59	3%
Other	3,526	844	282	16%
Total	**21,189**	**5,523**	**1,770**	**100%**

(1) Units represents our estimate of potential residential units based on our estimates that we expect to develop in a certain asset, site or in our total portfolio, based on current licenses in place or, where no specific regulation is available, the relevant local authority's policy combined with our historical experience. See "*Presentation of Financial and Other Information—Key Operating Metrics*."

Moreover, we believe that our land bank consists of an attractive and well-balanced mix of Fully Permitted and Strategic Land, where approximately 86% of our GAV is Fully Permitted Land and approximately 14% is Strategic Land, and type of properties, where approximately 86% is for multi-family developments and approximately 13% is for single family developments.

Our urban planning capabilities grant us the capacity to acquire land in high quality locations at a competitive cost, by acquiring Strategic Land (at any development stage) and converting it into Fully Permitted Land, capturing significant value during the process, and ensuring our presence in the most in-demand areas in the future. As of December 31, 2020, we have 6,195 potential units of Strategic Land, of which 4,279 are located in the Madrid metropolitan area.

Our land bank provides us with a complementary presence in various capital cities in key provinces of Spain and a selected presence in Portugal. Our geographical distribution of GAV is focused on areas with strong household growth potential rooted in robust demand, which we believe uniquely position us in the residential market in Spain. We also believe our units in each of these areas are affordable in relation to their local markets generally. The provinces of Madrid, Barcelona, Málaga, Seville and Valencia, account for approximately 46% of the total sales of units (excluding social housing) from 2004 to 2020 (source: Spanish Ministry of Development). As of December 31, 2020, approximately 81% of our land bank in terms of GAV is located within the provinces of Madrid, Barcelona, Málaga, Seville and Valencia, with our Strategic Land also being concentrated in attractive and scarce land areas, mainly in Madrid (approximately 50% of our Strategic Land). We believe that our strong presence in these provinces and, in particular, within areas with some of the most active demand, price appreciation and higher purchasing potential nationally, will allow us to quickly develop and sell units, minimizing the holding period and improving asset rotation.

Existing land bank guarantees presence and profitability in key markets

Our well-located, high quality and large land bank with a GAV of €1,770 million guarantees presence and profitability in key markets. Our geographical distribution of GAV is focused on areas with strong household growth potential which we believe uniquely position us in the residential market in Spain. Of our existing land bank of 21,189 potential units, we have 17,122 potential units in the top five key provinces of Madrid, Barcelona, Málaga, Seville and Valencia. We believe that our strong presence in these provinces and, in particular, within areas with more active demand, price appreciation and higher purchasing potential, should allow us to quickly develop, sell and delivery units, minimizing the holding period and improving asset rotation. Our urban planning capabilities grant us the capacity to acquire land in high quality locations at a competitive cost, by acquiring Strategic Land (at any development stage) and converting it into Fully Permitted Land, capturing a significant value during the process, and ensuring our presence in the most in-demand areas in the future. As of December 31, 2020, we have 6,195 potential units of Strategic Land, of which 69% are located in the Madrid metropolitan area and 21% are located in Málaga.

Most of our land bank was acquired between 2015 and 2018, before recent land market inflation, allowing us to realize relatively high margins today. As of December 31, 2020, our land bank was valued at €5,523 million GDV, 23% of which was carried at net book value in our books and 47% was pending capital expenditure (according to Savills), resulting in a development margin of approximately 28% of GDV. We also expect to maintain the level of performance achieved for the two years ended December 31, 2020 for our BTS division, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP, with an aggregate GDV of €995 million, and 1,383 additional units under commercialization to be launched upon achievement of pre-sales thresholds. We will continue to leverage this favorable market well into the future with healthy pre-sales levels, which gives us very high visibility of performance in the few next years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We believe that our disciplined approach and visible delivery program will help us to achieve our target.

High cash flow visibility on the back of existing land bank and strong construction and pre-sales progress

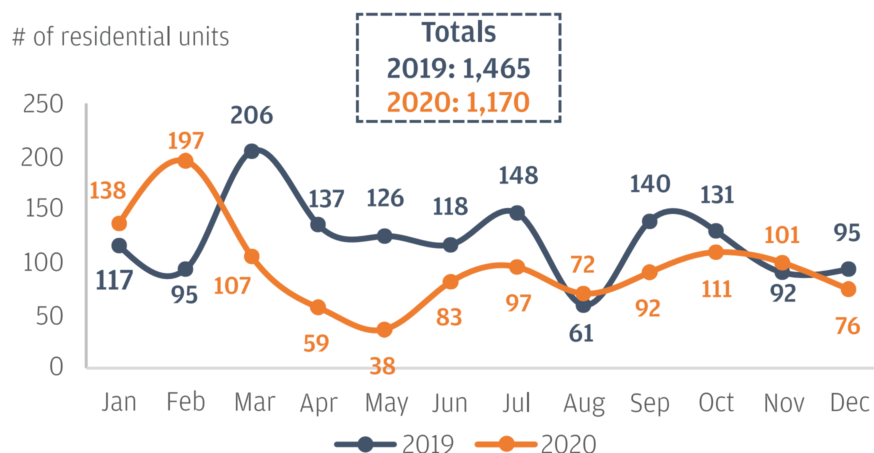
We have a high-quality land bank with a visible production and delivery. We estimate that together our Fully Permitted Land and Strategic Land would enable the construction of approximately 21,189 potential units in the aggregate. As of December 31, 2020, we had 3,408 potential units under construction and in stock, which included approximately 600 units already constructed and ready to be delivered. Additionally, we had 1,383 potential units that were not work in progress but were already under commercialization. Moreover, we have over 2,500 licenses obtained and approximately 2,978 licenses requested for future construction launches and, as of the date of this offering memorandum, 25% of licenses applied for in respect of 2,431 BTR units.

Our capital outlay for the development of each BTS project has minimal impact on our financial position across the process. The capital expenditures in the development phase for BTS projects (representing on average approximately 48% of gross sales) are funded through cash deposits from pre-sales (from a maximum of 20% of gross sales if all the units are pre-sold prior to delivery) and Development Loans (remainder amount, from 28% of gross sales) which means that, once the land has been acquired, the development of the project is funded mainly through the cash received from pre-sales and Development Loans. At delivery of a project, the 80% of gross sales remaining from clients is paid and the development loan is due.

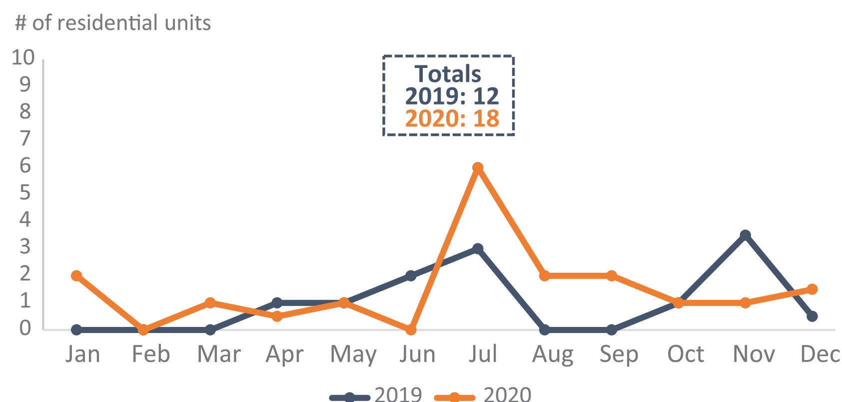
Our pre-sales, together with our historical levels of negligible cancellation rates, give us access to cash flow in the next 12 to 24 months, with as of December 31, 2020 pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered from BTS in 2021, 2022 and 2023. Also, as of December 31, 2020, 69% of our current WIP has been pre-sold. As proven through the COVID-19, the impact on reserves and contract cancellations have remained minimal demonstrating resilience.

BTR developments are generally expected to be developed without pre-sales and accordingly will require further upfront capital outlay compared to our BTS developments. By avoiding forward purchase agreements in our BTR developments, we believe we can maximize value creation by capturing the yield compression, preserving optionality to divest BTR assets at any point during construction, which enables us to target an expected selling price per square meter, construction costs and margins in line with our BTS division. However, if needed, we believe that we will have the optionality to increase pre-sales by selling portions of our BTR portfolio as we have tested the market and believe there is strong appetite for it from institutional investors who require higher margin on their BTR investments.

The following chart sets forth our reserves (units not yet formalized by a sale and purchase agreement) to contracts for each of the two years ended December 31, 2020:



Our cancellation rates remain low. The following chart sets forth our cancellation rates for each of the two years ended December 31, 2020:



This was complemented by our commercialization efforts, which included 1,383 potential units that were not work in progress but were already under commercialization in Spain and Portugal net of our deliveries in 2020. We believe that our in-house sales function allows us to optimize our pricing strategy, reduce sales costs and establish stronger client relationships, which is reflected in our strong client satisfaction ratings.

As a result of our strong construction and pre-sales progress, we have high cash flow visibility across our value chain through 2023.

Robust balance sheet with low leverage and high interest coverage

We have a low Net Secured LTV ratio and a healthy interest coverage ratio of 17.1% and 4.2x, respectively. We also have a low adjusted net financial debt to Adjusted EBITDA ratio of 3.2x. Furthermore, if growth opportunities are pursued, we would be comfortable taking our LTV ratios up to a maximum of 30 – 35%.

On a pro forma basis for the Transactions we will have significant cash on balance sheet and, as of December 31, 2020, our corporate debt would have consisted only of the Notes. Additional sources of liquidity at our disposal are the Revolving Credit Facility, which is expected to be undrawn on the Issue Date and which will, from the Issue Date, provide up to €30.0 million of additional liquidity (with a maturity of four and a half years (or, if earlier, the date falling six months prior to the earliest maturity date of the Notes)) (see "*Description of Certain Financing Arrangements—Revolving Credit Facility*") and our commercial paper program which was formalized and launched in 2020 and allows us to source additional liquidity, subject to the covenants described under "*Description of Notes*." Lastly, our land bank is very liquid and provides a strong pipeline of potential land divestments.

As for the asset-level financing, most of it is sponsored by top local lenders and large institutional banks as we have long-standing partnerships with over 15 local and international financial entities. Development Loans (and initiation of construction works) are only incurred once a certain pre-sales threshold has been secured. There is low leverage on Development Loans typically to cover the construction and sometimes part of the soft costs. Land, commercialization expenses, interest and other items are typically funded with equity. The maturity of Development Loans is linked to the earlier of the delivery of the projects to third party purchasers and typically 30-year maturity. Development Loans usually have a 24-36 months amortization grace period during which we only pay interest. Given that the underlying development project typically completes within 21-24 months, with deliveries to customers in the following months, we typically use the proceeds from deliveries to repay Development Loans. We have €358 million available to us from existing Development Loans to execute ongoing projects.

Experienced management team with support from key shareholders with a proven track record of successful delivery across the value chain

In 2015, our Sponsor acquired a controlling stake in the Issuer, previously named San José Desarrollos Inmobiliarios, changing its name to Dos Puntos Desarrollos Inmobiliarios in 2016. In 2017, the Issuer acquired

Vía Célere's homebuilding business, integrating the two companies and combining business benefits from the leadership and experience of Juan Antonio Gómez Pintado Rodríguez de Segovia and his management team with the deep land bank of the Issuer. Following the integration of Vía Célere's Spanish Business and the subsequent name change to Vía Célere Desarrollos Inmobiliarios, S.A., the Issuer continued to expand its geographic reach across Spain. During that time we expanded our capabilities in the land permitting process and built our strong platform which we believe positions us well for future growth. In 2019, the Issuer acquired Aelca Assets, resulting in Vía Célere becoming the largest Spanish residential homebuilder in terms of residential GAV and the second largest in terms of units. In 2019, through continued growth Vía Célere became the number one Spanish homebuilder in terms of number of units delivered, with 1,174 units delivered in 2019 and 1,932 units delivered during in 2020.

We have a highly experienced management team with an extensive track-record in the homebuilding sector in Spain who continue to expand our growth in deliverables and construction. Our management team has worked together across multiple cycles with José Ignacio Morales Plaza as our current Chief Executive Officer, previously acting as our Chief Financial Officer. With 25 years of experience, Mr. Morales' leadership and knowledge of our industry enables our team to work together in an efficient and well-coordinated manner, has led us to optimize and fully control our value chain, where our expertise in land transformation, project auditing, construction management and customer care granting us high client recognition, all of which has contributed to our excellent customer satisfaction rating with 93% of buyers saying they would recommend us, (based on our post-sales customer surveys conducted at the moment of signing from 2007 through the date of this offering memorandum). With 15 years of experience, our Chief Financial Officer Jaime Churruca Azqueta has previously served as Head of Corporate Development and Investor Relations at the Issuer. Our Head of Build-to-Sell Miguel Ángel González has over 17 years of experience in the sector and together with rest of the management team leads our network of regional managers and in-house development specialists with decades of experience and strong relationships with key partners at each stage of the process.

With a fully operational integrated platform that employs a mixed model combining activities undertaken in-house with other activities being outsourced to selected external service providers, which enables us to retain control over all critical decisions in the process. Our management team, together with our skilled regional branch managers, manages all stages in the value chain of the residential development process, including land acquisition, urbanization planning, and housing development. This platform has enabled us to deliver 1,932 units during 2020, building and expanding on deliveries of 1,174 units and 334 units for 2019 and 2018, respectively. We have also expanded and stabilized high levels of units under construction with 3,408 units, 3,857 units and 2,404 units under development for the years ended 2020, 2019 and 2018, respectively. As of December 31, for the years ended 2020, 2019 and 2018, respectively, the Group had 1,383, 2,764, and 443 units that were not work in progress but were already under commercialization.

As we believe that a local presence is essential for originating land acquisition opportunities and establishing stronger relationships with clients and key local suppliers, our residential development activity is managed through our regional managers (Central, East, South, North and Portugal). Such managers are supported by experienced teams that have in-depth knowledge of their respective markets and long-term relationships with local private companies, financial entities, public administrations, suppliers and other relevant players in each region. We believe that these strong relationships with key market participants, combined with the management team's distinctive knowledge and experience, provide us with a competitive advantage in the market and a solid position with respect to opportunities presented by current and future market conditions.

We have a proactive approach to ESG

Social responsibility is an integrated strategy in our company, which allows us to become an engine of change and generate value for all our stakeholders. From our beginnings we have been committed to innovation and sustainability as the fundamental pillars of our projects, with the aim of creating a product that is fully suited to the needs of our clients and their families. Our commitment to innovation allows us to promote more sustainable construction, champion social priorities related to construction and serve as a role model for ethical and good governance in the real estate sector. All our corporate social responsibility activities have the ultimate goal of positively impacting one or more of the United Nation's Sustainable Development Goals

(“*SDGs*”), with a focus on those SDGs for which we have a greater responsibility, such as creating more sustainable cities, promoting innovation in industrial sectors and fighting climate change, due to the environment in which we operate and the nature of our business as a homebuilder.

We recognize that developing housing in cities is a high impact industry with respect to environmental, social and governance factors, and have adopted a sustainable construction model that includes sound environmental features in our buildings by controlling our construction process, focusing on the environmental performance of our buildings and apartments and putting special emphasis on energy efficiency. Where possible, the Company relies on the integration of geothermal and aerothermal energy as energy management elements in its buildings. We also reduce water consumption through the implementation of thermostatic taps to promote low consumption. Approximately 88% of our developments in pre-commercialization stages have rating reports A or B, as defined under Spanish energy law. As a result of our environmental innovations, our buildings have generated energy savings up to 89% and emit 89% less $CO2$ emissions than what is required by Spanish law.

We account for the possible effects of climate change in our business model and are committed to studying and analyzing how our developments can affect the environment and strive for designs and plans that achieve the best possible impact. We also seek to harness the power of human capital to effect positive change in our communities and for our clients, employees, partners, stockholders, and stakeholders at large and are aware that our dedication and commitment to them are key to our success. We believe in transparency, good governance and integrity as hallmarks of our organization. Finally, we are engaged with our communities to help tackle their social and environmental challenges and collaborate with social entities, universities and foundations, linking our technical knowledge with the social priorities related to our sector. Our focus on ESG has won us numerous industry and consumer awards in recent years and we believe this is valued by our customers. We are a leader in social responsibility in the residential market in Spain due to the quality of our promotions, process innovation, incorporation of the latest technologies and advances in sustainability, all of which contribute to the satisfaction of our customers, shareholders, and employees.

Strategy

Diversification of our business model of land management and BTS by expanding into BTR housing product

Our principal business is the procurement of land, its transformation into buildable land through necessary permitting and urban planning and the development on that land of residential properties for sale. While historically most of our cash flow has come from our traditional business lines, BTS and land management, we are further diversifying our business strategy by adding a BTR business line, in which we are aiming to expand our operations benefiting from the increasing demand for rental homes as we focus on the development and divestment upon (or shortly after) completion of the units, with no intention to operate the units in the long term.

Capitalize on well-established and profitable operations in BTS business line

We will continue to establish our position as a leader in the Spanish build-to-sell market, focusing on the mid to mid-high segments. We aim to maintain our current production levels by delivering units currently under construction and launching new developments from our large land bank.

The average selling price of our homes was €316,000 as of December 31, 2020 which, based on the GAV of homes acquired at optimal prices during 2015-2018, we will target margins in line with historical levels of approximately 20% per year for the two years ended December 31, 2020. We target average development timing of 6 to 12 months for the pre-sales phase and 21 to 24 months for the construction phase. We seek to fund construction and certain associated costs through with development debt after a pre-sales threshold of approximately 30-50% has been secured in contracts.

We continue to de-risk our BTS operations by using equity to fund most land purchases, commercialization expenses, related interest and certain other items, generally only relying on lines of credit for major construction costs and, depending on the project, certain soft costs. We use customer pre-sales deposits of 20% (including 10% at signing and 10% at monthly installments) to fund development capital expenditure. This

strategy is further de-risked by initiating construction works and incurring a related development loan debt only once a certain pre-sales threshold has been secured in contracts with a high client commitment promoting very low cancellation rates with minimal sales activity required after construction works are completed. See "—*Limit development risks in BTS by pre-selling units through our well located sales network.*"

The average maturity of our Development Loans is approximately 30 years, which combined with our pre-sales strategy, significantly reduces the risk of the loan maturing before we complete the project and collect cash flows to pay the loan.

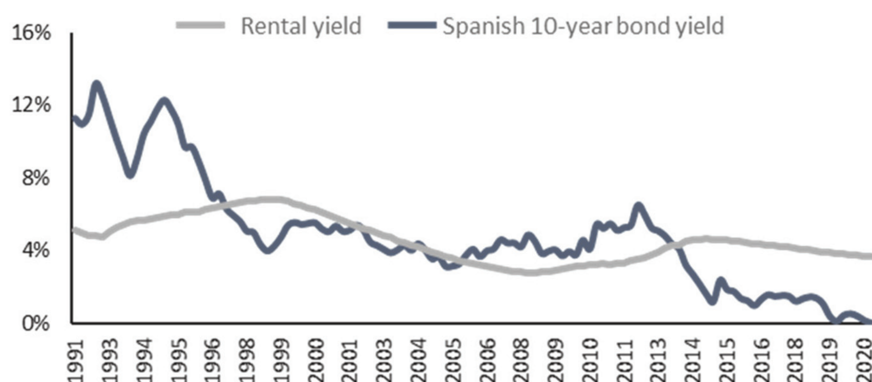
For more information on our BTS operations, see "*Business*."

Expand margins expanding into BTR and diversify our business

Our principal business is the procurement of land, its transformation into buildable land through necessary permitting and urban planning and the development on that land of residential properties for sale. While historically most of our cash flow has come from our traditional business lines, BTS and land management, we are further diversifying our business strategy by adding a BTR business line, in which we are aiming to expand our operations benefiting from the increasing demand for rental homes as we focus on the development and divestment upon (or shortly after) completion of the units, with no intention to operate the units in the long term.

Demand for rental residential properties has been consistently increasing in Spain, particularly among younger generations due to their consumption preferences and various systemic constraints to becoming homeowners compared to prior generations. We believe that the impact of the COVID-19 may further accelerate this trend. The current rental market in Spain comprises dated stock on average and lessors are generally fragmented, unprofessional property owners who hold a limited number of properties. In a continued low interest world of compressing yields, we believe that rental yield will attract institutional investors, consolidating and increasing demand for BTR.

The following chart sets forth the historical comparison of average rental yield against the Spanish 10-year bond yield:



Source: Bank of Spain

Thanks to our high-quality land bank, located in regions of high demand for new homes and high household creation, we believe we are in a unique position to capture the expected continued increase in BTR demand. As of December 31, 2020, we identify that approximately 25% of our land bank would be suitable for BTR development. We intend to combine our traditional activities (BTS and Land management) with the development and subsequent divestment of BTR portfolios in the long run. We are focused on the development and divestment on (or shortly after) completion of the units, and do not intend to undertake the asset management and rental of these units in the long term. We target institutional investors as purchasers of rental property developments who will operate the units as these rental properties.

In the near term, we have applied for licenses to commence construction on 2,431 potential units in our BTR business line, 25% of which we have secured as of the date of this offering memorandum, enabling us to

commence construction as early as the second half of 2021. Building licenses are generally obtained within six to twelve months from application and once received are valid for an average of six months, during which period construction must begin, and are followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter, with similar margins and construction costs as our BTS division. On average, each BTR unit is expected to be approximately one third below the average size of each BTS unit. Leverage on BTR assets is similar to BTS assets but requires us to put up approximately 20% (of selling price) from cash for the development capex to replace the upfront payment from BTS customers.

At least 90% of the construction tender process has been initiated and we expect to initiate construction on these units in 2021. Leveraging on our large land bank, we intend to develop subsequent portfolios of similar size and characteristics on a recurring basis to complement our traditional business lines.

While many aspects of land transition, permitting and construction are similar for our BTR and BTS business lines, unlike our BTS business line, the BTR developments are generally developed without pre-sales, as our strategy is to create a rental platform and to only sell these assets once all of the units in a development are under construction. By avoiding forward purchase agreements, we can maximize value creation by capturing the yield compression, preserving optionality to divest BTR assets at any point during construction, which enables us to target an expected sales price per square meter, construction costs and margins in line with our BTS division. We are comfortable taking this risk given our selective approach to the assets developed under the BTR business line. If needed, we have the optionality to increase pre-sales materially by selling portions of our BTR portfolio as we have tested the market and there is strong appetite for it from institutional investors who require higher margins. Rather than being a rental operator, our strategy is to develop BTR portfolios and maximize our return by increasing the sales price through yield compression as the development process advances.

In the coming years, we are planning to expand our BTR activities given the clear opportunity in the market in terms of rental yield and spread vs reference official rates and investor appetite for these sort of assets. We have clearly identified a portfolio of 2,431 units out of which 468 have already construction permits in place as of the date of this offering memorandum:

Asset	City	Plots	Units	License status(1)	Square meters	Current GAV (*in millions of euros*)	Current GDV (*in millions of euros*)
Barajas	Madrid	4	494	Pending	33,955	39	117
Montecillos	Rivas	1	150	Pending	11,050	10	29
Torrejon	Torrejon	2	122	Pending	8,962	6	19
Canaveral	Madrid	1	121	Pending	9,385	8	27
Valdemoro	Valdemoro	1	110	Granted	7,560	5	16
H. Cabello	Málaga	1	179	Pending	13,125	10	32
Adif	Málaga	1	144	Pending	5,800	16	40
Mislata	Mislata	2	288	Pending	22,487	11	48
Patraix	Valencia	1	131	Granted	11,068	8	24
Torrent	Torrent	2	114	Granted(2)	9,744	5	19
Sevilla Este	Seville	4	419	Granted(3)	38,567	15	69
Barakaldo	Barakaldo	2	159	Pending	10,650	7	26
Total		**22**	**2,431**		**182,353**	**140**	**466**

(1) Status of the date of this offering memorandum.

(2) License granted for 1/2 plots.

(3) License granted for 2/4 plots.

For more information on our BTR operations, see "*Business*."

Leverage our land bank to support BTR and BTS and maximize value through active land management and asset rotation

Our business model is structured to maximize value creation through land transformation and asset rotation. Our existing rich and attractively-located land bank enables us to execute our business plan and operate for over 10 years without needing to acquire additional land, and only undertake acquisitions on an opportunistic basis to achieve margins in line with historic levels.

We leverage our in-house land management expertise across the planning and urban planning systems to generate value through conversion of Strategic Land to Fully Permitted Land, while feeding our BTS and BTR lines of business for future deliveries. Compared to a purely Fully Permitted Land strategy pursued by competitors, we are able to diversify the variety of target assets for acquisition and boost value creation by taking sites through the planning system in-house, locking in additional value and expanding our margins, leveraging our strong track record in the land permitting process evidenced by several successful transactions.

Our land bank representing 21,189 potential units, of which 6,195 potential units and 9,155 potential units are represented by Strategic Land and Fully-Permitted Land, respectively and excludes BTR, WIP and completed units, positions us to fully execute our business plan without the need to acquire any additional land. We also take advantage of opportunities to sell selected land plots in places where there is overlap with other developments, the number of units is too small, the asset is located in non-strategic areas or if asset rotation improves returns, while aiming to replenish land. The flexibility to liquidate land assets based on the depth of our land bank enables us to deleverage as we do not need to buy land and have a prudent financial policy with limited leakage, without significantly impacting our results of operations. We expect to deleverage and generate revenue by maintaining land sales of non-core plots broadly in line with those achieved in the year ended December 31, 2020 if market continues to be supportive. In addition, we intend to spend approximately 90% of its urbanization pending capex in the coming years to mainly achieve conversion of our Strategic Land portfolio into Fully-Permitted Land.

We do, however, recognize that land prices in the key regions where we operate might fluctuate across the cycle, therefore we constantly seek and assess growth through land acquisition opportunities in our core locations with strong demand and healthy economic prospects, which have historically led the demand for new housing. We believe that we are well positioned to acquire land on attractive terms and with increased margin potential as a result of, among other reasons, our financial strength and flexibility that enable us to concentrate land acquisitions during the most attractive years of the cycle, our disciplined acquisition strategy, our in-depth, on-the-ground knowledge of local market dynamics acquired by our management team during their decades of experience in the industry, and our wide range of land sourcing opportunities. Our strategic goal is to have a land bank in the largest cities to guarantee approximately 6 to 7 years of activity, well-balanced between Full Permitted and Strategic Land bank which enables us to source land at attractive prices and margins in our key markets.

Capitalize on macro and micro trends in residential development by consolidating our market leadership in terms of deliveries per annum

We believe that the Spanish residential real estate market is highly attractive. Post-COVID-19, Spain’s resilient economy and certain macro and micro economic trends are expected to lead to further sustainable growth in the residential real estate development sector. We designate our priority investment areas based on an ongoing analysis of socio-economic trends, micro-market analyses, historical development records, selected key indicators (including land-use plans, ownership profiles and competitors’ activity), our local knowledge (derived from long-term relationships with real estate agents, architects, advisors, local private companies, financial entities, public administrations and suppliers) and feedback from customers. This approach allows us to identify opportunities that may offer increased margin potential.

We believe that the expected increased rate of population growth, household creation, large purchase power and a shortage of new homes in our key provinces provide highly attractive micro-economic conditions for real estate development. The Spanish residential property market is expected to continue to show sound structural growth driven by net household growth of 6% across Spain over the 2020-35 period. In addition our top five regions are the key areas of household creation (representing approximately 54% of the net household creation in Spain based on Instituto Nacional de Estadistica).

In addition, Spanish residents are well-positioned to access the residential property sector, with household savings at an eight-year high and the effort ratio of homes (average home price over household income) down from 9.0x in 2008 to 7.3x in 2020.

In response to trends in customization, we have a deployed strong client-centric business model focused on creating innovative spaces adapted to customer needs. This includes the construction of energy efficient buildings with renewable energy solutions that result in differentiated cost savings to our customers and smart units equipped with sophisticated home automation systems that enhance our clients' living experience. We believe that such technology responds both to customers' needs and to new social trends and that it provides us with a competitive advantage with respect to our peers.

We believe that we will be able to capitalize on these trends due to our strong foothold in key provinces in Spain. These provinces consistently show the strongest profile based on various economic and social factors, including residential prices, residential rents, the trend index and the demography. Our commitment to understanding and anticipating the key market trends enables us to deploy resources and target geographies and housing solutions that meet macro and micro demands and support our estimated rate of deliveries year on year. We aim to capitalize on the strong demand for new homes fueled by these factors especially while the rate of house building permits continues to hover around levels not seen since before the 1990s, 106,000 home building permits were granted for the year ended 2019 compared to 806,000 in 2006.

Focus on affordable sustainable residential housing in the most attractive and growing Spanish markets

We are constantly exploring opportunities to use our land bank, one of the largest in Spain, which represents 21,189 potential units, to develop affordable and sustainable residential housing in areas where we believe that there is clear demand for new housing. We are focused primarily on the Madrid, Barcelona, Málaga, Seville and Valencia markets. Affordability of house prices and mortgage payments are attractive in these target regions. Average mortgage payments as a percentage of household incomes were 31.3% in the three months ended September 30, 2020 compared to 52.4% at peak in 2008 (Source: Bank of Spain). We believe that these metrics suggest that average selling prices could continue to rise without negatively impacting demand in our regional locations in a significant way. Home buyers in our target regional markets are generally owner-occupiers, as opposed to investors, purchasing new houses when they need to move homes due to family or job circumstances, a trend which further underpins long-term demand for our homes. Our target regional markets currently display a number of other supportive trends. Such positive trends in our regional target markets include shorter timeframes for obtaining planning permissions and reduced subcontractor labor cost and availability pressures. As a result, we can be selective in evaluating sites for purchase and maintain our hurdle rates. In addition to our historical build-to-sell business, through recent acquisitions we also benefit from a deep land bank in metropolitan areas in the largest cities in Spain, resources we are leveraging to access the growing residential rental market. See *"—Diversification of our business model of land management and BTS by expanding into BTR housing product."*

As a result of these favorable affordability dynamics, the ongoing resilience of owner-occupier and rental demand, as well as our commitment to meet the demand for sustainable housing solutions, we believe that our continuing focus on and understanding of specific regional markets, positions us to benefit from further growth in our target regional markets.

Limit development risks in BTS by pre-selling units through our well located sales network

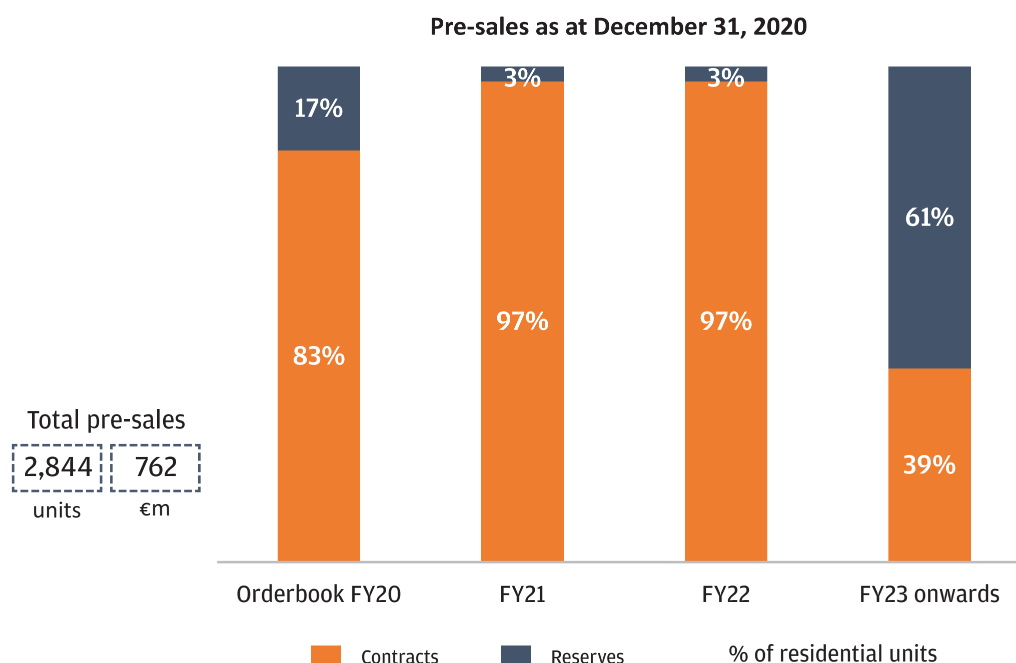
We look to de-risk our cash flow from our BTS business line through pre-sales that we achieve through our well located sales network. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023, respectively.

Upon receipt of a positive indication from local authorities with respect to necessary permits, our marketing actions seek to actively create awareness of potential customers through online and offline channels. From January 1 to December 31, 2020, we identified over 69,850 leads through these online and offline channels,

approximately 23% of which led to visits by potential customers to our points of sale and approximately 18% of such visits concluded in the pre-sale of a home. We generally start construction of a development project only when we have obtained the relevant target level of pre-sales of the homes to be built in the development needed to obtain the development loan to fund project costs (typically 30%-50% of the homes to be built, with the specific threshold determined on a case-by-case basis depending on the characteristics of each project). At this stage, buyers must typically pay a deposit of approximately €3,000 as a reserve amount and enter into a reserve contract. Once this deposit is made the relevant unit is considered to be "pre-sold". Once we obtain the underlying building license, prior to construction works start, we revert the reserve agreements with our customers by the signing of a sale and purchase agreement. In that milestone, customers must pay an additional 10% of the aggregate sale price. An additional 10% is paid through monthly installments, with the remaining amount (80%) to be paid at delivery of the units to the customer. In the case of second residence projects these percentages are generally 15% at sale and purchase agreements, 15% through monthly installments and the remaining 70% at delivery. Proceeds from customers are deposited in special accounts, secured by a financial institution and can be used only to fund project costs within each development. Our Development Loans are secured with mortgages on the financed project, including the land being developed, at the time of entering the development loan and generally have a 24-36 month amortization grace period, during which we only pay interest, plus a maturity of 30 years, which can be lower in certain cases. Construction on our development projects typically completes within 21-24 months from inception, which means we are typically in a position to fully pay down the related mortgage only once we receive the cash inflow from our clients. If any units remain unsold after the grace period, we would have to pay the monthly mortgage installments for the outstanding debt corresponding to the unsold units.

Sales continue throughout the construction phase. Customers are entitled to terminate the sale and purchase agreement under limited circumstances, which include those in which the building permit is not obtained on a timely basis. If a customer walks away from its commitment under any other circumstances, such customer forfeits the deposit and any monthly installments paid to date. Pre-sales levels have been very stable in the past, and cancellation rates during COVID-19 crisis have remained in line with pre-pandemic rates, with only 18 contract cancellations in 2020.

The following chart sets forth our order book breakdown for the forthcoming financial years.

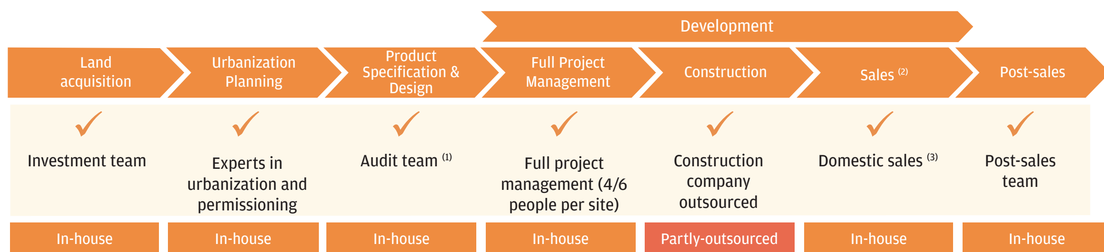


Leverage economies of scale across our platform to drive operational efficiencies and deliver significant positive free cash flow

We believe that our operating model sets us apart from our competitors as demonstrated by our results in the last 24 months. We employ a mixed operating model combining an extensive range of activities undertaken in-house with outsourcing. Activities undertaken in-house include all land acquisition analysis and decisions, urbanization planning management, audit of product specification and design, full project management, supervision project management, construction management sales to domestic customers and post-sales support. In terms of outsourcing, we work with selected external suppliers, such as architects, contractors and sub-contractors and, real estate agents. The performance of these external suppliers and the progress of the development activity is closely monitored at an individual project level by our supervision project management.

While this combined model ultimately enables us to retain control over all critical decisions in the process, it also allows us to reduce our fixed costs through outsourcing and to scale our business upwards and downwards with relative ease. Moreover, we take advantage of our fully integrated project management and have the capacity to act as a general contractor, providing operational flexibility, minimizing interruption of our activity with respect to certain services and closely monitoring deliveries of the projects. This allows us to decrease cost overruns, increase timeline discipline, maintain a stronger negotiating position, increase visibility on contractor pricing and guarantee the supervision of sub-contractors. All of these factors contribute significantly to our positive free cash flow.

The following graphic sets forth the development activities that we undertake in-house and the development activities that we outsource:



(1) Architectural design outsourced; (2) Process of pre-sales starts even before the construction phase and is typically only after a 30-50% pre-sales level is achieved that Via Célere starts construction; (3) International sales are outsourced

History and Ownership

The Issuer was formed in Spain in 1989 under the name Confecciones Udra, S.A. entering the development and construction portfolio sector in 1993. Following a series of name changes, spin-offs and acquisitions over in the ensuing decades, in 2015, Maplesville Invest, S.L.U. an entity controlled by certain funds managed by the Sponsor (one of the key players in the new Spanish residential market) acquired a majority interest in the Issuer, a long-standing residential developer, changing its name to Dos Puntos Desarrollos Inmobiliarios in 2016.

In 2017, Dos Puntos Desarrollos Inmobiliarios acquired the Spanish property development business of Vía Ágora, S.L.U., founded in 1982 and where part of our management team began developing much of our business today. Our growth culminated in the 2018 with the acquisition of Aelca Assets whereby we confirmed our place as a leader in the Spanish residential property development business. Since then we have expanded our operations and increased our activities across our value chain, with a sustained focus on Iberia and Spain in particular.

Principal Shareholder

The Issuer is directly, and, after the Parent Guarantor Reorganization, will be indirectly, majority owned by the Sponsor. Värde Partners is a leading global alternative investment firm with roots in credit and distressed. Founded in 1993, the firm has invested $75 billion since inception and manages more than $14 billion on behalf of a global investor base. The firm's investments span corporate and traded credit, real estate and mortgages,

private equity, and direct lending. Värde Partners employs more than 300 professionals worldwide with offices in Minneapolis, New York, London, Singapore and other cities in Asia and Europe.

Use of Proceeds

The gross proceeds from the Offering will be €300.0 million. The gross proceeds from the Offering will be used for general corporate purposes, including (a) for the repayment of certain existing debt, (b) fund cash on balance sheet and (c) to pay fees, commissions and expenses incurred in connection with the Transactions. We intend to allocate an amount equal to the net proceeds from the Offering to Eligible Green Projects (as defined in "*Green Bond Framework*").

The expected estimated sources and uses of the funds necessary to consummate the transactions described above are shown in the table below as if they had occurred as at December 31, 2020. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of existing cash in the business, our estimates of the cost of repaying the existing indebtedness described below and differences from our estimates of fees, expenses and commissions. For descriptions of our current and anticipated indebtedness following the Offering and the use of proceeds therefrom, see "*Description of Certain Financing Arrangements.*" See also "*Capitalization.*"

Sources of funds *(€ in millions)*	**Amount**	**Uses of funds** *(€ in millions)*	**Amount**
Notes offered hereby(1)	300.0	Repayment of certain existing debt(2)	120.0
		Cash on balance sheet(3)	173.5
		Estimated fees, commissions and expenses(4)	6.5
Total Sources	300.0	Total Uses	300.0

(1) Represents the aggregate principal amount of Notes (assuming issuance at par).

(2) We intend to use a portion of the net proceeds of the Offering to make a full repayment of the Aelca Acquisition Facility, the Santander Credit Line, land-secured loans and ICO Loan.

(3) *Pro forma* for the Offering and the use of proceeds therefrom, on the Issue Date cash on balance sheet will be sufficient to fund our BTR strategy as described in "*Summary—Strategy—Diversification of our business model of land management and BTS by expanding into BTR housing product—Expand margins expanding into BTR and diversify our business.*" As we secure Development Loans to finance our BTR development projects, cash on balance sheet will be available to fund other projects.

(4) Represents estimated fees, commissions and expenses associated with the Offering, including but not limited to, fees, commissions and expenses related to the issuance of the Notes, the entry into the Revolving Credit Facility and the repayment of existing debt. The actual amount of fees, commissions and expense paid may differ from the amount shown.

Recent Developments

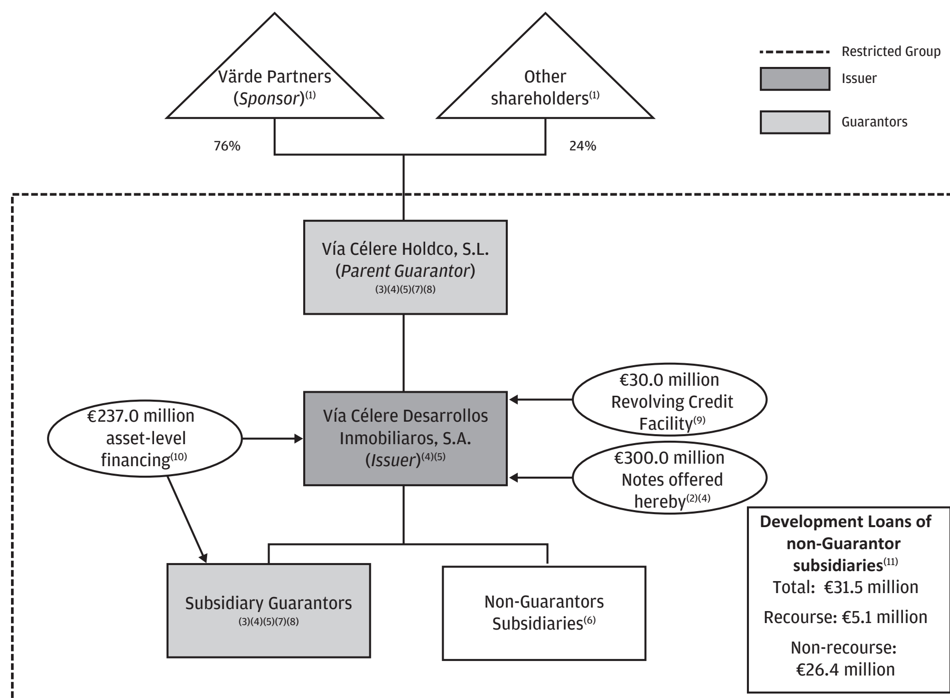
Preliminary trading update for the two months ending February 28, 2021

Our performance for the two months ended 28 February 2021 has been in line with management's expectations, with deliveries during the period exceeding 250 units. Based on our performance during the first two months of 2021, we believe we remain in line with our delivery plan for 2021. Our net pre-sales during the same period (i.e., new sales offsetting the cancellations recorded during the period) were approximately €60 million (in respect of 207 units), which is approximately 15% lower than our net pre-sales during the two months ended 29 February 2020 (in respect of 258.5 units). We note that net pre-sales for February 2020 included 26 units from the Célere Port Avenue project in Marbella, the land for which was acquired through a payment in kind whereby we agreed to deliver the 26 units to the seller at project completion in place of cash at land acquisition, and thus realized pre-sales more quickly than is typical for our developments as the 26 units were recorded as pre-sales in February 2020. Excluding the 26 units from Célere Port Avenue, our net pre-sales during the first two months of 2021 would have been only 5.3% lower than net pre-sales during the first two months of 2020 in spite of having reserved 2,431 units for our BTR initiative. We estimate that our net pre-sales as percentage of total units under commercialization was 4.9% for the first two months of 2021 compared to 4.5% for the same period in 2020 (excluding the 26 units from Célere Port Avenue), which we believe confirms the continued demand for our homes in the new post- COVID-19 environment.

The foregoing information is based solely on preliminary internal information used by management and has not been audited, reviewed, made in compliance with or been the subject of any procedures by our independent auditors or any other audit firm and no opinion or any form of assurance is expressed with respect thereto. Our deliveries and net pre-sales for January and February 2021 are based on a number of assumptions that are subject to inherent uncertainties and subject to change. Further, the comparability of our deliveries and net pre-sales on a monthly basis across different years is inherently limited due to the nature of our business and variance in timelines on which projects complete. While we believe these assumptions to be reasonable, our actual results for such period may differ from these preliminary figures and estimates and those differences may be material. The foregoing information is not intended to be an indication, forecast or representation by us or any other person regarding our financial performance for the months of January and February 2021. Although we believe that the preliminary information presented above may provide investors with a helpful estimate of our results of operations since December 31, 2020, any statement based on preliminary internal information should not be regarded as an indication, forecast or representation by us or any other person regarding our future financial performance or our expected results. As such, you should not place undue reliance on the inclusion of the foregoing preliminary figures and estimates in this offering memorandum, and it should not be regarded as an indication or representation that such preliminary information will be an accurate prediction of future events. See "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

Summary Corporate and Financing Structure

The following diagram summarizes the corporate and financing structure of the Group, as of the Issue Date after giving effect to the issuance of the Notes, the use of proceeds therefrom and the Parent Guarantor Reorganization. For a summary of the material financing arrangements identified in this diagram, see "*Description of Certain Financing Arrangements*" *and* "*Description of Notes*". All entities shown below are 100% wholly owned, unless otherwise noted. This diagram does not show all of the Group's subsidiaries individually.



(1) For a description of our shareholders, see "Principal Shareholder."

(2) The gross proceeds from the Offering will be €300.0 million. The gross proceeds from the Offering will be used for general corporate purposes, including (a) for the repayment of certain existing debt, (b) fund cash on balance sheet and (c) to pay fees, commissions and expenses incurred in connection with the Transactions. We intend to allocate an amount equal to the net proceeds from the Offering to Eligible Green Projects (as defined in "*Green Bond Framework*").

(3) The Notes will be guaranteed (i) on the Issue Date by the Subsidiary Guarantors and (ii) within 30 days of the Issue Date by the Parent Guarantor.

(4) On the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Issuer, (b) a Spanish law *in rem* right of pledge over material bank accounts of the Issuer opened and maintained in Spain; (c) a Spanish law *in rem* right of pledge over the entire issued share capital of Maywood Invest, S.L.U.; (d) a Spanish law *in rem* right of pledge over the entire issued share capital of Vía Célere, S.L.U.; (e) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Maywood Invest, S.L.U.; (f) a Spanish law *in rem* right of pledge over material bank accounts of Maywood Invest, S.L.U. opened and maintained in Spain; (g) a Spanish law in rem right of pledge in respect of intercompany loan receivables (if any) owed to Vía Célere, S.L.U.; and (h) a Spanish law *in rem* right of pledge over material bank accounts of Vía Célere, S.L.U. opened and maintained in Spain (collectively, the "*Issue Date Collateral*"). Within 30 days of the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law *in rem* right of pledge over the entire issued share capital of the Company; (b) a Spanish law *in rem* right of pledge over material bank accounts of the Parent Guarantor opened and maintained in Spain; and (c) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Parent Guarantor (collectively, the "*Post-Closing Collateral*" and together with the Issue Date Collateral, the "*Collateral*").

(5) For the year ended December 31, 2020, the Issuer and the Guarantors generated 95.9% of revenue and 109.1% of Adjusted EBITDA of the Group and, as of December 31, 2020, held 90.9% of total assets of the Group. As of December 31, 2020, the total inventories of the Issuer and its Subsidiaries not subject to a Security Interest over the total inventories of the Issuer and its Subsidiaries was 58%.

(6) The Notes and Guarantees will be structurally subordinated to the liabilities of the Issuer's subsidiaries that do not Guarantee the Notes. See also footnote (11) below.

(7) The obligations of a Guarantor under its Guarantee will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

(8) The maximum secured amount over the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable

preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

(9) On March 6, 2021, in connection with the Offering, the Issuer and certain other members of the Group entered into the Revolving Facility Agreement. The Revolving Credit Facility has a total commitment of up to €30.0 million, the availability of which is conditional on the Offering, and will mature 4.5 years after the Issue Date (or, if earlier, the date falling six months prior to the earliest maturity date of the Notes). As of the date of this offering memorandum there is no intention to draw on the Revolving Credit Facility on the Issue Date. Borrowings under the Revolving Credit Facility will be available to fund, among other things, the Group's general corporate and working capital purposes (including certain acquisitions, capital expenditure and investments) and may be drawn in euros. The Revolving Credit Facility will be guaranteed by all of the Parent Guarantor's subsidiaries that guarantee the Notes. The assets that secure the Notes and the Guarantees will also secure the Revolving Credit Facility as well as certain priority hedging obligations (up to a maximum of €20 million for priority interest rate hedging and a maximum of €10 million for priority currency hedging) on an equal and ratable basis. Under the terms of the Intercreditor Agreement governing, among other things, the ranking and priority of claims between the holders of the Notes, lenders under the Revolving Credit Facility and certain hedging obligations, the holders of the Notes will receive proceeds from the enforcement of the Collateral and certain distressed disposals only after the lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations have been paid in full. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*" and "*Description of Certain Financing Arrangements – Intercreditor Agreement*."

(10) As of December 31, 2020, the Issuer and its subsidiaries had €275.3 million of total consolidated gross asset-level financing outstanding secured on collateral that does not secure the Notes, of which €31.5 million was incurred by non-Guarantor subsidiaries of the Issuer. The Issuer expects to refinance €6.8 million of its outstanding asset-level financing with the proceeds of the Offering. See "*Use of Proceeds*" and "*Capitalization*." See also "*Risk factors—Risks Relating to our Indebtedness—The Notes will be effectively subordinated to certain rights of creditors of Development Loans, which comprise a significant portion or our existing capital structure and future funding requirements*."

(11) The Notes and the Guarantees will be effectively subordinated to any existing or future development debt of non-Guarantor subsidiaries. As of December 31, 2020, indebtedness outstanding at the level of non-Guarantor subsidiaries consisted of: (i) €12.0 million under credit lines granted by ICO, and (ii) €31.5 million of asset-level financing indebtedness (consisting only of Development Loans), of which €5.1 million had recourse to the Issuer or the Guarantors. As of December 31, 2020, non-recourse non-Guarantor subsidiary Development Loans included €23.4 million worth of development debt which is subject to a to a procurement provision under which the Issuer supports the performance of the financing of such entity. The credit lines granted by ICO will be repaid in full with the proceeds of the Offering. See "*Use of Proceeds*" and "*Capitalization*." See also "*Risk factors—Risks Relating to our Indebtedness—The Notes will be effectively subordinated to certain rights of creditors of Development Loans, which comprise a significant portion or our existing capital structure and future funding requirements*."

The Offering

The following summary of the Offering contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, the Guarantees and the Collateral, including certain definitions of terms used in this summary, see "*Description of Notes.*"

Issuer . . . . Vía Célere Desarrollos Inmobiliarios, S.A.

Notes offered . . . . €300,000,000 aggregate principal amount of 5.25% senior secured notes due 2026.

Issue Date . . . . March 25, 2021.

Issue price . . . . 100.000% plus accrued interest, if any, from and including the Issue Date.

Maturity date . . . . April 1, 2026.

Interest rates and payment dates . . . . The interest rate on the Notes will be 5.25% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2021. Interest on the Notes will accrue from and including the Issue Date and be payable in cash.

Ranking of the Notes . . . . . The Notes will:

- be senior obligations of the Issuer;
- be secured on a first-ranking basis by (i) the Issue Date Collateral on the Issue Date and (ii) the Post-Closing Collateral within 30 days of the Issue Date, as set forth below under the caption "*Description of Notes—Security*;"
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and any future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- be effectively senior to all the Issuer's existing and future unsecured indebtedness to the extent of the value of the property or assets securing the Notes; and
- be effectively subordinated in right of payment to any existing or future Indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness, including any Development Loans;
- be guaranteed on a senior basis by the Guarantors set forth below under the caption "*Description of Notes—The Guarantors*;" and
- be structurally subordinated to any existing and future Indebtedness of the Parent Guarantor's Subsidiaries that are not Guarantors, including any Development Loans incurred by a non-guarantor Restricted Subsidiaries or a Project Finance Vehicle.

Guarantees . . . . The Notes will be the Issuer's senior obligations and will be guaranteed (i) on the Issue Date (as defined herein) by Maywood Invest, S.L.U. and Vía Célere, S.L.U. (collectively, the "*Subsidiary Guarantors*") and (ii) within 30 days of the Issue Date by Vía Célere Holdco, S.L. (the "*Parent Guarantor*" and together with the Subsidiary Guarantors, the "*Guarantors*" and such guarantees, collectively, the "*Guarantees*" and each, a "*Guarantee*"). The obligations of each Guarantor

under its Guarantee will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Risk Factors*."

For the year ended December 31, 2020, the Issuer and the Guarantors generated 95.9% of revenue and 109.1% of Adjusted EBITDA and, as of December 31, 2020, and held 90.9% of total assets. For the year ended December 31, 2020, the Issuer's non-Guarantor subsidiaries generated 4.1% of revenue and -9.1% of Adjusted EBITDA and, as of December 31, 2020, and held 9.1% of total assets. The Notes and Guarantees will be structurally subordinated to the liabilities of the Issuer's non-Guarantor subsidiaries.

Ranking of the Note Guarantees . . . . Each Guarantee of each Guarantor:

- will be a senior obligation of such Guarantor, secured by (i) the Issue Date Collateral on the Issue Date and (ii) the Post-Closing Collateral within 30 days of the Issue Date, as set forth below under the caption "*Description of Notes—Security*;"
- will rank pari passu in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the Guarantee of that Guarantor;
- will rank senior in right of payment with any existing and any future Indebtedness of such Guarantor that is subordinated in right of payment to the relevant Note;
- will be effectively subordinated in right of payment to any existing or future Indebtedness of such Guarantor that is secured by property and assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such Indebtedness, including any Development Loans; and
- will be structurally subordinated to any existing and future Indebtedness of such Guarantor's Subsidiaries that are not Guarantors, including any Development Loans incurred by a non-guarantor Restricted Subsidiary or a Project Finance Vehicle.

Security . . . . On the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Issuer, (b) a Spanish law *in rem* right of pledge over material bank accounts of the Issuer opened and maintained in Spain; (c) a Spanish law *in rem* right of pledge over the entire issued share capital of Maywood Invest, S.L.U.; (d) a Spanish law *in rem* right of pledge over the entire issued share capital of Vía Célere, S.L.U.; (e) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Maywood Invest, S.L.U.; (f) *a Spanish law in rem* right of pledge over material bank accounts of Maywood Invest, S.L.U. opened and maintained in Spain; (g) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Vía Célere, S.L.U.; and (h) a Spanish law *in rem* right of pledge over material bank accounts of Vía Célere, S.L.U. opened and maintained in Spain (collectively, the "*Issue Date Collateral*"). Within 30 days of

	the Issue Date, the Notes and the Guarantees will be secured on a first-ranking basis by (a) a Spanish law *in rem* right of pledge over the entire issued share capital of the Company; (b) a Spanish law *in rem* right of pledge over material bank accounts of the Parent Guarantor opened and maintained in Spain; and (c) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables owed to the Parent Guarantor (collectively, the "*Post-Closing Collateral*" and together with the Issue Date Collateral, the "*Collateral*").
Intercreditor Agreement . .	The Revolving Credit Facility and certain hedging obligations will also be secured by the same first-ranking security interests in the Collateral that secure the Notes. In addition, the Indenture will permit certain other indebtedness to be secured by security interests in the Collateral. The lenders under the Revolving Credit Facility and the holders of certain hedging obligations will receive priority with respect to the distribution of the proceeds of the Collateral in the event of an enforcement of the security interests over the Collateral. Under the terms of the Intercreditor Agreement, the holders of the Notes will receive proceeds from the enforcement of the Collateral and certain distressed disposals only after the lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations have been paid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."
Optional Redemption	Prior to April 1, 2023, the Issuer will be entitled to redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of such Notes plus the applicable "*make-whole*" premium described in this offering memorandum, plus accrued and unpaid interest and additional amounts, if any, to the redemption date. On or after April 1, 2023, the Issuer will be entitled, upon not less than 10 nor more than 60 days' notice, to redeem all or a portion of the Notes at the redemption prices set forth under "*Description of Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to the redemption date. Prior to April 1, 2023, the Issuer will be entitled on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including any additional Notes) using the net cash proceeds from certain equity offerings at a redemption price equal to 105.25% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, so long as at least 50% of the aggregate principal amount of the Notes (including any additional Notes) remains outstanding after each such redemption and each such redemption occurs within 180 days after the date of the relevant equity offering.
Redemption for Taxation Reasons	In the event of certain developments affecting taxation or certain other circumstances, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of Notes—Redemption for Changes in Taxes.*"
Change of Control	Upon the occurrence of a Change of Control (as defined herein), the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. However, a change of control with respect to the Notes will not be deemed to have occurred if a specified consolidated net leverage ratio is not

	exceeded in connection with such event. See "*Description of Notes—Repurchase at the Option of Holders—Change of Control*."
Covenants	The Indenture, among other things, will restrict the ability of the Parent Guarantor and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or incur certain liens; • make certain payments, including dividends or other distributions; • prepay or redeem subordinated debt or equity; • make certain investments; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or its restricted subsidiaries; • sell, lease or transfer certain assets including stock of restricted subsidiaries; • consolidate or merge with other entities; • impair the security interests for the benefit of the holders of the Notes; • in the case of the Parent Guarantor, undertake certain activities other than specified holding company activities; and • amend certain documents. Each of these covenants is subject to significant exceptions and qualifications. See "*Description of Notes—Certain Covenants.*"
Additional Amounts	All payments made by or on behalf of the Issuer or any of the Guarantors under or with respect to the Notes or any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any such Taxes will at any time be required to be made, the Issuer or the relevant Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the relevant Notes after the deduction or withholding will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction. See "*Description of Notes—Additional Amounts.*"
Denominations	The Notes will be issued in registered form and transferable in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Transfer Restrictions	The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. Holders of the Notes will not have the benefit of any exchange or registration rights. See "*Notice to Investors.*"
No Prior Market	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed the Issuer that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market-making at any time without notice. Accordingly, there can be no assurance that a liquid market for the Notes will develop or be maintained.

Listing	Application will be made for listing particulars to be approved by the Exchange and for the Notes to be listed on the Official List of the Exchange and admitted to trading on the Exchange's Global Exchange Market. There can be no assurance that the Notes will be, or will remain, so listed and admitted to trading on the Global Exchange Market.
Use of Proceeds	We intend to allocate an amount equal to the net proceeds from the Offering for Eligible Green Projects (as defined in "*Green Bond Framework*"). We will use the gross proceeds of the Notes as set forth in "*Use of Proceeds.*"
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Revolving Facility Agreement and the Intercreditor Agreement will be governed by, and construed in accordance with, English law, except that certain provisions of the Revolving Facility Agreement will be governed by with the laws of the State of New York. The Security creating security interests over the Collateral will be governed by, and construed in accordance with, Spanish law.
Trustee	Bondholders, S.L.
Security Agent	Bondholders, S.L.
Listing Agent	PKF Attest Capital Markets A.V., S.A.
Paying Agent	Deutsche Bank AG, London Branch.
Transfer Agent and Registrar	Deutsche Bank Luxembourg S.A.
Risk Factors	Investing in the Notes involves substantial risks and prospective investors should refer to "*Risk Factors*" for a discussion of certain factors they should carefully consider before deciding to invest in the Notes.

Summary Financial, Operating and Other Information

The following tables set forth summary historical consolidated financial, operating and other information of the Group, as of and for the periods indicated.

Unless otherwise indicated the summary financial information presented herein is derived from the historical consolidated financial information of the Group (i) as of and for the year ended December 31, 2020, as extracted from the 2020 Group Consolidated Financial Statements, and (ii) for the year ended December 31, 2019, as extracted from the 2019 Group Consolidated Financial Statements and (iii) as of December 31, 2018, as extracted from the 2018 Group Consolidated Financial Statements or from the comparative figures included in the 2019 Group Consolidated Financial Statements.

The summary *pro forma* financial information presented below provides data on an "*as adjusted*" basis to give effect to the Transactions, including the application of the proceeds therefrom as described in "*Use of Proceeds.*" The summary *pro forma* financial information has been prepared for informational purposes only and does not purport to represent what our actual financial position would have been had the Transactions occurred on December 31, 2020, for the purposes of the calculation of adjusted net financial debt.

In addition, while certain of the financial data set forth below has been derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for our historical financial information. Non-IFRS financial data should not be considered to be alternative to any measure of liquidity or performance derived in accordance with IFRS for the applicable periods. See "*Presentation of Financial and Other Information—Non-IFRS Measures.*"

Prospective investors should read the summary data presented below in conjunction with, and the data set forth below is qualified in its entirety by reference to, the information under "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," our Audited Consolidated Annual Accounts and the related notes included elsewhere in this offering memorandum.

Summary Consolidated Income Statement Information

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Revenue *(Importe Neto de la Cifra de Negocios)*	157,063	362,714	656,968
Other income *(Otros ingresos)*	2,136	9,532	3,845
Changes in inventories of finished goods and work in progress *(Variación de existencias de productos terminados y en curso)*	47,143	150,835	(125,664)
Raw materials and other consumables used *(Consumo de materias primas y otras materias consumibles)*	(163,921)	(423,350)	(389,123)
Personnel expenses *(Gastos de personal)*	(15,322)	(25,451)	(30,032)
Other expenses *(Otros gastos)*	(20,752)	(40,605)	(30,033)
Depreciation and amortization charge *(Amortización del inmovilizado)*	(325)	(439)	(402)
Impairment losses and gains/(losses) on disposal of non-current assets *(Deterioro y resultado por enajenaciones de inmovilizado)*	(85)	54	22
Operating income *(Resultado de explotación)*	**5,937**	**33,290**	**85,581**
Finance income *(Ingresos financieros)*	386	538	467
Finance cost *(Gastos financieros)*	(8,084)	(22,464)	(22,338)
Change in fair value of financial instruments *(Variación del valor razonable de instrumentos financieros)*	25,743	(24)	(1)
Impairment losses and gains/(losses) on disposal of financial instruments *(Deterioro y resultado por enajenaciones de instrumentos financieros)*	621	–	–
Net finance income/(cost) *(Resultado de financiero)*	**18,666**	**(21,950)**	**(21,872)**
Share of profit (loss) on investments accounted for using the equity method *(Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia)*	(640)	6,940	(646)
Profit /(Loss) before tax *(Resultado antes de impuestos)*	**23,963**	**18,280**	**63,063**
Income tax benefit/(expense) *(Impuestos sobre beneficios)*	60,823	4,155	(13,406)
Profit/(Loss) for the year from continuing operations *(Beneficio del ejercicio procedente de operaciones continuadas)*	**84,786**	**22,435**	**49,657**
Profit/(Loss) for the year *(Beneficio del ejercicio)*	**84,786**	**22,435**	**49,657**

Summary Consolidated Statement of Financial Position Information

	As of December 31,		
	2018	2019	2020
	(€ in thousands)		
Assets (*Activo*):			
Intangible assets *(Inmovilizado intangible)*	122	66	62
Property, plant and equipment *(Inmovilizado material)*	3,546	4,434	4,717
Investment property *(Inversiones inmobiliarias)*	114	112	110
Investments in associates *(Inversiones en asociadas)*	12,682	5,079	1,833
Non-current financial assets *(Inversiones financieras a largo plazo)*	27,349	1,801	3,600
Deferred tax assets *(Activos por impuesto diferido)*	71,089	75,002	68,635
Total non-current assets (*Total activos no corrientes*)	**114,902**	**86,494**	**78,957**
Inventories *(Existencias)*	675,624	1,416,688	1,251,159
Trade and other receivables *(Deudores comerciales y otras cuentas a cobrar)*	10,090	15,835	13,090
Current investments in associates *(Inversiones en asociadas a corto plazo)*	365	51	36
Current financial assets *(Inversiones financieras a corto plazo)*	419	12,263	9,596
Prepayments and accrued income *(Periodificaciones a corto plazo)*	3,890	6,342	5,263
Cash and cash equivalents *(Efectivo y otros activos líquidos equivalentes)*	56,236	176,124	141,181
Total current assets *(Total activos corrientes)*	**746,624**	**1,627,303**	**1,420,325**
Total assets *(Total activo)*	**861,526**	**1,713,797**	**1,499,282**
Net Equity (*Patrimonio Neto*):			
Share Capital *(Capital)*	204,187	411,161	411,161
Share Premium *(Prima de emisión)*	239,294	736,387	736,387
Reserves *(Reservas)*	(69,725)	(397,557)	(377,484)
Profit/(Loss) for the year *(Beneficio del ejercicio)*	84,786	22,435	49,657
Total Equity attributable to the Parent *(Total patrimonio atribuido a la Sociedad Dominante)*	**458,542**	**772,426**	**819,721**
Total Equity *(Total patrimonio neto)*	**458,542**	**772,426**	**819,721**
Liabilities (*Pasivo*):			
Non-current provisions *(Provisiones a largo plazo)*	8,823	12,147	10,056
Non-current payables *(Deudas a largo plazo)*	1,497	222,411	4,039
Deferred tax liabilities *(Pasivos por impuesto diferido)*	13,852	12,621	3,014
Total non-current liabilities *(Total pasivos no corrientes)*	**24,172**	**247,179**	**17,109**
Current provisions *(Provisiones a corto plazo)*	421	7,058	11,009
Current payables *(Deudas a corto plazo)*	238,184	384,406	378,911
Current related party payables *(Deudas a corto plazo con partes vinculadas)*	142	–	143
Trade and other payables *(Acreedores comerciales y otras cuentas a pagar)*	140,062	302,728	272,389
Accrued expenses and deferred income *(Periodificaciones a corto plazo)*	3	–	–
Total current liabilities *(Total pasivos Corrientes)*	**378,812**	**694,192**	**662,452**
Total liabilities *(Total pasivo)*	**402,984**	**941,371**	**679,561**
Total equity and liabilities *(Total patrimonio neto y pasivo)*	**861,526**	**1,713,797**	**1,499,282**

Summary Consolidated Cash Flow Statement Information

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Total net cash flows (used in)/from operating activities *(Total flujos de efectivo utilizados en actividades de explotación)*	(20,298)	(77,590)	207,589
Total net cash flows (used in)/from investing activities *(Total flujos de efectivo de actividades de inversión)*	17,437	(92,441)	(3,661)
Total net cash flows (used in)/from financing activities *(Total flujos de efectivo de las actividades de financiación)*	(40,949)	289,919	(238,871)
Net (decrease)/increase in cash and cash equivalents *(Aumento neto del efectivo o equivalentes)*	(43,810)	119,888	(34,943)
Cash and cash equivalents at December 31 *(Efectivo y equivalentes a 31 de diciembre)*	56,236	176,124	141,181

Summary—Other Financial and Operating Information(1)

	As of and for the year ended December 31,		
	2018	2019	2020
	(€ in thousands)/ (units)		
Deliveries (units)(2)(3)	334	1,174	1,932
ASP(3)	358	320	316
Revenue *(Importe neto de la cifra de negocios)*	157,063	362,714	656,968
Gross margin(4)	33,552	76,250	128,722
Gross margin (%)	21%	21%	20%
Profit for the year *(Beneficio del ejercicio)*	84,786	22,435	49,657
Published EBITDA(5)	6,262	33,729	85,983
Published EBITDA margin(%)	4%	9%	13%
Adjusted EBITDA(5)	(4,843)	39,770	93,383
Gross financial debt(6)	238,957	606,500	382,704
Net financial debt (7)	183,445	430,693	241,769
Adjusted net financial debt(2)(8)	283,951	580,653	303,154
Total net cash flows (used in)/from operating activities *(Total flujos de efectivo en actividades de explotación)*	(20,298)	(77,590)	207,589
Net Secured LTV(2)	26%	27%	17%
Interest coverage ratio(9)	(0.6)	1.8	4.2
Inventories *(Existencias)*	675,624	1,416,688	1,251,159
Owned land bank (units)(2)(3)	11,629	23,300	21,189
GAV(2)(3)	1,107,377	2,188,569	1,770,169
WIP(2)(3)	2,404	3,857	3,408
Pre-sales(3)	621,000	1,057,000	762,000
Pre-sales (units)(3)	1,698	3,690	2,844

(1) For definitions, see "*Presentation of Financial and Other Information—Non-IFRS Measures.*"

(2) Deliveries, WIP, adjusted net financial debt, Net Secured LTV, GAV and owned land bank include 50% of results and holdings of our joint venture Forum in which we hold a 50% interest and which we account for using the equity method. For more information see *"Business-Material Contracts- Joint Venture- Célere Forum."*

(3) For definitions, see *"Presentation of Financial and Other Information—Key Operating Metrics."*

(4) The reconciliation of revenue to Gross Margin for the periods indicated is as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Revenue *(Importe neto de la cifra de negocios)*	157,063	362,714	656,968
Changes in inventory of finished goods and Work in Progress *(Variación de existencias de productos terminados y en curso)*	47,143	150,835	(125,664)
Raw materials and other consumables used *(Consumo de materias primas y otros materiales consumibles)*	(163,921)	(423,350)	(389,123)
Capitalized internal construction staff costs (workforce) *(Gasto de personal interno de construcción)*	(3,702)	(7,214)	(6,519)
Other costs of sale (non-capitalized)	(3,031)	(6,735)	(6,940)
Gross Margin	**33,552**	**76,250**	**128,722**

Gross Margin is used by management as a measure of the Group's revenue less the inventory costs associated with those revenue.

(5) The reconciliation of profit for the year to Published EBITDA and Adjusted EBITDA for the periods indicated is as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Profit for the year *(Beneficio del ejercicio)*	84,786	22,435	49,657
Income tax benefit/(expense) *(Impuestos sobre beneficios)*	(60,823)	(4,155)	13,406
Share of profit/loss on investments accounted for using the equity method *(Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia)*	640	(6,940)	646
Net Finance income *(Resultado de financiero)*	(18,666)	21,950	21,872
Depreciation and amortization charge *(Amortización del inmovilizado)*	325	439	402
Published EBITDA	**6,262**	**33,729**	**85,983**
Non-recurring headquarter operating expenses	–	6,029	1,450
Reversal of PPA adjustment on inventory delivered	13,638	(266)	2,212
Net impairment reversal on not delivered units	(24,828)	(3,129)	763
Impairment losses and gain/(losses) on disposal of non-current assets *(Deterioro y resultado por enajenaciones de inmovilizado)*	85	(54)	(22)
Other "one off" items or non-operating (gains)/losses[(a)]	–	3,461	2,997
Adjusted EBITDA	**(4,843)**	**39,770**	**93,383**

(a) This mainly includes (i) non-operating income items, (ii) non-recurring expenses and (iii) one-off expenses mostly related to the Aelca Acquisition.

Published EBITDA and Adjusted EBITDA are used by management as measures of the Group's underlying market business performance with Adjusted EBITDA providing additional analysis of operating results excluding transactions not considered to be core business

(6) The reconciliation of gross financial debt, for the periods indicated is as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Current liabilities—Bank borrowings *(Deudas a corto plazo—Con entidades de crédito)*[(a)]	237,648	384,099	378,675
Non-current liabilities—Bank borrowings (*Deudas a largo plazo—Con entidades de crédito*)	1,309	222,401	4,029
Gross Financial Debt	**238,957**	**606,500**	**382,704**

(a) For the year ended December 31, 2020, inclusive of the issuance of promissory notes listed in the Alternative Fixed-Income Market (MARF) of which the balance drawn down as at December 31, 2020 is €1,700 thousand.

To analyze Group's total financial debt management uses Gross Financial Debt.

(7) The reconciliation of gross financial debt to net financial debt for, the periods indicated is as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Gross Financial debt	**238,957**	**606,500**	**382,704**
Non-current liabilities—Other financial liabilities *(Deuda a largo plazo—Otros pasivos financieros)*	188	10	10
Current liabilities—Other financial liabilities *(Deuda a corto plazo—Otros pasivos financieros)*	536	307	236
Cash and cash equivalents *(Efectivo y otros activos líquidos equivalentes)*	(56,236)	(176,124)	(141,181)
Net Financial Debt	**183,445**	**430,693**	**241,769**

Management uses Net Financial Debt to assist them in analyzing the Group's total financial debt taking into consideration total cash balances.

(8) The reconciliation of net financial debt to adjusted net financial debt, for the periods indicated is as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Net Financial Debt	**183,445**	**430,693**	**241,769**
Restricted cash *(Caja restringida)*[(a)]	46,849	93,093	38,855
Borrowings of entities accounted for using the equity method *(Préstamos de sociedades puestas en equivalencia)*[(b)]	18,450	2,135	1,663
Land deferred payments *(Pagos aplazados por terrenos opcionales)*[(c)]	38,893	59,658	30,000
Available cash of entities accounted for using the equity Method *(Efectivo disponible de sociedades puestas en equivalencia)* Include a reference[(b)]	(3,686)	(4,926)	(400)
Land deferred receivables *(Cobros aplazados por terrenos vendidos)*[(d)]	—	—	(4,748)
Other customer pending collections *(Otros cobros pendientes)*	—	—	(3,985)
Adjusted Net Financial Debt	**283,951**	**580,653**	**303,154**

(a) Restricted cash are amounts received in advance from our pre-sales put into a special and separate account from our other funds in accordance with Law 20/2015.

(b) We include 50% of the borrowings and available cash of the entities accounted for using the equity method to reflect the Company's share of the non-consolidated borrowings and cash and short term bank deposits of the associate. These are included as the Group managed the respective development throughout the different stages including the commercialization stage.

(c) Land deferred payments are amounts due, either on or off-balance sheet, arising from the acquisition of any land secured through a variety of structures including, but not limited to, purchase options, private sale and purchase agreements, land auctions or public deeds. For further information see "*Business – Land Purchase Deferred Payments*."

(d) Land deferred receivables are amounts receivable from the sale of land.

We use Adjusted Net Financial Debt to analyze the Group's total financial debt taking into consideration restricted cash balances, borrowings and available cash of entities accounted for using the equity method, land deferred payments, land deferred receivables and other customer pending collections.

(9) Our interest coverage ratio is calculated as follows:

	For the year ended December 31,		
	2018	2019	2020
	(€ in thousands)		
Adjusted EBITDA	(4,843)	39,770	93,383
Interest Expenses (Gastos financieros por deudas con terceros)	8,028	22,464	22,338
Interest Coverage Ratio	**(0.6)**	**1.8**	**4.2**

Interest Coverage Ratio is used by management as a measure to understand the profitability and liquidity and the ability to make interest payments on its debt.

Summary *Pro Forma* Financial Information

	For the year ended December 31, 2020
	(€ in millions, except ratios)
	(Unaudited)
Pro forma gross financial debt[1]	562.7
Pro forma adjusted net financial debt[2]	309.7
Ratio of *pro forma* adjusted net financial debt to Adjusted EBITDA	3.3x
Pro forma Consolidated Net LTV[3]	18%
Pro forma Interest Expenses[4]	22.6
Ratio of *Pro forma* Consolidated Secured Leverage to Adjusted EBITDA[5]	3.2x
Pro forma Interest Coverage Ratio[6]	4.1x

(1) *Pro forma g*ross financial debt represents the gross financial debt as adjusted to give effect to the Offering, as if it took place on December 31, 2020. See "*Use of Proceeds*" and "*Capitalization*."

(2) *Pro forma* adjusted net financial debt represents the adjusted net financial debt as adjusted to give effect to the Offering, as if it took place on December 31, 2020. See "*Use of Proceeds*" and "*Capitalization*."

(3) *Pro forma* Consolidated Net LTV represents *Pro forma* adjusted net financial debt divided by GAV as of December 31, 2020.

(4) *Pro forma* Interest Expenses represents the interest expense for the year ended December 31, 2020 as if the Transactions and the application of the proceeds therefrom had occurred on January 1, 2020. Pro forma interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions and the application of the proceeds therefrom occurred on the date assumed, nor does it purport to project our net interest expense for any future period or our financial condition at any future date.

(5) Ratio of *Pro forma* Consolidated Secured Leverage to Adjusted EBITDA is the ratio of (x) gross financial debt which is secured on the Collateral, as adjusted to give effect to the Offering, as if it took place on December 31, 2020 to (y) our Adjusted EBITDA for the year ended December 31, 2020. See "*Use of Proceeds*".

(6) *Pro forma* Interest Coverage Ratio is the ratio of our Adjusted EBITDA for the year ended December 31, 2021 to P*ro forma* Interest Expenses.

Risk Factors

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this offering memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, results of operations or financial condition. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our business, results of operations, or financial condition or our ability to fulfill our obligations under the Notes and affect your investment.

This offering memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering memorandum. Save as required by applicable law, we are not obliged to, and we make no commitment to, release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this offering memorandum. See "Forward-Looking Statements."

Risks Relating to Our Business and Industry

The recent novel coronavirus (COVID-19) global pandemic is adversely affecting our business and results of operations, and our business operations could be disrupted by future health epidemics.

In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. As part of its response to this situation, the Spanish Government declared a state of alarm (*estado de alarma*) through the enactment of Royal Decree 463/2020 of March 14, declaring the state of alarm for the management of the health crisis caused by COVID-19. The most relevant measures included isolation, confinement and restriction of free movement, the closing of public and private places, except for premises providing essential and healthcare services, border restrictions and a drastic reduction in transport. Further, the Spanish Government has enacted ulterior royal decrees such as, amongst other, Royal Decree 926/2020, of October 25, by which a subsequent state of alarm has been declared in order to prevent the propagation of infections by SARS-CoV-2, that impose similar, albeit less restrictive, measures such as curfews. These measures have adversely affected companies, workforces, customers, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in the markets in which we operate and, in particular, that of Spain.

Additionally, during the COVID-19 pandemic, the Spanish Government has enacted certain regulations with a direct impact on housing, such as Royal Decree-law 11/2020, of March 31, which adopts urgent complementary measures in the social and economic sphere to face COVID-19; and Royal Decree-law 37/2020, of December 22, on urgent measures to deal with situations of social and economic vulnerability in housing and in transport (as amended, restated or supplemented ("**RD 11/2020**")), among others. These developments and other consequences such as a downturn in the homebuilding and land development sectors in our markets would materially adversely affect our business, results of operations, and the demand for and the fair value of our assets.

The duration, severity, and scope of the COVID-19 outbreak are highly uncertain. The COVID-19 pandemic has adversely impacted and may continue to adversely impact our business. To date, our primary focus as we face this challenge has been to do everything we can to ensure the safety and well-being of our employees, customers and trade partners.

The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. There is uncertainty regarding governmental actions that may occur, and the effects of economic relief efforts on the Spanish economy, either of which could be potential disruptors to our business. The COVID-19 pandemic has severely impacted the economies of the European Union (the "**EU**") and Spain. The World Bank has registered a contraction for the Euro area's real GDP of 7.4% in 2020 and forecasts a deeper impact on those economies dependent on international trade, external financing or tourism (source: World Bank, Global

Economic Prospects January 2021). The Bank of Spain has registered a contraction of the Spanish economy of 12.8% in 2020 (source: Bank of Spain, January 2021). Over the long term, these disruptions related to COVID-19 could lower demand for our products, impair our ability to sell and/or build homes in our normal manner and increase our losses on contract land deposits.

The full extent to which the COVID-19 pandemic will affect our operations cannot be predicted at this time, due to, but not limited to, the duration and severity of the outbreak, governmental reactions and policies, the impact of such on our employees, customers and trade partners, and the length of time required for normal economic and operating conditions to resume. While the spread of COVID-19 may eventually be mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the Spanish economy will recover, either of which could materially harm our business results of operations, and the demand for and the fair value of our assets.

COVID-19's linkages to other risk factors.

While we have taken steps to address the impact of the COVID-19 pandemic, there are always uncertainties associated with changes to our operational practices and whether they will be successful in mitigating the targeted risks of COVID-19 or cause other adverse effects to our business, financial condition and results of operations due to their unforeseen impact on our ability to operate our business in the future. If, among other factors, the adverse impacts stemming from the COVID-19 pandemic were to cause our results of operations or cash flows to continue to be worse than anticipated or otherwise adversely impact certain assets, such as our ability to secure urban permitting in a reasonable time, commence construction within periods required by our permits or deliver homes on schedule, we could conclude in future periods that additional impairments or other liabilities are required, which could have significant adverse effects on our business, financial condition and results of operations. Any such future provisions or liabilities could be significant. To the extent the COVID-19 pandemic adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section, including "*—Our industry is cyclical in nature and an economic slowdown would adversely affect the demand for our homes*," "*—The current economic uncertainty regarding the future of the Eurozone and economic developments in Spain and the European Union together with the current favorable low interest rate environment result in comparably high valuations of real estate portfolios in Spain*," "*—Our activity is geographically concentrated in certain regions of Spain and we have therefore greater exposure to developments affecting the Spanish market than more diversified businesses*," "*—Our business depends upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers*," "*—Our growth and profitability depend upon our ability to identify and acquire land plots suitable for our purpose*," "*—We may be unable to develop and sell our homes successfully or within the expected time frames*," "*—Natural disasters and severe weather conditions could delay deliveries of projects and increase costs of new homes in affected areas, which could harm our sales and results of operations*" and "*—Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees*."

Our industry is cyclical in nature and an economic slowdown would adversely affect the demand for our homes.

We are a Spanish homebuilding company whose assets and operations are located nearly entirely in Spain. See "*—Our activity is geographically concentrated in certain regions of Spain and we have therefore greater exposure to developments affecting the Spanish market than more diversified businesses*." As a result, we are dependent on the overall condition of the Spanish housing market. The housing market and the homebuilding industry are generally cyclical and are affected by changes in general economic conditions, such as slow economic growth or recessionary conditions, the pace of home price appreciation or the lack of it, changes in household debt levels, and increased unemployment or stagnant or declining wages, job growth, interest rates, inflation, tax laws and consumer confidence. National or global events including, but not limited to the COVID-19 pandemic, affect all such macroeconomic conditions. The deterioration of economic conditions reduces the amount of disposable income consumers have, which in turn reduces consumer spending and the willingness of qualified potential clients to take out loans.

From 2007 to 2013, the impact of the international credit crisis, the European sovereign debt crisis and the Spanish economic crisis (which led to large increases in unemployment rates in Spain), an overhang of excess supply of real estate, overleveraged local real estate companies and developers and the general absence of bank financing in the Spanish property market, led to a strong cyclical downturn and structural re-pricing of

Spanish real estate assets. As a result, since peaking in 2007, the Spanish real estate property market experienced a severe decline in the value of real estate assets.

Prior to the COVID-19 pandemic, the Spanish economy had been gradually recovering during the last four years, with GDP, unemployment, consumption and other economic indicators revealing a steady improvement. However, recent events demonstrate that there is no guarantee such improvement can be sustained.

We cannot predict whether, when or to what extent the Spanish economy and its housing market will recover from the impact of the COVID-19 pandemic. If the recovery were to slow or stop, or there was an economic downturn, the resulting decline in demand for new homes would negatively impact our business, results of operations, financial condition and prospects.

The current economic uncertainty regarding the future of the Eurozone and economic developments in Spain and the European Union together with the current favorable low interest rate environment result in comparably high valuations of real estate portfolios in Spain.

Any rise in interest rates could have material adverse effects on the Spanish real estate market and on us. The 2008 global financial and economic crisis and the slow and uncertain recovery of the global economy prior to the COVID-19 pandemic resulted in an uncertain economic outlook that increased demand for stable and largely predictable cash flows, primarily in the Spanish real estate sector. The continued low interest rate level in Europe contributes to this trend. These developments could reverse themselves if, for example, interest rates were to rise. A rise in interest rates could result from an improvement of the general economic situation, which could lead to greater interest in investments with a higher yield and less interest in real estate investments. Rising interest rates could adversely impact us in a number of other ways: the discount rate used to calculate the fair value of real estate portfolios tends to rise as the market prices paid for the units tend to decline. Rising interest rates therefore generally have a negative impact on the fair value of our real estate portfolio. Any such development would require us to recognize corresponding losses from the resulting fair value adjustments of our investment properties, resulting in a negative income from such adjustments. Additionally, any rise in interest rates could adversely impact affordability ratios, affecting house transactions and demand for new homes.

The general economic situation could also deteriorate as a result of any number of factors, including, but not limited to, a worsening of the European sovereign debt crisis, continuing or renewed instability in the European markets more broadly, the instability of the euro or the EU, the uncertainty derived from the refugee crisis, an exit of one or more additional countries from the Eurozone, or even the end of the Eurozone.

In addition, as of the date of this offering memorandum, the Spanish economy faces challenges due to internal factors such as the uncertainty in relation to the Spanish government's capacity to obtain enough legislative support to pass certain laws (after the June 2016 general elections failed to produce a majority government), as well as the uncertainty surrounding Catalonia's separatist movement. In addition, on January 31, 2020, the UK formally left the EU. While it is difficult to predict the effect of the UK's decision to exit the EU ("Brexit") on the European and global economy, uncertainty regarding new or modified arrangements between the UK and the EU could result in additional volatility in the markets and increased borrowing costs. The resulting political and economic uncertainty could also lead to further calls for other governments of other EU Member States to consider withdrawal from the EU or the abandonment of the euro as a currency. Such developments, or the perception that any such developments could occur, could have a material adverse effect on global economic conditions and the stability of the UK, European and global economy.

Furthermore, other geopolitical uncertainties, volatility in commodity prices or a negative market reaction to central bank policies may affect the growth of the Spanish economy and, in particular, disposable income or the cost and availability of credit and, consequently, may have a material adverse effect on our business, results of operations, financial condition and prospects.

If general economic conditions deteriorate, or if a deflation scenario were to become likely, investors might prefer other, more liquid assets, which could reduce demand for Spanish real estate, thereby reducing the value of our real estate holdings. In addition, more stringent borrowing requirements could be introduced (including as a result of a deterioration in general economic conditions), which could impair our ability to finance property portfolio acquisitions through debt and our general ability to refinance maturing debts. In addition, until the

broader effects of Brexit become clear, it is not possible to determine the impact it might have on our business including tourism, import of goods or custom duties. Higher interest rates or any deterioration in general economic conditions could lead to changes and circumstances that could have significant adverse effects on our business, financial condition and results of operations.

Our activity is geographically concentrated in certain regions of Spain and we have therefore greater exposure to developments affecting the Spanish market than more diversified businesses.

We are a Spanish homebuilding company whose assets and operations are located in 21 provinces of Spain, primarily concentrated in Madrid, Barcelona, Málaga, Seville and Valencia. Of those regions, approximately 45% of our land bank in terms of estimated GAV is located in either Madrid or Barcelona, 35% and 9% respectively. We are therefore dependent on the overall condition of the Spanish housing market and, in particular, on the condition of the housing market in the regions where we are focused. This means that we have a significant industry and geographic concentration risk relating to the Spanish residential property market in these regions, and an investment in the Notes may therefore be subject to greater risk than investments in securities issued by companies with greater diversification. Accordingly, our performance and the value of our Notes may be significantly affected by events beyond our control affecting Spain, and the Spanish residential property market in particular, such as a downturn in the Spanish economy, changing demand for residential property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices or affordability, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions, the condition of financial markets, the availability of credit, the financial condition of potential buyers, interest rate and inflation rate fluctuations, accounting and control expenses and other developments. In addition, increasing political uncertainty in Catalonia could adversely affect the economic prospects of Catalonia or Spain as a whole or otherwise adversely affect the value of our land bank and our business, results of operations, financial condition and prospects. As of December 31, 2020, approximately 9% of our land bank in terms of GAV is located in Catalonia.

Moreover, our land bank is characterized by the concentration of several plots in each of the areas or sites where we are present, and, among our focus regions, concentrated in Madrid and Barcelona. While we believe that this allows us to increase our land sourcing universe and more strategically phase in developments, this concentration increases our exposure to adverse developments in particular locations.

Furthermore, while we are focused on building primary residences, we estimate that around 15% of the potential residential units in our portfolio could be used as second homes for vacation or holiday use. The related land is mainly located in the provinces of Málaga, Barcelona, Tenerife and Ibiza. We expect that part of the demand in these regions will be from foreign, non-Spanish buyers, who have different sensitivities, behaviors and dynamics than customers in other regions where the demand is focused on primary residences.

In the event of a prolonged economic downturn affecting the Spanish housing market in general or the regions on which we focus, including those caused by COVID-19-related travel restrictions and social distancing measures implemented globally that have significantly reduced the demand for second homes and vacation homes, we could experience delays in our target delivery schedule or declines in demand for our properties, which could in turn lead to a decline in the average selling price of our units and in the value of our land bank. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales.

The purchase of residential property in Spain is usually facilitated through mortgage lending, and our business therefore partly depends upon the ability of our customers to obtain such mortgage lending for the purchase of their homes. Most purchasers of our homes will need to obtain mortgage loans to finance a substantial portion of the purchase price of the homes they purchase.

In the years since the global financial crisis of 2007, access to residential mortgage lending in Spain has been restricted due to a number of factors including (i) the exit of a number of mortgage providers from the Spanish

market; (ii) more stringent equity requirements for Spanish financial entities; (iii) a more cautious approach to valuations of properties by surveyors (which in turn reduces the value of the mortgage loan that can be obtained on a given property); (iv) stricter underwriting standards by lenders that have resulted in more stringent mortgage application requirements for borrowers, including increased down payments; and (v) a desire by certain lenders to limit their lending exposure in relation to specific types of housing developments. Tighter loan qualifications make it more difficult for our customers to finance the purchase of our homes or to sell their existing homes.

Mortgage lending rates in Spain are predominantly based on floating interest rates tied to EURIBOR. According to the Bank of Spain, the average rate of the one-year EURIBOR was -0.5% as of December 31, 2020. The EURIBOR rate is market-determined and may rise or decline at any time. An increase in interest rates would increase mortgage loan costs and may negatively affect the availability or attractiveness of mortgage loans as a source of financing for the purchase of residential property and, accordingly, reduce demand for our homes. Prospective customers who could obtain a mortgage loan at current interest rates may be deterred by the possibility of increased interest rates in the future (and, in turn, higher monthly interest payments) and instead elect to remain in their current property. Customers who had been looking to invest in property could also be deterred by the possibility of increased interest rates, as higher interest rates could negatively affect their investment returns.

Limited availability of mortgage lending on acceptable terms or at all may constrain growth in sales volumes and prices in the Spanish homebuilding industry. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it more difficult for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. If our potential homebuyers or the buyers of our potential homebuyers' existing homes cannot obtain suitable financing for any of the above reasons, it will be more difficult for us to sell our projects. Moreover, an increase in interest rates could affect the attractiveness of an investment in residential property, which could also adversely affect our ability to sell our projects, and result in both a decrease in the value of our real estate portfolio and an increase in our financing costs, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be unable to effectively manage our planned growth.

We plan to significantly expand our business operations in the coming years, including through our new BTR business line. We have limited experience operating within our current structure, and the expansion of our business is expected to place significant demands on our administrative, operational and financial personnel and systems. We may be unable to achieve the anticipated benefits of any such growth or expansion or we may incur greater costs than expected in attempting to achieve the anticipated benefits. Growth or expansion could disrupt our ongoing operations and divert management resources that would otherwise focus on developing our existing business, in which case we may need to employ additional personnel or consultants. There can be no assurance that we will be able to employ or retain the necessary personnel, to successfully implement a disciplined management process and culture with local management, or that our expansion operations will be successful. Our inability to manage effectively our planned expansion could have a material adverse impact on our business, results of operations, financial condition and prospects.

We construct units for our new BTR business line without first securing a certain pre-sales threshold thus making our BTR line more speculative than our BTS line.

While many aspects of land transition, permitting and construction are similar for our BTR and BTS business lines, unlike our BTS business line, the BTR developments are generally developed without pre-sales, as our strategy is to create a rental platform and to only sell these assets to institutional investors once all of the units in a development are under construction. Without forward purchase agreements we are exposed to the risk of not being able to sell our developments once all BTR units have been constructed. Additionally, because our first BTR portfolio will not be delivered until 2023 and 2024, our BTR business line has a limited track-record of success. Our inability to sell these developments upon completion could have a material adverse impact on our business, results of operations, financial condition and prospects.

Our business depends upon the availability, skills and performance of contractors, sub-contractors and other service providers and suppliers.

As part of our strategy to have a scalable model of operations, in addition to our fully integrated project management function and our capabilities to act as a general contractor for certain of our projects, for other projects we also rely on the services of external contractors (which in each case, in turn, may rely on the services of sub-contractors) and other service providers to develop our projects. In such cases, we employ our supervision project management model to oversee the construction process. In some of our smaller markets we tend to rely on a small number of qualified sub-contractors. These outsourced services include architectural design, construction and, when targeting foreign buyers, sale of our units. If we are unable to hire qualified and reliable service providers for any of our projects, our ability to successfully complete projects on time or with the required quality or to sell our units within the expected timeframes and price could be impaired. Our service providers may fail to meet our standards and deadlines. If our service providers fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to our failure to properly supervise any such service providers, this could have a material adverse effect on our reputation, business, results of operations, financial condition and prospects.

Moreover, we generally rely on contractors to select and obtain building materials. In some cases, contractors may use improper construction processes or defective materials that do not meet our specifications and quality requirements. Defective materials used by the homebuilding industry can also result in the need to perform extensive repairs to large numbers of homes. Improper construction processes can also lead to liability to the extent that repairs are needed or the project does not meet the specifications of our licenses. See "*—We are subject to risks associated with our buildings' construction materials*." The cost of complying with our obligations may be significant if we are unable to recover the cost of repairs from contractors, materials suppliers and insurers.

Certain failures by contractors to comply with health, safety and environmental ("***HSE***") regulations (as defined herein), labor laws and other applicable laws and regulations could render us liable in respect of these obligations and damage our reputation. In particular, under certain circumstances, we could be jointly and severally liable for any failure by our contractors to (i) comply with health and safety laws; (ii) pay the salaries of their employees; or (iii) pay applicable social security contributions. Our liability in such cases would expire, respectively, (i) upon termination of the relevant agreement; (ii) one year following termination of the relevant agreement; and (iii) three years following termination of the relevant agreement. In the case of such violations we could incur significant obligations which could have a material adverse effect on our financial condition.

Moreover, pursuant to Law 38/1999 of November 5, Regulating Construction (Ley de Ordenación de la Edificación or "*LOE*"), we would qualify as a "*developer*" (promotor), and we would therefore be jointly responsible, together with the participants intervening in the building construction process, vis-à-vis our customers for any material damages in our homes caused by any defect or vice in the construction of these homes. Unlike other participants in the construction industry, the liability that the LOE imposes on us is not linked to a breach of our duties (i.e., the liability does not depend on whether our act or failure to act was negligent). A developer is not subject to a typical or specific risk, but takes liability for the acts (and failures to act) of all other individuals/legal entities involved in the development. Accordingly, under the LOE a developer is a de facto guarantor of the obligations of the other participants.

Pursuant to the Spanish Civil Code, failure by contractors to pay sub-contractors may entitle sub-contractors to seek redress from the property's owner or developer, up to an amount equivalent to the amounts owed in turn by the owner or developer to the contractor. Consequently, if the contractors breach their payment obligations, there is a potential risk sub-contractors claim the amounts owed to them by the contractor directly to us.

Furthermore, construction contractors have been in the past and may continue to be adversely affected by the spread of COVID-19 and the related travel restrictions and social distancing measures imposed as a result by the governmental authorities of the countries in which we operate. The COVID-19 pandemic could have further material adverse effects on our business, financial conditions and results of operations if we are unable to maintain contractors at the levels necessary to operate our business. Additionally, contractors have been in the past and may continue to be adversely affected by economic downturns or bad management decisions. We may hire a contractor that subsequently becomes insolvent, causing cost overruns and project delays, and increasing the risk that we will be unable to recover costs in relation to any defective work performed by such

contractor, to the extent such costs are not covered by insurance or other security provided by the contractor. The insolvency or other financial distress of one or more of our current contractors could have a material adverse impact on our reputation, business, results of operations, financial condition and prospects.

We are subject to certain liabilities for ten years following the completion of construction.

In connection with our fully integrated project management, we act as general contractors for certain of our projects. In accordance with the provisions of the Spanish Civil Code, building contractors and architects are liable for a ten-year period in respect of any damages arising from building degradation, provided that such degradation is caused by flaws or improper execution in the design or construction of the building. We may not be able to obtain adequate, if any, indemnification from our sub-contractors for such liabilities.

Moreover, Spanish courts have extended this liability to real estate developers, and as such we can be held liable even in instances where we did not act as the general contractor. Law 38/1999, of November 5, 1999 on the Regulation of Building Activities expressly makes it mandatory for real estate developers to grant the buyers of their homes a ten-year guarantee covering certain types of construction defects. In case of construction defects, we may incur substantial obligations.

Although we make provisions for such contingencies, amounts ultimately payable by us could exceed these provisions. In addition, any legislative amendments imposing further obligations on us would have an impact on our business. If we have significant obligations related to these legal guarantees, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks associated with our buildings' construction materials.

Our land and homebuilding activities have in the past and could in the future give rise to legal claims brought against us in respect of the materials used and any defects existing in the buildings sold, including possible deficiencies attributable to third parties under agreements entered into with us, such as architects, engineers and building contractors, or to us with respect to projects for which we employ our fully integrated project management function and act as a general contractor. We may use materials which, though allowed at the time of construction, may be subsequently banned. Despite our endeavors to ensure at all times that the materials used in our development projects duly comply with current regulations, any subsequent change in the regulations could lead to the use of any of these materials being banned, giving rise to claims. Although we have not been subject to any substantial claim in respect of the construction materials used in our buildings, there can be no assurance that this will continue to be the case in the future. In order to defend ourselves against any such claims, we could incur additional costs, as well as liability for any damages, including personal injury. If we become subject to material claims in the future, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

Estimating future housing sales prices is inherently subjective.

Estimating future housing sales prices is inherently subjective due to the individual nature of each property and is heavily affected by broader market conditions outside of our control. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes and interest and inflation rate fluctuations also contribute to the uncertainty and potential volatility of forward-looking valuations.

The estimated GDVs relating to our planned developments are estimates only and are ascertained on the basis of assumptions (including assumptions regarding items such as demand for homes, average sales price, price increases and assumed number of units within developments), which may prove inaccurate. There is no assurance that the GDVs relating to our land bank and our proposed developments will reflect the actual sales prices achieved of any developments built on the land. Any failure to sell as many residential units as anticipated, or for the sales prices expected, could result in us not achieving our GDVs. There can be no assurance that our valuations of land in our Audited Consolidated Annual Accounts or our GDVs for our land bank and proposed developments will reflect the actual sale prices achieved of either the land itself or any developments built thereon. We may achieve lower revenue and profits in our development projects than our estimated gross development values indicate. See "*—Real estate appraisals with respect to our property portfolio included in this offering memorandum may not reflect the current market values of our portfolio because determining such values is an inherently subjective process*."

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

There are limits to the lease prices of housing in the autonomous community of Catalonia

As of December 31, 2020 9% of the Group's assets by GAV were located in Catalonia. Recently, the autonomous community of Catalonia has passed the Law 11/2020, of September 18, on urgent measures regarding prices control in housing lease contracts *("Law 11/2020")*.

Pursuant to Law 11/2020, in housing lease agreements in areas previously declared as dense markets, the rent agreed at the beginning of the contract cannot exceed the reference price for the rent of a dwelling of similar characteristics in the same urban environment. Similarly, it cannot exceed the rent appearing in the latest lease agreement increased, as the case may be, according to the Competitiveness Guarantee Index. For the purposes of the Law 11/2020, the reference price is considered as the reference index for housing that is prepared and published by the Regional Government of Catalonia. In contracts subject to the regulations on containing rent established in the Law 11/2020, rent can only be updated according to the legislation governing housing lease agreements (Law 29/1994, of November 24, on Urban Leases). In addition, the contracting parties may agree to the lessee being liable for the general expenses and individual services, pursuant to the provisions of such legislation.

If the lessor charges rent in excess of the limits established in the Law 11/2020, the lessee will be entitled to reimbursement of the amounts paid in excess, with the accrual of statutory interest plus three (3) points. In this regard, claims to determine the rent according to the provisions of the Law 11/2020 and/or reimbursement of the rent paid in excess must be resolved by means of oral proceedings. Likewise, breaches of the regulations on containing and moderation of rent established by the Law 11/2020 will be penalized by the Regional Government of Catalonia. The Law 11/2020 has already been challenged before the Spanish Constitutional Court, although it currently remains in force.

Hence, we will need to comply and observe the requirements under Law 11/2020 when establishing and negotiating, as lessor, the prices of leased assets subject to the scope of application of Law 11/2020, which may restrict our ability to negotiate and obtain in the market the most profitable prices in relation to such leased assets.

Competition in the residential development market may affect our ability to make appropriate acquisitions and to secure buyers at satisfactory prices.

The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable land, financing, raw materials, skilled management, contractors and labor resources. Competitors include real estate developers with in-depth knowledge of local markets, as well as property portfolio companies, including funds that invest nationally and internationally, institutional investors, foreign investors, financial institutions and SAREB (Sociedad de Gestión de Activos Procedentes de la Restrucción Bancaria). Competitors may have greater financial resources than us and/or a greater ability to borrow funds to acquire land, and may have the ability or inclination to acquire land at a higher price or on terms less favorable than those we may be prepared to accept or to pay higher compensation to contractors. Increased competition may lead to inflation in land prices, as well as shortages of labor and materials that are necessary to operate our business. In addition, other than being a capital intensive industry, new real estate development companies face few barriers to entry. The appearance of other players in the market, including competitors backed by international funds with a business model similar to ours, has led to an increase in competition in the residential development market in general and the Spanish homebuilding market in particular, and such competition could further intensify in the future. Competition could also increase as a result of consolidation in the sector. We also compete with sellers of existing homes, including foreclosed homes, and with rental housing. These competitive conditions can reduce the number of homes we deliver, negatively impact our selling prices, reduce our profit margins, and cause impairments in the value of our inventory or other assets. Competition can also affect our ability to acquire suitable land, raw materials and skilled contractors at acceptable prices or other terms, which could decrease our margins and materially adversely affect our business, results of operations, financial condition and prospects.

Our growth and profitability depend upon our ability to identify and acquire land plots suitable for our purposes.

Our growth and profitability depend upon our ability to successfully identify and acquire additional land plots for residential property development at commercially reasonable prices, in our target geographic locations and on terms that meet our profitability targets. Our business model requires us to acquire land on an ongoing basis to replenish our land bank and maintain sufficient supply for development in the next three to five years following achievement of our run-rate targets.

Our ability to acquire sufficient additional land plots that satisfy our investment criteria may be adversely affected by the willingness of land sellers to sell them at commercially viable prices, the availability of financing to acquire them, regulatory requirements including those in relation to zoning, housing density and the environment and other market conditions.

In addition, the pre-COVID-19 pandemic recovery in the residential development market in Spain and the emergence of competitors with a business model and strategy similar to ours has led to increased competition among developers for land, which may make it more difficult for us to acquire suitable plots at commercially viable prices or at all and could lead to an increase in our land acquisition costs. Moreover, the Spanish Ministry of Development approved several measures aimed at facilitating access to housing, including by offering relief to first-time buyers and struggling tenants, which could increase housing demand. The adoption of these or other measures could further exacerbate demand for land. If the availability of land plots that are suitable for our purposes becomes limited, our ability to grow could be significantly limited, the number of homes we may be able to develop and sell could be reduced, and our costs could be substantially increased, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

If we cannot obtain sufficient capital on acceptable terms, we may be unable to acquire land for our developments or may experience increased costs and delays in the completion of our development projects.

The real estate development industry is capital-intensive and requires significant up-front expenditures to acquire land plots and carry out development activity. Following the acquisition of a land plot, we incur many costs even before we begin to build homes. Depending on the stage of development of an acquired land plot, these costs may include the costs of preparing the land, finishing and obtaining titles for the lots, building roads, sewers, water systems and other utilities, taxes and other costs related to ownership of the land where we plan to build homes.

We have historically relied on external funding, including loans from our shareholders, both to acquire land and for construction, and we expect our dependence on external funding to grow after the Offering as a result of our planned expansion. See "*—Risks Relating to our Indebtedness—We expect to incur additional indebtedness in the future*." However, the availability of external financing might be limited and lenders may impose several requirements for any financing to be granted to us. For example, financial institutions typically require that at least 30-50% of the expected residential units of a development project be pre-sold before committing to grant a development loan for such project. In addition, our ability to draw funds under a given development loan may be subject to our compliance with certain further milestones. Changes in accounting regulations could also adversely affect our ability to obtain capital. Our inability to meet lender-required milestones or any other requirements imposed by our lenders may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, lenders may require increased amounts of equity to be invested in a project in connection with both new loans and the extension of existing loans or higher interest rates. Moreover, if we choose to seek additional financing to fund our operations through the capital markets, continued volatility in these markets may restrict our access to such financing. If we are not successful in obtaining sufficient funding for our planned capital and other expenditures, we may be unable to acquire additional land for development or to develop our existing land bank. Moreover, if we cannot obtain additional financing to fund the purchase of land under our purchase contracts, we may incur contractual penalties, fees and increased expenses from the write-off of due diligence and pre-acquisition costs. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases and expose us to claims from our customers. Any one or more of the foregoing events could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be unable to develop and sell our homes successfully or within the expected time frames.

Property developments typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows, if any, can be generated. It generally takes up to 12 months from the time we initiate the marketing of a development to the time we have pre-sold 30-50%, of the units of a development.

During the construction of development projects, we may encounter unexpected operational issues or other difficulties, including those related to technical engineering issues, regulatory changes, disputes with third-party contractors, sub-contractors and suppliers, supply chain availability and cost increases, accidents, bad weather and natural disasters (such as floods and fires) that may require us to amend, delay or terminate a development project.

Any failure to meet deadlines could expose us to significant additional costs and result in termination of contracts or contractual penalties (or enforcement of bank guarantees by a purchaser) and could also affect our reputation, which could materially adversely affect our business, results of operations, financial condition and prospects.

In addition, following development, we may be unable to sell all or some of the units of a development within the expected time frames due to reasons beyond our control such as changes in economic or market conditions as a result of the COVID-19 pandemic or otherwise. In such cases, our inventory of completed but unsold units would increase, leading to additional costs, including property tax, debt service and common expenses (gastos de comunidad) corresponding to the unsold units. Alternatively, we may have to sell units at significantly lower margins or at a loss, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business may be adversely affected if we fail to obtain, or if there are any material delays in obtaining, the required permits and approvals for our development projects or if the approved planning regulations and/or permits are subsequently challenged.

We acquire both Fully Permitted Land and Strategic Land. In order to begin the construction of our development projects, all of our land must obtain the appropriate urbanization permits, and we must obtain separate building, urbanization and environmental permits, licenses and other approvals, and in order to be able to deliver built units to clients we must obtain separate first occupancy, activity and other approvals and or permits (collectively, the "*Permits*") from relevant administrative authorities. Our ability to obtain the Permits required to develop land and build homes is dependent on our ability to meet the relevant regulatory and planning requirements. Moreover, granting of Permits is regulated at a regional and municipal level and may be subject to the relevant authorities' discretion. Given that we own land in more than 50 different municipalities, with different political parties in office, we may need to meet different requirements for each municipality and be subject to various authorities' discretion in granting Permits. In addition, the timing to obtain the Permits also varies depending on the region or municipality. We have experienced difficulties obtaining Permits in the past and can provide no assurance that we will be able to obtain all Permits we seek in the future. Any failure to obtain required Permits on favorable terms or at all or any material delays in obtaining such Permits could diminish the value of our land bank and have a material adverse impact on our business, results of operations, financial condition and prospects.

Moreover, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of our units or even incompletion of a particular development on the expected terms or at all, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

Furthermore, we occasionally acquire Fully Permitted Land which is not Ready to Build Land in respect of which zoning has been approved, but where the relevant urban planning and allotment processes have not been fully approved and/or implemented, as well as Strategic Land in respect of which the applicable permissions and permits have not yet been approved. With respect to any such acquisition, there can be no assurance that we will be successful in our attempts to carry out any such urbanization, planning and allotment processes or to secure all the necessary Permits on a timely basis or on economically viable terms, or at all, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to secure construction permits or planning permission for developments on a timely basis or on economically viable terms, or at all.

Developments undertaken by us require planning permission and construction permits to be granted by a relevant planning authority before works can be undertaken. In particular, our growth and profitability is dependent on obtaining the relevant planning permission for our Strategic Land. Unlike Fully Permitted Land, our Strategic Land is acquired for development prior to the grant of planning permission. As of December 31, 2020, 14% of our land bank consisted of Strategic Land. We acquire Strategic Land without planning permission in the belief that such land has the potential, in the medium- to long-term, to be allocated for housing development purposes by the relevant authorities and thereafter receive planning permission. Moreover, all of our projects must obtain the relevant construction permits before construction may begin.

Securing timely planning permission on economically viable terms is key to the value of our Strategic Land, and obtaining relevant construction permits is essential to all of our developments. However, the process for obtaining planning permission and construction permits can be time-consuming, lasting in some cases significantly longer than initially projected, as well as costly, which costs can be lost entirely if planning permission or construction permits, as the case may be, are never obtained, and there can be no assurance that we will obtain planning permission and construction permits for projects which currently lack them. Planning and permitting policies and procedures are also subject to change, and these changes may make the planning and permitting processes more costly or time-consuming.

Once received, planning permission can place onerous restrictions on how land is developed, and such restrictions can reduce the profitability of a development or cause it to be financially unviable to develop.

Any failure to obtain planning permission and construction permits on economically viable terms, on a timely basis, or at all, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Further, pursuant to applicable legislation and where the competent territorial authorities have so decided, we carried our development and construction works on the grounds of sworn statements instead of approved licences which entails an ex post review of our activities by the competent authorities. See "*Regulation—Urban Planning—Construction licenses—Sworn statements (declaraciones responsables)*." Hence, the Public Administrations may exercise their powers of verification, control and inspection after units have been delivered to buyers, in order to verify compliance of the development and construction works of the units with the applicable regulatory requirements and any other contents included in each sworn statement ("declaración responsable"). Unforeseen expenses, costs, delays, damages to buyers and reputational impact of such action by Public Administrations on properties sold by us could have an adverse effect on our business, results of operations, financial condition and prospects.

We and/or our directors and employees or other related parties may be subject to claims that can result in legal proceedings.

We have regularly sold developed residential real estate properties in the past and intend to continue to sell real estate properties in the future. The nature of our business exposes us to various potential claims from our contractual partners and other third parties, including parties we may not have a contractual relationship with. Any sale or letting of real estate properties is associated with representations and warranties with respect to certain characteristics that we make to the respective purchasers. The obligations arising therefrom continue to exist for several years after a sale is completed. See "—We are subject to certain liabilities for ten years following the completion of construction." In particular, we may be subject to claims for defects, damages, faulty construction or safety violations from purchasers who may assert that the representations and warranties we made to them were either incorrect or that we did violate, or not meet, our contractual obligations. Such allegations may relate to the deficiencies of our real estate properties including, among others, the materials used, failure to comply with agreed deadlines or defective- or non-performance with regard to any contractual obligation. See "*–We are subject to risks associated with our buildings' construction materials*."

In addition, we and our directors, employees or other related parties may, from time to time, become involved in various legal proceedings (both civil and criminal), arbitration proceedings, investigations, or administrative proceedings, which may involve substantial claims for damages or other payments. The risk of lawsuits is

inherent to our business, including in connection with defective performance or non-performance in connection with the sale of any real estate properties, including project developments and the acquisition or sale of real estate properties. Such proceedings may arise, in particular, from our relationships with purchasers, employees, general contractors, contractors, third-party contractors, and other contractual parties, as well as public authorities. In particular, certain of our directors may be subject to personal legal proceedings (and not in their capacity as directors of our company) with respect to certain historical acquisitions and/or sales of real estate property in Spain. Any adverse judgments or determinations in such proceedings or investigations may distract management from our business activities, require us to change the way we conduct real estate activities and may make it necessary to use substantial resources to accomplish settlements, pay fines or other penalties. In addition, costs related to such proceedings may be significant and, even if there is a positive outcome, we may have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other parties.

Negative publicity could adversely affect our reputation as well as our business and financial results.

Favorable brand reputation is essential to us, and our business and growth strategy are partly dependent on the maintenance of the integrity of the Vía Célere brand and its reputation for quality. Unfavorable media related to our industry, company, brands, marketing, personnel, operations, key suppliers, architects, business performance, or prospects may affect the performance of our business, regardless of its accuracy. The speed at which negative publicity can be disseminated has increased dramatically with the capabilities of electronic communication, including social media outlets, websites, blogs or newsletters. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage our reputation, have a negative effect in our relationship with sellers of land and contractors and reduce the demand for our homes, which could materially adversely affect our business, results of operations, financial condition and prospects.

We depend upon our management team and on the expertise of our key personnel, and may be unable to attract and retain a highly skilled and experienced workforce.

The success of our business depends, among other matters, upon the recruitment, development and retention of highly skilled, competent people at all levels of the organization.

Our success depends, to a significant degree, upon the continued contribution of our management team, and in particular our Chief Executive Officer José Ignacio Morales Plaza, who are critical to our overall management as well as our culture, strategic direction and operating model. Our ability to retain our management team or to attract suitable replacements is dependent upon competition in the labor market. The unexpected loss of the services of any member of our management team, a limitation in their availability or a failure by us to develop a succession plan for our management team could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, experienced employees in the homebuilding industry are fundamental to our ability to generate, obtain and manage business opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Our success may make our employees attractive hiring targets for competitors, and in order to retain key employees we may be required to keep pace with increases in remuneration in the market. Failure to attract and retain such personnel or to ensure that their experience and knowledge is retained within our organization even when they leave, through retirement or otherwise, may materially adversely affect our business, results of operations, financial condition and prospects.

Significant unanticipated costs or revenue shortfalls might arise in relation to the execution of our projects.

We are subject to risks related to the cost of executing our projects. Unanticipated costs can arise due to a number of factors, including:

- increases in the acquisition costs in relation to new land plots;
- events affecting our contractors and sub-contractors, such as their insolvency;
- errors, omissions and other human factors (including those of senior management and key personnel);
- increases in costs of building materials (such as lumber, framing, concrete, bricks and steel);

- labor shortages or increases in costs of labor;
- changes in regulation or tax rules;
- increases in costs of sub-contractors and professional services; or
- unforeseen technical and ground conditions (for example, the presence of archaeological artifacts or unforeseen geological characteristics).

Before commencing a development, we estimate costs based on certain assumptions, estimates and judgments, which may ultimately prove to be inaccurate. In addition, if a contractor or supplier's cost estimates or quotes are incorrect, including those of our fully integrated project management function where relevant, we may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays in our development projects if the estimate is incorrect by a large enough margin that the project is better served by finding an alternative contractor or supplier or managing the construction in house. We may be unable to pass on such increases in construction costs, in whole or in part, to customers, especially if they have already entered into purchase contracts, as those contracts generally fix the price of the homes at the time the contracts are signed, which may be well in advance of the construction of the homes.

Any unanticipated costs arising during the execution of our development projects, or a failure to effectively manage them, may result in losses or lower profits than anticipated or cause material construction delays, which could have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, sustained increases in construction costs may, over time, erode our margins, particularly if pricing competition or weak demand restricts our ability to pass additional costs of materials and labor on to homebuyers.

We may incur significant costs associated with potential acquisitions that do not proceed to completion.

Our growth and profitability depend significantly upon our ability to successfully identify and acquire additional land plots for residential property development that meet our investment criteria. Before making an acquisition, we need to identify suitable opportunities, conduct a due diligence process, investigate and pursue such opportunities and negotiate acquisitions on suitable terms, all of which require significant expenditure prior to consummation of the acquisitions. We may incur certain third party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable properties. There can be no assurance as to the level of such costs and, given that there can be no guarantee that we will be successful in our negotiations to acquire any given property, the greater the number of potential acquisitions that do not reach completion, the greater the likely adverse impact of such costs on our business, financial condition, results of operations and prospects.

The recoverability of our deferred tax assets depends on our future taxable income, which may not materialize as estimated.

As of December 31, 2020, we had tax bases totaling €708 million, giving right to deferred tax assets for an amount of €177 million, out of which only €69 million are recorded in our consolidated balance sheet. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Tax*." Our management assesses the recoverability of deferred tax assets on the basis of estimates of future taxable profit. As of December 31, 2020, a significant portion of our deferred tax assets are tax loss carryforwards whose recoverability depends mostly on our capacity to generate future taxable income. Based on our current estimates we expect to generate sufficient future taxable income to achieve the realization of our current tax loss carryforwards, supported by our historical trend of business performance. However, our current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring items or changes in the applicable tax laws. Changes in the assumptions and estimates made by management may result in our inability to recover our deferred tax assets if we consider that it is not probable that taxable profit will be available against which the deductible temporary difference can be utilized. A future change in applicable tax laws could also limit our ability to recover our deferred tax assets. Additionally, currently ongoing or potential future tax audits may affect the recoverability of our deferred tax assets. The Group has not recognized in its balance sheet all the deferred tax assets related to non-operating losses (€133 million), but only part of them (€23 million). If we are unable to recover our deferred tax assets, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our acquisition and divestiture activities may present risks not contemplated at the time of the transactions.

We have acquired and may continue to acquire companies that complement our strategic direction. Acquisitions involve significant risks and uncertainties, including:

- the internal control environment of an acquired entity may not be consistent with our standards or with regulatory requirements, and may require significant time and resources to align or rectify;
- inability to successfully integrate the acquired technology, data assets and operations into our business and maintain uniform standards, controls, policies, and procedures;
- inability to realize synergies expected to result from an acquisition;
- disruption of our ongoing business and distraction of management;
- challenges retaining the key employees, customers, resellers and other business partners of the acquired operation;
- unidentified issues not discovered in our due diligence process, including product or service quality issues, intellectual property issues and legal contingencies; and
- failure to successfully further develop an acquired business or technology and any resulting impairment of amounts currently capitalized as intangible assets.

We have divested and may in the future divest certain assets or businesses that no longer fit with our strategic direction or growth targets. Divestitures involve significant risks and uncertainties, including:

- inability to find potential buyers on favorable terms;
- failure to effectively transfer liabilities, contracts, facilities and employees to buyers and/or other beneficiaries;
- requirements that we retain or indemnify buyers and/or other beneficiaries against certain liabilities and obligations;
- the possibility that we will become subject to third-party claims arising out of such divestiture;
- challenges in identifying and separating the intellectual properties and data to be divested from the intellectual properties and data that we wish to retain;
- inability to reduce fixed costs previously associated with the divested assets or business;
- challenges in collecting the proceeds from any divestiture;
- disruption of our ongoing business and distraction of management; and
- loss of key employees who leave the Issuer as a result of a divestiture.

Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm our operating results or financial condition. Although we typically fund our acquisitions through cash available from operations, if we were to use debt to fund acquisitions or for other purposes, our interest expense and leverage may increase significantly.

Our due diligence of acquisitions may not identify all possible risks and liabilities.

Even if an acquisition is completed, there can be no assurance that the due diligence review process carried out by us or third parties in connection with such acquisition have revealed, or will in the future reveal, all the risks associated with such acquisition, or the full extent of such risks. Properties we have acquired or may acquire or invest in may have hidden defects that were not apparent at the time of acquisition. Most purchase agreements we have entered into contain indemnity exclusions and limitations. To the extent that we underestimate or fail to identify risks and liabilities associated with an acquisition, we may be subject, for example, to risks relating to defects in title or environmental liabilities requiring remediation for which we may not receive any indemnification. Any of these risks may have a material adverse effect on our business, results of operations, financial condition and prospects.

Demand for our homes depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness of our projects.

Trends in customer preferences have an impact on demand for new residential properties, and any unanticipated changes in such trends, or our failure to correctly assess such trends, could have a material adverse effect on our business, results of operations, financial condition and prospects. For example, changes to the general consumer interest in purchasing a home compared to choosing other housing alternatives, such as rental housing, could have a material adverse effect on demand for our homes. Over the past ten years, the number of people living in rented accommodation, as opposed to purchased accommodation, has gradually increased in Spain, primarily driven by restricted access to residential mortgage lending, uncertainty regarding the evolution of residential property prices and regulatory changes in taxation.

In addition, events outside of our control may occur that shift customers' perceptions of the attractiveness or quality of our projects, including: (i) preference for a specific neighborhood or location in a certain region (in particular, in a region in which we do not own land), (ii) macroeconomic or employment dynamics that concentrate demand in a specific area (such as the establishment of a large employer in the area) or (iii) preference for a specific home design typology (such as multi-family developments or detached houses). In addition, given our policy of offering customized units to accommodate customer preferences, pursuant to which buyers may make elections on decoration styles, layout and certain premium options, it may be difficult for us to sell any customized units to a different buyer in case the initial buyer withdraws. Such units may take longer to sell, may have to be sold at a lower price, or additional re-customization expenses may need to be incurred, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, uncertainty regarding the evolution of residential property prices may also adversely affect demand for our homes. The general perception among consumers of the continuous increase in property prices over time has, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. However, the 2008 financial crisis and its economic impact in Spain demonstrated that property prices and demand could fall rapidly (and even more so for second homes, which predominate in some of our focus regions). Changes in the attractiveness of an investment in residential property could adversely affect our ability to sell our homes and have a material adverse effect on our business, results of operations, financial condition and prospects.

We undertake certain of our acquisitions and development projects with a business partner, and are therefore subject to the risks associated with joint ownership.

As of the date of this offering memorandum, we have entered into joint venture arrangements in respect of our Forum development in Barcelona and our Jardinana development in Málaga.

Joint venture arrangements, and any minority stakes we may have in the future, may expose us to the risk that:

- business partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in us having to pay the business partner's share or risk losing our investment;
- business partners have economic or other interests that are inconsistent with our interests and are in a position to take or influence actions contrary to our interests and plans, which may create impasses on decisions and affect our ability to implement our strategies;
- disputes develop between us and business partners, with any litigation or arbitration resulting from any such disputes increasing our expenses and distracting our management from their other managerial tasks;
- the guarantees and representation letters granted by us to secure the financing arrangements relating to these investments are enforced upon the occurrence of a payment default;
- we are liable for the actions of business partners in the framework of these joint venture arrangements, with the limitation of the relevant contractual documentation; and
- no consensus is reached in negotiations, which can be prolonged, with business partners to enter into or adopt any joint actions or decisions required for the activity of the partnership;

- a default by a business partner which constitutes a default under mortgage loan financing documents relating to an investment could result in a foreclosure and the loss of all or a substantial portion of our investment.

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

There is a large stock of unsold houses in Spain which may exert downward pressure on new house prices.

The end of the housing bubble in 2007 led to a significant oversupply of new housing in Spain which has resulted in the accumulation of a large stock of unsold houses. This, together with the selling pressures being exerted on financial institutions by the bank regulation measures relating to their real estate repossessions, and the significant new players in the market with plans to ramp up the supply of new housing stock, continues to exert downward pressure on new house prices and may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our pre-sales may not materialize on the terms agreed, if at all.

Our pre-sales for a given development may not materialize on the terms agreed, if at all, following withdrawal of buyers or the cancellation of existing reserve contracts for other reasons. For example, we may not be able to perform our obligations under our reserve contracts due to various reasons such as an increase in costs making the development not viable, not being able to obtain the construction license and not reaching the level of pre-sales necessary to launch the development (generally 30-50% of the units to be developed) or not completing the development per the agreed timetable. In such cases, we may need to refund our customers for the funds that they had advanced or our customers may terminate their contracts or seek to renegotiate the terms of their contracts to obtain more favorable terms and we may also be required to compensate these customers. The occurrence of any of these events could affect our pre-sales and eventual revenue and have a material adverse effect on our business, results of operations, financial condition and prospects.

Land and real estate properties can be illiquid assets and can therefore be difficult to sell.

As of the date of this offering memorandum, we have a sizeable land bank in Spain and, as a result, we are highly exposed to changes in prices of land. See "*—A future decline in land values could result in significant impairments*." Land and real estate properties can be relatively illiquid, meaning that they may not be easily sold and converted into cash. Moreover, our Strategic Land is significantly more difficult to sell than our Fully Permitted Land. Although we acquire land plots for development purposes in connection with our development business and generally expect to sell such assets in the form of residential units following development, we may seek to, or be required to, sell entire land plots in certain circumstances, including situations due to changes in development plans, failure to obtain regulatory approvals, our decision not to proceed with the development, changes in economic or property market conditions or financial distress. In addition, we may also selectively sell land plots in order to increase margins by taking advantage of opportunistic sale conditions and/or to accelerate consolidation in areas where we own several plots. Land illiquidity may affect our ability to value, or dispose of or liquidate part of, our land bank in a timely fashion and at satisfactory prices when required or desirable and we may incur additional costs until we sell the land. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may suffer uninsured losses or suffer material losses in excess of insurance proceeds.

While we have, and many of our contractors have, general liability, property, workers compensation and other business insurance, such insurance policies are intended to protect us against only a portion of our risk of loss from claims, subject to certain self-insured retentions, deductibles and coverage limits. Accordingly, it is possible that our insurance will not be adequate to address all warranty, construction defect and liability claims to which we are subject. Additionally, the coverage offered and the availability of general liability insurance for construction defects are currently limited, and policies that can be obtained are costly and often include exclusions based upon past losses those insurers suffered.

As a result of the above, damage to our properties or developments could result in losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies. In

addition, we could be liable to repair damage to a property or development or construction defects caused by uninsured risks out of our own funds. We would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Natural disasters and severe weather conditions could delay deliveries of projects and increase costs of new homes in affected areas, which could harm our sales and results of operations.

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions; unforeseen public health crises, such as future pandemics and epidemics similar to the COVID-19 pandemic; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events, whether occurring in Spain or internationally, could disrupt our operations. In particular, these types of events could delay new home deliveries, increase costs by damaging inventories and lead to shortages of labor and materials in areas affected by the disasters, and can negatively impact the demand for new homes in affected areas. If our insurance does not fully cover business interruptions or losses resulting from these events, our results of operations could be adversely affected.

To the extent that such events were to result in the closure of one or more of our buildings or construction sites, our business, results of operations, financial condition and prospects could be materially adversely affected. In particular, acts of terrorism could result in us experiencing a decline in our revenue if customers are deterred from viewing homes in general or if our homes, due to their location, are perceived to be particularly at risk from such acts of terrorism. In addition, any of these events could result in price increases for, or shortages of, fuel, delays in new home deliveries, and/or temporary or long term disruption to our labor supply. In addition, these events can have indirect consequences such as increases in the cost of insurance if they result in significant loss of property or other insurable damage. Moreover, our disaster recovery plans may be insufficient to cope adequately with such unforeseen circumstances. To the extent any of these events occur, our business, results of operations, financial condition and prospects could be materially adversely affected.

We are dependent on information technology systems, which may fail, be inadequate to the tasks at hand or be subject to cyberattack.

We are dependent on sophisticated information technology ("*IT*") systems, including in relation to our internal reporting and the sale of our projects. IT systems are vulnerable to a number of problems such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses. IT systems need regular upgrading, and we may implement new systems; we may be unable to implement necessary upgrades or new systems effectively, on a timely basis or at all, and upgrades may not function as anticipated.

We also collect and retain large volumes of internal and customer data, including credit card numbers and other personally identifiable information during the normal course of business. Using our various information technology systems, we enter, process, summarize and report such data. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, employee and company data is critical to our business. Our customers and employees expect that we will adequately protect their personal information, and the regulations applicable to security and privacy are increasingly demanding in jurisdictions where we operate. Failure to protect the Group's operations from cyber-attacks could result in the loss of sensitive information, which could result in reputational damage, litigation and remediation costs.

Threats to IT systems are increasingly sophisticated and there can be no assurance that we will be able to prevent all threats. Although we have a business continuity plan in place and we maintain back-up systems for our operations, we may also incur costs as a result of any failure of our IT systems. A major disruption to our IT systems could have a material adverse effect on our business, results of operations, financial condition and prospects.

Inflation may adversely affect us by increasing costs beyond what we can recover through price increases.

Although the rate of inflation has been low for the last several years, inflation can adversely affect us in the future by increasing costs of land, materials and labor. In addition, significant inflation is often accompanied by higher interest rates, which have a negative impact on demand for our homes (see"*—Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales*" above). In an

inflationary environment, we may be precluded from raising home prices enough to keep up with the rate of inflation which would reduce our profit margins and could have a material adverse effect on our business, results of operations, financial condition and prospects.

A future decline in land values could result in significant impairments.

Inventory risks are inherent to our business. There are risks derived from controlling, owning and developing land and if housing demand declines, we may own land or home sites we acquired at costs we will not be able to recover fully, or on which we cannot build and sell homes profitably. Also, there can be significant fluctuations in the value of our owned undeveloped land, building lots and any future housing inventories as a result of changes in market conditions. See "*—Our industry is cyclical in nature and an economic slowdown would adversely affect the demand for our homes*." We have in the past and could in the future, if market conditions deteriorate significantly, be required to recognize significant impairments with regard to our land inventory, which would decrease the asset values reflected on our consolidated statement of financial position and adversely affect our earnings and our total equity. In addition, we may have to sell homes or land for lower than anticipated profit margins, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Changes in demographic patterns may adversely affect demand for our homes.

Long-term demand for new residential property is directly related to, inter alia, population growth and the rate of new household formation. These trends, along with the general perception among consumers of the continuous increase in property prices over time, have, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. Population in Spain, which growth was one of the main drivers of the real estate boom that ended in 2007, decreased from 2012 to 2016. (Source: INE, 2020). Although, according to INE's forecasts, population in Spain will continue to increase in coming years from 47.3 million in 2020 to 48.3 million in 2034/2035, a decrease in residential property demand due to any future population decrease (including as a result of changes in foreign and intra-country immigration trends), lower levels of household formation (including as a result of a decrease in the divorce rate) and other demographic changes in the regions where we operate could adversely affect demand for our homes and have a material adverse effect on our business, results of operations, financial condition and prospects.

We acquire some of our land bank through non-performing loans and, as a result, we face specific risks related to these investments, in particular in relation to the execution of the guarantee of the loans.

As a property acquisition strategy, we occasionally purchase non-performing loans secured by land with the intention to enforce the collateral on such loans, acquiring the related land. As of the date of this offering memorandum, we have two non-performing loans secured by land with underlying outstanding debt valued at €2.0 million and €10.1 million which were assigned to us by certain financial institutions. See "*Business—Non-Performing Loans (NPLs)*." Investments in non-performing loans entail the risk that we may be unable to acquire the underlying collateral or that such acquisition could take longer than expected or entail additional unexpected costs. In addition, in the event that we are unable to acquire the underlying land, the value of the assets may be reduced. Investments in non-performing loans may also be adversely affected by local laws relating to, among other matters, fraudulent conveyances, voidable preferences, lender liability or an insolvency court's discretionary power to disallow, subordinate or disenfranchise certain claims. Any of the foregoing may have a material adverse effect on our business, results of operations, financial condition and prospects.

Real estate appraisals with respect to our property portfolio included in this offering memorandum may not reflect the current market values of our portfolio because determining such values is an inherently subjective process.

Savills has prepared the Valuation Report (See "*Market and Industry Data—Savills*") on the basis of certain valuation methodologies and assumptions regarding the Spanish real estate market and our portfolio as of December 31, 2020. Valuations of our property portfolio have a significant effect on our financial standing on an ongoing basis and on our ability to obtain further financing.

The valuation of real estate, including those contained in the valuation reports referred to above, is inherently subjective and subject to uncertainty, in part because land and property valuations are made on the basis of

assumptions which may not prove to be accurate, and in part because of the individual nature of each land and property. For example, the Valuation Report includes assumptions as of and prior to the date of Valuation Report as to land tenure, lawful construction and the absence of land contamination or adverse site or soil conditions based in part on information provided by us and which may have varied if made as of the date of this offering memorandum. Therefore, land and property valuations might not accurately reflect the market value of our portfolio at a given date.

In addition, the valuations contained in the Valuation Report are stated as of December 31, 2020, and although we believe there has been no material change to the aggregate market value of our properties, there can be no assurance that these figures accurately reflect the market value of our properties as of any other date. The market value of our properties may decline significantly over time due to various factors. In addition, the values ascribed by Savills should not be taken as an indication of the amounts that could be obtained by us upon disposal of such properties, whether in the context of the sale of individual properties or the portfolio as a whole.

We use a number of estimates and assumptions in the preparation of our financial statements, which could prove to be incorrect.

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by management to be reasonable under the circumstances at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources.

Homebuilders are subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change.

The residential communities and multi-family developments that we build are subject to a large variety of national, regional and local laws, regulations and administrative requirements relating to, among other things, zoning, construction permits or entitlements, construction materials, density, building design and property elevation and building codes. These include laws requiring the use of construction materials that reduce the need for energy-consuming heating and cooling systems. In some instances, we must also comply with laws, regulations or orders of the relevant authorities, that require commitments from us to provide roads and other offsite infrastructure (such as parks and other public improvements), and may require them to be in place prior to the commencement of new construction.

Residential homebuilding and apartment development are also subject to a variety of laws, regulations and administrative requirements concerning the protection of health and the environment. These environmental laws include such areas as waste handling, water management, groundwater and wetlands protection, subsurface conditions and air quality protection and enhancement. Environmental laws and existing conditions may result in delays, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict homebuilding activity in environmentally sensitive regions or areas.

These laws, regulations and administrative requirements often provide broad discretion to the relevant authorities and may result in fees and assessments or building moratoriums. Material changes in relevant laws, regulations or administrative requirements, or the interpretation thereof, or delays in such interpretation being delivered, may delay or increase the cost of our development activity or prevent us from selling residential units already developed. In particular, changes in (but not limited to) the following areas could have a significant adverse impact on our business and operating results: requirements to provide subsidized housing; planning or urbanization requirements; law regarding land classification; building regulations, including functionality, safety and habitability requirements applicable to new developments; insurance regulations; labor or social security laws; health and safety regulations; tax regulations; or environmental and sustainability requirements. Any of the foregoing factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

The construction of new developments involves health, safety and environmental risks.

Operating in the homebuilding industry poses certain HSE-related risks. A significant HSE incident at one of our developments could put our employees, contractors, sub-contractors or the general public at risk of injury or

death and could lead to litigation, significant penalties, delays in the construction or damage to our reputation (which could, in turn, have a negative impact on our ability to generate new business).

In addition, we may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under or in a property currently or formerly owned by us, whether or not we caused or knew of the pollution. The costs of such removal, investigation or remediation or those incurred for our defense against HSE claims may be substantial, and they may not be covered by warranties and indemnities from the seller of the affected land or by our insurance policies. They may also cause substantially increased costs or delays in developments. The presence in our developments of non-HSE-compliant substances, or the failure to remove such substances, may also adversely affect our ability to sell the relevant developments' units. Furthermore, laws and regulations may impose liability for the release of certain materials into the air, water or earth and such release may form the basis for liability to third persons for personal injury or other damages as well as potential criminal liability.

Any breach of HSE compliance, including any delay in responding to changes in HSE regulations, particularly in light of evolving EU standards and potential new implementing legislation, may result in penalties for non-compliance with relevant regulatory requirements. Monitoring and ensuring HSE best practices may become increasingly expensive for us in the future, and HSE risks may become more acute as we undertake larger-scale projects, or during periods of intense activity. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Changes in certain laws and regulations may affect demand for our homes.

Demand for our homes may be directly or indirectly affected by a number of laws, regulations and government policies establishing provisions in relation to, amongst other, real estate property regarding lending, appraisal, foreclosure and short sale practices, leases (including moratoriums and reductions), eviction of illegal occupants, government mortgage loan programs, down payment assistance programs and control of lease prices by public authorities (such as Law 11/2020 passed in the autonomous community of Catalonia in September 2020, see "*—There are limits to the lease prices of housing in the autonomous community of Catalonia*") and taxes.

Additionally, certain regulations enacted by the Spanish Government as a consequence of the COVID-19 pandemic such as RD 11/2020 and any of the subsequent regulations which amend its terms, including, the eighth final provision (*Disposición final octava*) of Royal Decree-law 2/2021, of January 26, or reinforcement and consolidation of social measures to safeguard employment (*Real Decreto-ley 2/2021, de 26 de enero, de refuerzo y consolidación de medidas sociales en defensa del empleo,* "*RD 2/2021*"), have introduced measures to temporarily protect tenants for as long as the state of alarm (*estado de alarma*) is in force with respect to their primary residence that may affect demand for our homes. These measures establish, amongst other, limitations to the eviction of vulnerable homes or economically vulnerable individuals, an extraordinary six-month extension of lease agreements which, if requested by tenants, must be accepted by landlords, or a mandatory choice by landlords between a moratorium of rent payments and/or their reduction upon request by tenants that are economically vulnerable individuals. Additionally, Royal Decree-law 37/2020, of December 22, of urgent measures to address situations of social and economic vulnerability in the housing and transportation sectors (*Real Decreto-ley 37/2020, de 22 de diciembre, de medidas urgentes para hacer frente a las situaciones de vulnerabilidad social y económica en el ámbito de la vivienda y en materia de transportes*) establishes that under certain particular circumstances and if certain requirements are met no person in a situation of vulnerability and without alternative housing may be subject to eviction, in those proceedings concerning, among others, claims for rent or amounts owed by the lessee, the expiration of the term of lease agreements, the reinstatement of full possession of a rural or urban estate or the protection of the tenancy of a thing by a person who has been deprived of them.

These measures may hinder the attractiveness of our products for customers who wish to purchase in order to rent (buy-to-let) such assets given the limitations to eviction of defaulting tenants, to the renewal of contractual terms (including rental prices) or the ability of landlords to obtain payments as agreed in full and/or in a timely manner. Despite their temporary nature, it is possible that the validity period of any of the measures introduced as a consequence of the COVID-19 pandemic is extended, or that new measures impacting demand for our products or our business in general are introduced in the future.

Furthermore, increases in personal income tax rates have in the past adversely affected demand for residential properties. In addition, taxes and duties relating to the acquisition of real estate property (such as value added tax ("*VAT*") incurred in the acquisition of new residential property) are an important part of the cost of acquiring or owning a home, and an increase in such taxes may have a material adverse impact on demand for residential property. As a result, our real estate activity can be affected by direct and indirect taxation, in particular transfer taxes, stamp duties, real estate property taxes and Value Added Tax, which is subject to the interpretation and scrutiny of the corresponding Spanish tax authorities (whether national, regional, or local).

Spanish state, regional or local tax regulations may have a material impact on our business.

Given our business, we are regularly involved in the acquisition, development and disposal of real estate assets in Spain. As a result, we and our customers are subject to direct and indirect taxation (i.e. transfer taxes, stamp duties, real estate property taxes and Value Added Tax), which is subject to changes in the state, regional or local tax regulations and to the interpretation or scrutiny of the corresponding Spanish tax authorities. Although we believe that we are in material compliance with applicable tax laws (including in connection with our real estate and financing activities), we may be subject to a reassessment by the Spanish tax authorities and, in that event, it cannot be disregarded that such tax authorities' interpretation of tax laws may differ from ours. In this respect, the Spanish tax authorities are entitled to initiate a tax review within the statute of limitation period of, generally, four fiscal years.

Some autonomous communities have enacted regulations containing specific measures to avoid empty housings (creating new taxes for empty residences, increasing the real estate tax of empty residences, mandatory leases and even the possibility of imposing fines or of expropriating the residence).

We cannot discard the possibility that such reassessments may materially affect our business, results of operations, financial condition and prospects.

The interests of our principal shareholder may conflict with your interests.

Our principal shareholder has and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve or prevent any other changes to our operations. The interests of our shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets, in each case, as permitted under the Indenture governing current financing agreements and the Notes. Incurring additional indebtedness would increase our debt service obligations and selling assets could reduce our ability to generate revenue, each of which could affect you adversely.

Even if our current principal shareholder makes divestitures such that they control less than a majority of the equity in the Parent Guarantor, they may still be able to effectively control or strongly influence our decisions. Such divestitures may not trigger a change of control under the Indenture governing the Notes. See "*Description of Notes.*"

If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud or violations of applicable regulations, such as those related to money laundering or bribery.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud or violations of applicable regulations, such as those related to money laundering or bribery. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. Furthermore, as we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. Additionally, any lack of internal controls or the existence of any material weakness or significant deficiency in internal controls would require management to devote significant time and incur significant expense to remediate any such lack or any material weakness or significant deficiency and management may not be able to remediate any such lack or material weakness or significant deficiency in a timely manner. Moreover, we have recently made acquisitions and may acquire other companies in the future, and the internal control environment of an acquired entity may not be consistent with our standards or with regulatory requirements, and may require significant time and

resources to align or rectify. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our Audited Consolidated Annual Accounts and cause us to fail to meet our reporting obligations, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be subject to intentional and unintentional disruption, and our confidential information may be misappropriated, stolen or misused, which could adversely impact our reputation and future sales.

Our website and internal and external systems may be subject to intentional and unintentional disruption, and our confidential information may be misappropriated, stolen or misused, which could adversely impact our reputation and future sales. We could be a target of cyber-attacks designed to penetrate our network security or the security of our internal and external systems, misappropriate proprietary information, commit financial fraud and/or cause interruptions to our activities, including a reduction or halt in our production. Such attacks could include hackers obtaining access to, or control of, our operating or production systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of our network security occurs, it could adversely affect our business or reputation, and may expose us to the loss of information, litigation, possible liability and expose our employees, contractors or agents and clients to the risk of death or personal injury. Such a security breach could also divert the efforts of our technical and management personnel. In addition, such a security breach could impair our ability to operate our business. If this happens, our reputation could be harmed, our revenue could decline and our business could suffer.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third-party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of our information could result in us, among other things, being in breach of certain data protection and related legislation and being subject to significant fines, including, for example under the upcoming EU General Data Protection Regulation. We expect that we will need to continue closely monitoring the accessibility and use of confidential information in our business, educate our employees and third-party contractors about the risks and consequences of any misuse of confidential information and, to the extent necessary, pursue legal or other remedies to enforce our policies and deter future misuse.

Soil contamination affecting our current land bank that which we are not aware of could drive to a partial or total impairment of its value.

During the construction of our homes, we may encounter unexpected environmental issues such as the discovery of contaminated soil not identified by the soil samples, analysis and investigations conducted during the planning phase, which may result in the violation of environmental laws and regulations. As a result, we may be required to commence new authorization procedures and may be subject to lengthy legal and administrative proceedings. Failure to complete the construction projects within the planned timeframe and/or budget could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Indebtedness

The Notes will be effectively subordinated to certain rights of creditors of Development Loans, which comprise a significant portion or our existing capital structure and future funding requirements.

We typically finance a significant portion of the construction costs of our BTS units and expect to finance a significant portion of the construction costs of our BTR units through Development Loans. Each Development Loan (i) is typically secured by real-estate mortgages over the applicable BTS or BTR project land for which they are financing the development and such assets will not form part of the Collateral securing the Notes and therefore each such Development Loan will rank effectively senior to the Notes with respect to the value of such real estate assets or other security securing such loans, (ii) may be incurred by subsidiaries of the Issuer which are not (and may not be required to become) Guarantors, and (iii) may have recourse against the Issuer or the Guarantors. As of December 31, 2020, we had €236.2 million of Development Loans outstanding. As of December 31, 2020, our non-guarantor restricted subsidiaries had €31.5 million of development indebtedness outstanding, of which €5.1 million had recourse to the Issuer or the Guarantors and €26.4 million did not have recourse to the Issuer or the Guarantors (including €23.4m of debt which is subject to a procurement provision under which the Issuer supports the performance of the financing of such entity). For a description of the terms

and conditions of our existing Development Loans, see "*Business—Other Key Business Information—Material Contracts—Development Loan Agreements*." The Indenture and the Revolving Facility Agreement will also permit us to incur additional Development Loans in order to operate our business. The Indenture and the Revolving Facility Agreement will also permit us to incur unlimited non-recourse Development Loans by Project Finance Vehicles provided subject to certain terms and conditions in the Indenture and the Revolving Facility Agreement. See and "*Description of Notes" and* "*Description of Certain Financing Arrangements—Revolving Facility Agreement*."

In the event of any enforcement action under the Notes, the Revolving Credit Facility or the Development Loans, lenders of Development Loans will receive the proceeds from the sale of any non-Collateral assets securing such Development Loans before holders of Notes. To the extent that such debt is incurred by non-Guarantor subsidiaries, such debt would also be structurally senior to the Notes, with regard to all of the assets of such subsidiary. Furthermore, with respect to Development Loans that have recourse to the Issuer or any Guarantor, in the event that the lender under such Development Loan elects to enforce their mortgage security over their Development Loan and the proceeds of any such enforcement sale is not sufficient to repay all amounts due on such Development Loans, the lenders of such Development Loans (to the extent not repaid from the proceeds of the sale of the assets securing such debt) would have an unsecured claim against the Issuer or the Guarantors' remaining assets, which would be *pari passu* with the Notes and the Guarantees. While such claims would be effectively subordinated to Holders' rights in the Collateral to the extent of the value of the property or assets comprising the Collateral, the Collateral securing the Notes and the Guarantees will be limited to share pledges and pledges over intercompany loan receivables and material bank accounts of the Issuer and the Guarantors and does not include any mortgage or real-estate security. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer and the Guarantors' remaining assets, which will rank pari passu with other unsecured creditors, including any such Development Loans which have not been repaid in full with the proceeds of the enforcement of any mortgage collateral securing such Development Loans. See "*—Creditors under the Revolving Credit Facility and certain hedging liabilities will be entitled to be repaid in full with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.*" and "*—The Notes will be secured only to up to the lesser of (a) the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees and (b) the maximum guaranteed or secured amount, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.*"

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.

We are, and following the Offering we will continue to be, highly leveraged. The Indenture will allow us to incur substantial additional indebtedness, including in respect of committed borrowings of up to €30.0 million under the Revolving Credit Facility, which, as of the date of this offering memorandum, we do not expect to draw on the Issue Date.

The degree to which we will continue to be leveraged following the issuance of the Notes could have important consequences to holders of the Notes, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditure, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- increasing our vulnerability to general economic downturns, including any downturn that results from the ongoing COVID-19 pandemic, and industry conditions and limiting our ability to withstand competitive pressure;

- restricting us from exploiting business opportunities or making acquisitions or investments;
- placing us at a competitive disadvantage compared to competitors with lower leverage; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

We will be subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture and the Revolving Facility Agreement will contain covenants that impose significant operating and financial restrictions on us. These agreements will limit our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

All these limitations will be subject to significant exceptions and qualifications. The covenants to which we will be subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the Revolving Facility Agreement. In particular, from June 30, 2021, if the sum of outstanding amounts drawn under the Revolving Credit Facility (excluding any utilizations of letters of credit, bank guarantees, ancillary facilities, amounts under the Revolving Credit Facility drawn on or prior to the Issue Date and amounts drawn to fund the payment of any original issue discount and other payments, fees, costs or expenses due and payable on the Issue Date) exceeds 40.0% of the total commitments under the Revolving Credit Facility on an applicable quarter date (adjusted to disregard any reduction or cancellation of such total commitments at any time after the Issue Date), the Revolving Facility Agreement requires us to comply with a minimum net secured loan-to-value ratio, tested at the end of each quarter on which the conditions described above has been satisfied. Our ability to meet this financial covenant, and other affirmative and negative covenants contained in the Revolving Facility Agreement, may be affected by events beyond our control, and we cannot assure you that we will satisfy them. A breach of any of these provisions could result in an event of default under the Revolving Facility Agreement. Upon the occurrence of any event of default under the Revolving Facility Agreement, subject to applicable cure rights and grace periods and other limitations on acceleration or enforcement, the lenders could cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default under the Revolving Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture and the Notes. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets would be sufficient to repay in full those amounts, to satisfy all other liabilities which would become due and payable and/or to make payments to enable us to repay the Notes, in full or in part.

In addition, if we are unable to repay such amounts, our creditors could proceed to enforce their security rights against any Collateral granted to them to secure repayment of such amounts. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

We will require a significant amount of cash to service our debt and to sustain our operations, which we may not be able to generate or raise. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that we will realize revenue growth and operating improvements that we anticipate or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or satisfy certain conditions to drawdown under the Revolving Facility Agreement. In addition, the terms of our Revolving Facility Agreement and the Indenture and any future debt may limit our ability to pursue any of these measures.

Any failure to make payments on our indebtedness, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, results of operations or financial condition. There can be no assurance that any assets which we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be on a timely basis or in a sufficient amount.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility and our obligations under the Notes and the Commercial Paper Program, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

The Notes will mature on April 1, 2026 and loans under the Revolving Credit Facility may be utilized until one month prior to its applicable termination date, which is 4.5 years following the Issue Date (or, if earlier, the date falling six months prior to the earliest maturity date of the Notes). See "*Description of Certain Indebtedness—Revolving Credit Facility.*" At the respective maturity of the Notes and any other debt which we incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, or we are otherwise restricted from doing so due to corporate,

tax or contractual limitations, we may be required to refinance our indebtedness. The type, timing and terms of any future financing will depend on our cash needs and the conditions prevailing in the financial markets. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditure or sell assets or raise additional debt or equity financing in amounts that could be substantial. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our Intercreditor Agreement, the Revolving Credit Facility, the Indenture and any of our other existing or future debt may limit our ability to pursue any of these measures.

We expect to incur additional indebtedness in the future.

We have historically relied on external funding to acquire land and for construction and we expect to incur additional debt in the future. The indebtedness that we have incurred, or that we may incur in the future, could reduce our financial flexibility. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, our borrowings and any hedging arrangements that we may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If we are required to repay borrowings early, we may be forced to sell assets when we would not otherwise choose to do so and below our expected prices in order to make the payments and we may be subject to prepayment penalties. Our ability to raise additional debt in the future may impact our ability to engage in developments and acquire new land. We may find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, our costs could increase.

In addition, the use of leverage may increase our exposure to adverse economic factors such as rising interest rates (with a corresponding negative impact in our margins). Other adverse economic factors that affect the use of leverage may increase our exposure to downturns in the economy and deterioration in the condition of our investments and/or the Spanish real estate and banking sectors. All of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, our obligations under certain of our financing agreements are secured through security interests such as mortgages over real estate assets (in particular, as of December 31, 2020, land plots with an aggregate GAV of €1,047 million were mortgaged in connection with our financing agreements).

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which will support our growth strategy but may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional indebtedness in the future. The restrictions on the incurrence of additional indebtedness in the Indenture and the Revolving Facility Agreement will be subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Facility Agreement will allow us to incur certain obligations that do not constitute indebtedness under those agreements.

We face certain risks relating to fluctuations of interest rates.

The interest rates of most of our existing borrowings are, and the interest rates of our future borrowings are expected to be, variable interest rates based on EURIBOR. As a result, an increase in interest rates could have a negative impact on our results. Interest rates are sensitive to many factors beyond our control, including policies of the European Central Bank and international and domestic economic and political conditions. The level of interest rates can fluctuate due to, among other variables, inflationary pressures, disruption to financial markets or the availability of bank credit. Fluctuations in interest rates could therefore have a material adverse effect on our business, results of operations, financial condition and prospects. Moreover, fluctuations in interest rates can have an adverse effect on our sales. See "—*Risks Relating to our Business and Industry—Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect our sales*."

The loans under our Revolving Credit Facility will bear interest at floating rates that could rise significantly, increasing our financing costs and reducing our cash flow.

Any Borrowings under the Revolving Credit Facility will bear interest at a variable rate which is based on EURIBOR (with a 0.00% floor) plus an applicable margin. Fluctuations in EURIBOR or the occurrence of a

market disruption event, and the forthcoming cessation of the use of EURIBOR as a benchmark rate, may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations. We do not currently intend to enter into any new interest rate swaps with respect to the Revolving Credit Facility. To the extent that EURIBOR were to increase significantly, or a replacement benchmark rate that is higher than EURIBOR were to apply, our interest expense would correspondingly increase, thereby reducing our cash flow.

In addition, the margin applicable to the Revolving Credit Facility is subject to a ratchet that allows us to reduce the margin upon the achievement of certain financial performance metrics. In the event that our financial performance deteriorates or a default occurs under the Revolving Credit Facility, any reduction to such margin may cease to apply, causing interest expense to correspondingly increase, thereby reducing our cash flow.

Spanish tax legislation may restrict the deductibility, for Spanish tax purposes, of all or a portion of the interest on our indebtedness, thus reducing the cash flow available to service our indebtedness.

The Spanish Corporate Income Tax Law contains a general limitation on the deductibility of certain net financial expenses incurred by a Spanish Corporate Income Tax taxpayer (or by the Corporate Income Tax consolidated group to which such entity belongs) exceeding 30% of its annual operating profit (defined as EBITDA (as defined for tax purposes subject to certain adjustments)); €1 million will be deductible in any case. Deductible interest after the application of these limitations is referred to as the "*Maximum Threshold*."

The apportionment of non-deducted interest in a given fiscal year may be deducted in the following fiscal years, subject to the Maximum Threshold in each subsequent fiscal year. If the amount of net financial expenses in a given fiscal year is below the Maximum Threshold, the difference between the net financial expenses deducted in that year and the Maximum Threshold may increase such Maximum Threshold in the immediate subsequent 5 years.

The impact of these rules on our ability to deduct interest paid on indebtedness could increase our tax burden and therefore negatively impact our business, financial position, results of operations and prospects.

Risks Relating to the Notes and the Guarantees

Certain of the Collateral will not secure the Notes until 30 days following the Issue Date and the Parent Guarantor will not guarantee the Notes until 30 days following the Issue Date.

The Post-Closing Collateral will be granted no later than 30 days from the Issue Date, as further described under "*Description of Notes—Security*." There can be no assurance, however, that we will be successful in procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture and the Revolving Facility Agreement, subject to applicable grace periods. The security interests will be limited to the same extent as those under the Revolving Credit Facility and otherwise as set forth under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*," which limitations could be significant. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*." It should be noted that if a guarantee or a security interest granted by a Guarantor in certain jurisdictions is granted or perfected after the secured obligation arose, such guarantee or security interest may be subject to claw back provisions under applicable local insolvency laws. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

On the Issue Date, the Notes will only be obligations of the Issuer and the Subsidiary Guarantors and will not be guaranteed by the Parent Guarantor. Subject to the Agreed Security Principles, the Parent Guarantor is expected to guarantee the Notes within 30 days following the Issue Date, subject to the limitations set forth under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*." However, under the Agreed Security Principles, certain members of the Group that will provide a guarantee under the Revolving Credit Facility may not be able to guarantee the Notes. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*—The Notes and the Guarantees will be structurally subordinated to the claims of creditors, including depositors, trade creditors and preferred*

stockholders (if any), of our non-guarantor subsidiaries." There can be no assurance that we will be successful in procuring the Guarantee from the Parent Guarantor within the time period specified. The Guarantees will, once granted, in any case be limited as set forth in "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

The Notes will each be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

Some, but not all, members of the Group will guarantee the Notes. The Guarantors generated 95.9% and 109.1% of the Group's revenue and Adjusted EBITDA, respectively, for the year ended December 31, 2020, and held 90.9% of the Group's total assets as of December 31, 2020. Our non-Guarantor subsidiaries generated 4.1% and -9.1% of the Group's revenue and Adjusted EBITDA, respectively, for the year ended December 31, 2020, and held 9.1% of the Group's total assets as of December 31, 2020. As of December 31, 2020, the total inventories of the Issuer and its subsidiaries not subject to a security interest over the total inventories of the Issuer and its subsidiaries was 58%.

Unless a company is a Guarantor, such company will not have any obligation to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under our Development Loan Agreements and bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to any Guarantor, as a direct or indirect shareholder.

In addition, the Development Loan Agreements of non-Guarantor subsidiaries will be structurally senior to the Notes and each Guarantee and the lenders of such non-Guarantor subsidiaries under the Development Loan Agreements may have security interests over collateral, including assets of the Issuer or the Guarantors, that do not secure the obligations of the Issuer under the Notes or the Guarantors under the Guarantees. See "*—Risks Related to Our Indebtedness—The Notes will be effectively subordinated to certain rights of creditors of Development Loans, which comprise a significant portion or our existing capital structure and future funding requirements.*"

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- our creditors (including the holders of the Notes) and Guarantors will have no right to proceed against the assets of such subsidiary; and
- our creditors and the creditors of such non-Guarantor subsidiaries under the Development Loan Agreements would have the right to proceed against the assets of such subsidiary and/or the assets of the Issuer or the Guarantors that secure such non-Guarantor subsidiary's obligations under the Development Loan Agreements that do not secure the obligations of the Issuer under the Notes or the Guarantors under the Guarantees; and
- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of non-Guarantor subsidiaries.

The enforcement of the Collateral may be restricted by Spanish law.

The Collateral is and will be subject to any and all limitations, exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections permitted under the Indenture and the Revolving Credit Facility and accepted by other creditors that have the benefit of a *pari passu* security interest in the relevant Collateral from time to time whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral.

On the Issue Date, the obligations under the Notes and the Note Guarantees will be secured on a first-ranking basis by the Issue Date Collateral. Within 30 days of the Issue Date, the obligations under the Notes and the

Note Guarantees will be secured on a first-ranking basis by the Post-Closing Collateral. The security interests in this Collateral will also secure our obligations under the Revolving Credit Facility and certain hedging obligations on a *pari passu* basis. The Indenture and the Revolving Facility Agreement will also permit the Collateral to be pledged to secure additional indebtedness in accordance with the terms thereof.

The potential enforcement of the security interests granted to the Security Agent and the relevant Secured Parties (as applicable) in respect of the Collateral will be subject to practical problems generally associated with the realization of collateral under Spanish law. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consent or promptly satisfy such requirements. The consent of any third party may not be given when required to facilitate a foreclosure on such asset. Accordingly, the Security Agent may not have the ability to foreclose upon that asset, and the value of the Collateral may, as a consequence, significantly decrease.

Pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit Facility and certain hedging obligations will have priority over the Notes with respect to amounts received from the sale of the Collateral as a result of an enforcement action (*acción ejecutiva*) with respect to the Collateral. As such, in the event of a foreclosure of the Collateral, holders of the Notes will receive less from the proceeds of security in an enforcement or insolvency scenario than if they were not required to share the proceeds. Moreover, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit Facility and such amount in respect of priority hedging obligations are greater than the proceeds realized.

Any proceeds from an enforcement sale of the Collateral by any creditor will, after all priority obligations under the Revolving Credit Facility and such amount in respect of such hedging obligations have been discharged from such recoveries, be applied pro rata in repayment of the Notes and any other obligations ranking pari passu with the Notes and secured by the Collateral, if any. The Intercreditor Agreement will provide that a common Security Agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility, the hedging providers and any creditors of additional secured debt permitted to be incurred by the Indenture or the Revolving Facility Agreement, will act only as provided for in the Intercreditor Agreement. In general, the facility agent under the Revolving Credit Facility and any agent with respect to any permitted future secured debt will have, subject to certain restrictions, the ability to provide enforcement instructions to the Security Agent and the right to enforce the shared Collateral.

Furthermore, Spanish insolvency law imposes a moratorium on the enforcement of secured creditor's rights (in rem security) in the event of insolvency. Once the debtor is declared insolvent, the enforcement of security interests over assets owned by the debtor, which are necessary for the continuance of its professional or business activities, are stayed until the first of the following circumstances occurs: (a) approval of a creditors' composition agreement (*convenio de acreedores*), or (b) one year has elapsed since the declaration of insolvency without the liquidation phase being initiated. Enforcement will be stayed even if at the time of the declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the asset is not necessary for the continuance of the debtor's professional or business activities. When it comes to determining which assets of the debtor are necessary for the continuance of its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets. For more information, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Spanish insolvency laws may differ from and be less favorable than the bankruptcy laws or insolvency law of other jurisdiction.

The Issuer and the Guarantors are organized under the laws of Spain, and their "*center of main interests*" is located in Spain. There is a rebuttable presumption that the "*center of main interest*" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (the "*EU Insolvency Regulation*"), as well as in the Royal Legislative Decree 1/2020 approving the consolidated text of the Insolvency Law, as amended (the "*Spanish Insolvency Law*"), is the jurisdiction where the registered office is situated. Accordingly, any insolvency proceedings against the Guarantors would likely be based on Spanish insolvency laws. The insolvency laws of Spain may not be as favorable to holders of the Notes as the laws of the United States or some other jurisdictions, and certain provisions of Spanish insolvency law could

affect the ranking of the Notes and the Guarantees or claims relating to the Notes and the Guarantees (including enforcement claims) on an insolvency of the Spanish Guarantors, as the case may be.

In particular, under Spanish law, a creditor's rights will be subordinated to the preferential and ordinary debts of a debtor in an insolvency proceeding if such creditor is determined to be a "*specially related*" party to the debtor. Under Spanish law, one factor considered in determining if a party is "specially related" is (i) whether such party holds, directly and indirectly, more than 10% of the capital of the debtor (for companies that are not listed) or more than 5% of the capital of the debtor (for companies with listed securities) in each case at the time the credit right under dispute in the insolvency scenario arises or (ii) in the event of companies belonging to the same group as the insolvent debtor and their common shareholders, provided that such shareholders meet, directly or indirectly, the minimum shareholding requirements set out before.

Additionally, under Spanish law payments made under an equitably subordinated loan preceding the bankruptcy of an obligor may in certain circumstances be clawed back. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

In order to seek protection against claw back, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologado*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if (i) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones; (ii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (that is to say the Spanish Insolvency Act excludes public creditors, labor creditors and those of commercial transactions in order to calculate whether the required thresholds are met) at the date of the refinancing agreement; (iii) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group a companies, the majority refers both individually to each company and to the group as a whole where the intercompany claims are not taken into account); and (iv) the agreement is formalized in a public instrument. Judicially sanctioned refinancing agreements may not be subject to a claw back action.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement (for the purposes of petitioning protection against claw back) if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. The scope of this measure (particularly as to whether this majority of 75% might also serve for the cramdown of discharges and stays of payments over the rest of syndicated claims) is not clear among Spanish courts and therefore it is not possible yet to ascertain what its practical effects will be.

For more information, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Creditors under the Revolving Credit Facility and certain hedging liabilities will be entitled to be repaid in full with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The Intercreditor Agreement will provide that the Security Agent shall act on instructions provided by the Majority Super Senior Creditors and the Majority Senior Secured Creditors (each as defined under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Security enforcement*"); *provided*, *however*, that the Security Agent will act in accordance with enforcement instructions received from the Majority Super Senior Creditors if (a) the obligations under the Revolving Credit Facility have not been fully discharged within six months of the end of the Consultation Period, (b) enforcement has not commenced within three months of the end of the Consultation Period or (c) an Insolvency Event (as defined in the Intercreditor Agreement) occurs in respect of any Debtor, Third Party Chargor or other member of the Group and the Security Agent has not commenced any enforcement or enforcement action at that time. See "*Description of Certain Financing Arrangements—Intercreditor Agreement—Security enforcement*." The lenders under the Revolving Credit Facility, certain hedging counterparties or lenders of any other future class of debt that ranks *pari passu* with the indebtedness under the Revolving Credit Facility may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their

remedies under the Security and Guarantee Documents (as defined in the Description of Notes) at a time when it would be disadvantageous for the holders of the Notes to do so.

The Notes will be secured only to up to the lesser of (a) the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees and (b) the maximum guaranteed or secured amount, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.

If there is an event of default on the Notes, the holders of the Notes will be secured only to the lesser of (a) extent of the value of the Collateral granted as security for the Notes and (b) the maximum guaranteed or secured amount as a consequence of legal limitations such as financial assistance or corporate benefit amongst others. In particular, the maximum secured amount under the Collateral granted by any Spanish company will not secure those obligations or liabilities which, if secured, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act (see "*—Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*"). Not all our assets secure the Notes. In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary as a restricted subsidiary or otherwise, will be subject to the Indenture. The Agreed Security Principles (as set out in the Revolving Facility Agreement) will set out a number of limitations on the rights of the lenders under the Revolving Credit Facility (and therefore holders of the Notes) to require the granting of, or payment or enforcement under, a guarantee or security in certain circumstances. Accordingly, the Agreed Security Principles may affect the value of the guarantees and security to be provided by us and our subsidiaries. The terms of the Security Documents securing obligations under the Notes and applicable guarantee limitations may result in, among other things, the amount recoverable under any guarantee or security provided by any subsidiary being limited or security not being granted over a particular type or class of assets. The validity and enforceability of the guarantees and security may also be affected by local law limitations. See "*—The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

On the Issue Date, the obligations under the Notes and the Note Guarantees will be secured on a first-ranking basis by the Issue Date Collateral. Within 30 days of the Issue Date, the obligations under the Notes and the Note Guarantees will be secured on a first-ranking basis by the Post-Closing Collateral. For further information see "*Description of Notes—Security.*" No appraisals of any Collateral have been prepared, and there is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to sell the Collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy the Collateral in the event of an enforcement action. The Collateral may be illiquid and may have no readily ascertainable market value.

By its nature, some or all the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that other first-priority security interests, pre-existing liens, liens permitted under the Indenture or the Revolving Credit Facility and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral. There may also be other practical problems generally associated with the realization of security interests in the Collateral. The Security Agent may also need to obtain a power of attorney from the beneficiaries of the Collateral or the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such powers of attorney or consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a sale of, or foreclosure on, such assets.

Accordingly, the Security Agent may not have the ability to sell or foreclose upon those assets, and the value of the Collateral may significantly decrease.

If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against us and our Guarantors' remaining assets. In addition, certain of the lenders under the Development Loan Agreements may have security interests over collateral, including assets of the Issuer or the Guarantors, or such debt may rank pari passu with the Notes and the Guarantees. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangements governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. Proceeds from enforcement sales of the Collateral must be applied in satisfaction of certain priority obligations under the Revolving Credit Facility and counterparties under certain hedging obligations (and any other future indebtedness that ranks pari passu with the Revolving Credit Facility and such hedging obligations) before being applied to repay on a pari passu basis our obligations and the obligations of the Guarantors under the Notes and any other pari passu debt. In addition, the Indenture and the Revolving Facility Agreement will allow the incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority or pari passu basis.

The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

Each Guarantee provides the holders of the Notes with a claim through the Trustee against the relevant Guarantor. However, the Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Guarantee would be subject to certain generally available defenses. The Guarantees will not guarantee any obligations which imply a breach of, respectively, Spanish financial assistance regulations. Enforcement of any of the Guarantees against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. These laws and defenses generally include those that relate to financial assistance, corporate interest or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses is applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Guarantee against any Guarantor.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; (iii) take other action that is detrimental to you or (iv) subordinate the payment of the Guarantor's obligations under its Guarantee to other obligations of the Guarantor, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee, (ii) undercapitalized or became undercapitalized because of the relevant Guarantee or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate purpose of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor or be detrimental to the insolvency estate (under these circumstances any Guarantee granted within two years in Spain prior to a declaration of insolvency may be unconditionally extinguished); or

- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law or against financial assistance laws.

Additionally pursuant to Spanish applicable legislation:

- The concept of a first demand guarantee is not specifically regulated in the Spanish Civil Code (*Código Civil*) but it has been treated under Spanish case law as an autonomous guarantee detached from the underlying agreement whose obligations are being guaranteed. Therefore, Spanish case law acknowledges the validity of the provision pursuant to which the guarantor has agreed not to call on exceptions different from those arising from the guarantee.

  Nevertheless, Spanish case law has also admitted the possibility that, with certain limitations, the guarantor invokes against the beneficiary of the guarantee the exception of fraud, bad faith or abuse of right in the events where the beneficiary enforces the guarantee in a fraudulent manner or with bad faith.

- The laws of Spain may limit the ability of any Spanish guarantor to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise from the interpretations of various provisions and from certain general principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a guarantee or the granting of security to guarantee or secure a parent or sister company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective. If these limitations were not observed, the guarantees or security granted by any Spanish guarantor could be subject to legal challenge.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "*insolvent*" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be solely our creditor and, if applicable, of any other Guarantor under the relevant Guarantee which has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

For more information, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

There are circumstances other than the repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including:

- in connection with any sale or other disposition of the assets provided the sale or other disposition is in accordance with the "*Asset Sale*" provisions of the Indenture;

- if the Parent Guarantor designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under "*Description of Notes—Legal Defeasance and Covenant Defeasance*" and "*Description of Notes—Satisfaction and Discharge*;"
- in accordance with the "*Amendment, Supplement and Waiver*" provisions of the Indenture; or
- as otherwise set forth under "*Description of Notes—Security—Release of Liens."*

In addition, under various circumstances, the Guarantees will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all the assets of a Subsidiary Guarantor (including by way of merger or consolidation) to a person that is not us or one of its Restricted Subsidiaries if the sale or other disposition does not violate the "*Asset Sale*" provisions of the Indenture, and all obligations of that Subsidiary Guarantor with respect to other Indebtedness of the Parent Guarantor and its Restricted Subsidiaries are also released;
- in connection with any sale of all the capital stock of a Subsidiary Guarantor to a person that is not (either before or after giving effect to such transaction) the Parent Guarantor or one of its restricted subsidiaries, if the sale or other disposition does not violate the "*Asset Sale*" provisions of the Indenture, and all obligations of that Subsidiary Guarantor with respect to other Indebtedness of the Parent Guarantor and its Restricted Subsidiaries are also released;
- if the Parent Guarantor designates any Restricted Subsidiary that is a Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the relevant Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under "*Description of Notes—Legal Defeasance and Covenant Defeasance*;"
- in accordance with the "*Amendment, Supplement and Waiver*" provisions of the Indenture; or
- as otherwise set forth under "*Description of Notes—The Guarantors."*

In addition, the Guarantees and Collateral will each be subject to release upon an enforcement sale as contemplated under the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes."*

The security interests in the Collateral will be granted to the Trustee or the Security Agent (as the case may be) rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted in favor of the Security Agent, except for the Collateral governed by Spanish law, which will be granted in favor of the Trustee (acting for the benefit of the holders of the Notes).

The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security and Guarantee Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral.

Notwithstanding the foregoing, if enforcement of any security interest in Spain were to be carried out by the Security Agent in Spain, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose by means of duly notarized powers of attorney granted in favor of the Security Agent by each of the actual or future creditors, if necessary, with the Apostille of The Hague Convention dated October 5, 1961. Therefore, there could be a delay in the enforcement of the Collateral in Spain while the Security Agent obtains such powers.

In addition, in Spain, it may be the case that for the actual enforcement of the Collateral, each of the secured parties benefiting from such Collateral would have to evidence its title to the secured obligations, ratify such Collateral and accept the benefit of the security interest in their respective names by executing a public deed through duly appointed representatives by means of notarized and apostilled powers of attorney. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security and Guarantee Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness, provided that they do not conduct any act or omission that may jeopardize the rights that arise from the Collateral.

We may not be able to obtain the funds required to repurchase the Notes upon a Change of Control.

The Indenture will contain provisions relating to certain events constituting a "*Change of Control*" of the Parent Guarantor. Upon the occurrence of a Change of Control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a Change of Control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the repurchase price of the outstanding Notes or that the restrictions in our Revolving Facility Agreement, the Intercreditor Agreement or our other existing contractual obligations would allow us to make such required repurchases. A Change of Control may result in a mandatory prepayment event or an event of default under, and the acceleration of, our Revolving Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the Change of Control itself does not. The ability of the Issuer to receive cash from other members of the Group to allow the Issuer to pay cash to the holders of the Notes following the occurrence of a Change of Control may be limited by our existing financial resources. In addition, under the terms of our Revolving Facility Agreement, under certain circumstances, we will be required to repay a pro rata amount of debt under our Revolving Credit Facility if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control occurs at a time when the Group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes, including the Notes offered hereby. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes will constitute a default under the Indenture which would, in turn, constitute a default under the Revolving Credit Facility. See "*Description of Notes—Repurchase at the Option of Holders—Change of Control.*"

The Change of Control provision that will be contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "*Change of Control*" as defined in the Indenture. In addition, the occurrence of certain events that might otherwise constitute a Change of Control will be deemed not to be a Change of Control if a certain consolidated net leverage ratio calculated in accordance with the "*Description of Notes*" is not exceeded in connection with such an event. In this case holders of notes would not be entitled to require the Issuer to repurchase their Notes and would only be able to rely on the then prevailing trading prices in order to exit their investments, which might be lower than the 101% Change of Control repurchase price. See "*Description of Notes—Change of Control*" and

"*Description of Notes—Certain Definitions—Specified Change of Control Event.*" Except as described under "*Description of Notes—Repurchase at the Option of Holders—Change of Control*," the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "*Change of Control*" in the Indenture will include a disposition of all or substantially all the assets of the Parent Guarantor and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of New York case law interpreting the phrase "*all or substantially all*," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "*all or substantially all*" the Parent Guarantor's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Under certain circumstances, following a Change of Control Offer to purchase the Notes, the Issuer may, at its option, redeem all of the remaining Notes of non-tendering holders.

If, pursuant to any Change of Control Offer (as defined in the Indenture), Holders of not less than 90% in aggregate principal amount of the Notes validly tender and do not withdraw such Notes and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer, purchases all of the applicable series of Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right to redeem all the Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the Notes that remain outstanding to, but not including, the date of redemption. As a consequence, Holders may be required to surrender the Notes against their will at a price equivalent to 101% of the aggregate principal amount of such Notes, and may not receive the return Holders expect to receive on the Notes. See "*Description of Notes—Change of Control.*"

There are risks related to Spanish withholding tax, including in conjunction with the collection of certain documentation from the Paying Agent.

The Issuer considers that, pursuant to the provisions of the Royal Decree 1065/2007, it is not obliged to withhold taxes in Spain on any interest paid under the Notes to any Noteholder, irrespective of whether such Noteholder is tax resident in Spain or not. The foregoing is subject to the fulfillment of certain information procedures described in "*Tax Considerations—Spanish Tax Considerations—Disclosure of Information in Connection with the Notes*" below.

In this regard, according to Royal Decree 1065/2007, any interest paid by the Issuer under securities that (i) can be regarded as listed debt securities issued under Law 10/2014, of 26 June, on organization, supervision and solvency of credit institutions ("*Law 10/2014*") and (ii) are initially registered at a foreign clearing and settlement entity that is recognized under Spanish regulations or under those of another OECD member state, will be made free of Spanish withholding tax; provided that the relevant paying agent fulfills the information procedures described in "*Tax Considerations—Spanish Tax Considerations—Disclosure of Information in Connection with the Notes*" below. The Issuer considers that the Notes meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax subject to the Paying Agent providing us, in a timely manner, with a duly executed and completed statement providing certain details relating to the Notes (the "*Payment Statement*"). Accordingly, if we do not receive the Payment Statement from the Paying Agent in a timely manner, income in respect of the Notes will be subject to a current 19% withholding tax. If this were to occur, affected holders of the Notes will receive a refund of the amount withheld, with no need for action on their part, if the Paying Agent submits a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, following the 10th calendar day of the month immediately following the relevant Interest Payment Date, holders of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled. See "*Tax Considerations—Spanish Tax Considerations*" for a more detailed explanation. The Issuer will not gross up payments in respect of any such withholding tax. See "*Description of Notes—Additional Amounts.*"

It is expected that the Paying Agent will follow certain procedures to facilitate the timely provision by the Paying Agent to the Issuer of a duly executed and completed Payment Statement in connection with each

payment of income under the Notes. If such procedures are not followed, however, the Issuer will make the relevant Spanish withholding tax at the applicable rate (currently 19%) from any income payment in respect of the Notes. Such procedures may be revised from time to time in accordance with changes in the applicable Spanish laws and regulations or administrative interpretations thereof. Accordingly, while the Notes are represented by a Global Note, holders of the Notes must rely on such procedures in order to receive payments under the Notes free of any Spanish withholding tax, to the extent applicable. Prospective investors should note that neither the Issuer, the Paying Agent, the Trustee nor the Initial Purchasers will be liable for any damage or loss suffered by any holder of the Notes who would otherwise be entitled to an exemption from Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such Spanish withholding tax. Therefore, to the extent that a payment of income in respect of the Notes is not exempt from Spanish withholding tax, including due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement on due time, holders of the Notes may have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax and deposited with a Spanish resident entity acting as depositary or custodian), payments in respect of such Notes may be subject to withholding by such depositary or custodian (currently 19%).

Noteholders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. None of Issuer, any Guarantor, the Paying Agent, the Transfer Agent, the Registrar, the Trustee or any Initial Purchaser assumes any responsibility thereof.

Notes held by Spanish corporate entities could be subject to withholding tax

Despite our opinion that, due to the Notes not being placed in Spain (on the basis that there will be no public offer in Spain, as contemplated in "*Notice to Certain European investors—Spain*") there is a possible exemption from withholding tax on payments to Spanish corporate Noteholders, the Spanish tax authorities may determine that the Notes have been placed, totally or partially, in Spain and that such exemption does not apply to any of the Notes. If such determination was made, income derived from the transfer of the Notes by Noteholders could be subject to withholding tax at the applicable rate, as at the date of this offering memorandum of 19%. No additional amounts will be payable by the Issuer in such circumstances. See "*Tax Considerations—Spanish Tax Considerations*" for a more detailed explanation.

The proposed financial transactions tax (the "FTT").

The European Commission published in February 2013 a proposal (the "*Commission's Proposal*") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the "*participating Member States*"). Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, impose a tax at generally not less than 0.1 per cent, generally determined by reference to the amount of consideration paid, to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed FTT or any similar tax is adopted, transactions in the Notes could be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "*established*" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Members States may withdraw.

With regard to the Spanish FTT, Law 5/2020, of October 15, approving the Financial Transaction Tax (*Ley 5/2020, de 15 de octubre, del Impuesto sobre Transacciones Financieras*) (the "**Spanish FTT Law**") was published on the Spanish Official State Gazzete on October 16, 2020. According to the terms of the Spanish FTT Law, this indirect tax should not apply to the acquisition of the Notes or dealings in the Notes thereafter.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to the liquidity of any market in the Notes, your ability to sell your Notes or the prices at which you would be able to sell your Notes. Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

Although an application will be made for the Notes to be listed on the Official List of the Exchange and admitted to trading on the Global Exchange Market, we cannot assure you that the Notes will be, or that the Notes shall remain, listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Global Exchange Market, the failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Notes, including the additional risk factors discussed above. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant.

The trading prices of the Notes will be directly affected by our ratings with major credit rating agencies, the prevailing interest rates being paid by companies similar to us and the overall condition of the financial and credit markets.

The trading prices of the Notes in the secondary market will be directly affected by our ratings with major credit rating agencies, the prevailing interest rates being paid by companies similar to us and the overall condition of the financial and credit markets. It is impossible to predict the prevailing interest rates or the condition of the financial and credit markets. Credit rating agencies continually revise their ratings for companies that they follow, including us. Any ratings downgrade could adversely affect the trading price of the Notes or the trading market for the Notes, to the extent a trading market for the Notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. We have not agreed to or otherwise undertaken to register any of the Notes or the Guarantees, and do not have any intention to do so. See "*Notice to Investors.*" It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

We are organized under the laws of Spain. All our directors and executive officers and the directors and executive officers of the Guarantors are non-residents of the United States and all their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, the Guarantors or our or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, we cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Spain. See "*Enforcement of Civil Liabilities.*"

We are not providing all of the information that would be required if this Offering were being registered with the SEC.

This offering memorandum does not include all of the information that would be required if we were registering the Offering of the Notes with the SEC. In particular, this offering memorandum does not contain separate financial information about our Guarantor and non-Guarantor subsidiaries or certain historical executive compensation information. We urge you to consider this factor in connection with your evaluation of your investment in the Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Owners of the book-entry interests will not be considered owners or holders of the Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the nominee of the common safekeeper for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee, the Security Agent, the Registrar, the Transfer Agent or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the relevant Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including enforcement of security for the Notes. Instead, if you own a book-entry interest, you must rely on the common safekeeper (as registered holder of the Notes) to act on your instructions and will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Eligibility of the Notes for purchase by the European Central Bank (including under the European Central Bank's Corporate Sector Purchase Programme) may not be achieved.

Notes represented by the Global Notes are to be deposited with the common safekeeper (or its nominee), registered in the name of the common safekeeper (or its nominee) and held under the New Safekeeping Structure. The Notes are, accordingly, intended to be held in a manner which would allow them to be eligible for purchase by the European Central Bank (the "*ECB*") (including under the corporate sector purchase programme (the "*CSPP*") of the ECB, which commenced in June 2016). However, this does not necessarily mean that the Notes will be recognized by the ECB for the purposes of the CSPP either upon issue or at any times during their life, as such recognition depends upon satisfaction of all of the ECB's eligibility criteria.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency.

The Notes will be denominated and payable in euros. If you are a non-euro investor, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the euro against other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign currency exchange gains or losses, if any. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations."*

Investors may have limited remedies if we fail to allocate on our Green Bond Register the net proceeds from the Offering to Eligible Green Projects or take the other actions as described under "Green Bond Framework," and our failure to do so could adversely impact the value of the Notes.

The market price of the Notes may be impacted by any failure by us to allocate on our Green Bond Register an amount equal to the net proceeds from the Offering to Eligible Green Projects, take the other actions as described under "*Green Bond Framework*" or to otherwise meet or continue to meet the investment requirements of certain sustainability-focused investors. Although we intend to allocate on our Green Bond Register an amount equal to the net proceeds from the Offering to Eligible Green Projects and take the other actions as described under "*Green Bond Framework*," it will not be an event of default under the Indenture nor will we be required to repurchase or redeem the Notes if we fail to do so, and holders of the Notes will have no remedies under the Indenture for any such failure. Furthermore, there can be no assurance that the Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such funds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by us. Prospective investors should consider the information set out in the "*Green Bond Framework*" and determine for themselves the relevance of such information for the purpose of an investment in the Notes together with any other investigation they deem necessary.

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

We intend to allocate on our Green Bond Register an amount equal to the net proceeds from the Offering primarily to expenditures in green buildings (as defined in "*Green Bond Framework*"). We expect to use the physical proceeds of the Offering as set forth in "Use of Proceeds." See "*Green Bond Framework,"* We may also allocate or re-allocate amounts relating to the Offering to other new or existing Eligible Green Projects. We have significant flexibility in allocating amounts relating to the Offering, including re-allocating in the event we no longer own assets to which we allocated amounts relating to the Offering or if the assets to which we allocated amounts related to the Offering no longer meet the criteria for an Eligible Green Project. Additionally, we may revise our Green Bond Framework from time to time, and the criteria used by us to identify Eligible Green Projects may differ in the future. You may not agree with the ultimate allocation of amounts relating to the Offering, even if we believe the expenditures to which we allocate such amounts were in respect of Eligible Green Projects. Although we intend to allocate on our Green Bond Register certain amounts relating to future expenditures on Eligible Green Projects, the physical proceeds of the Offering will not be used for such projects.

Neither we nor the Initial Purchasers can assure you that the Eligible Green Projects to which we allocate amounts relating to the Offering will satisfy, or continue to satisfy, investor criteria and expectations regarding environmental impact and sustainability performance, nor can we assure you that the Eligible Green Projects criteria and other aspects of the framework described under "*Green Bond Framework*" will satisfy, or continue to satisfy, investor criteria or expectations for sustainable finance products. In particular, no assurance is given that the use or allocation of such amounts on our Green Bond Register for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements, voluntary taxonomies or standards regarding any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations, by its own bylaws or other governing rules or investment portfolio mandates, ratings criteria, voluntary taxonomies or standards or other independent expectations (in particular with regard to any direct or indirect environmental, sustainability or social impact of any Eligible Green Projects or uses, the subject of or related to, the relevant Eligible Green Projects). The Eligible Green Projects to which we expect to allocate amounts relating to the Offering have complex direct or indirect environmental, sustainability or social impacts and such Eligible Green Projects may become controversial or criticized by activist groups or other stakeholders. Additionally, we cannot assure you that we will be able to identify sufficient business activities qualifying as Eligible Green Projects to which we could re-allocate amounts relating to the Offering if we no longer own a previously-allocated Eligible Green Project or if a previously- allocated Eligible Green Project no longer meets the applicable criteria. Also, it may be the case that an Eligible Green Projects will not be implemented and/or completed (in whole or in part, and/or in accordance with any timing schedule). Our failure to do so will not be an event of default or require us to repurchase or redeem the Notes.

At present, the terms "green," "social" and "sustainable" are not clearly defined, nor is there market consensus as to what constitutes a "green" or "social" or "sustainable" or an equivalently-labelled project or asset or as to what precise attributes are required for a particular project or asset to be defined "green" or "social" or "sustainable" or such other equivalent label. Thus, the necessary attributes of an asset to be deemed "green," "social" or "sustainable" are uncertain. In June 2020, the Council and the European Parliament passed Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment. This Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable. While formally applicable primarily to financial market participants making available financial products, it is understood to also apply to our Notes. In March 2020, the Technical Expert Group on Sustainable Finance, a group of experts established by the European Commission in 2018 to advise on the implementation of the EC action plan on financing sustainable growth, published its final report on EU taxonomy guidance on how companies and financial institutions can make disclosures using the taxonomy, including in relation to a future European standard for sustainable bonds as proposed by the same expert group in 2019. Already in 2016, GRESB (which is short for global real estate sustainability benchmark), a private limited company incorporated in the Netherlands, published sustainable bond guidelines for the real estate sector defining renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation, clean water /drinking water, climate change adaptation and health and well-being as main eligibility criteria for sustainable property projects.

In the light of this ongoing discussion on sustainable labelling, it cannot be ensured that an Eligible Sustainable Project will meet a Bondholder's expectations regarding such "green," "social," "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of such an Eligible Green Project. Each prospective investor should seek advice from their independent financial adviser or other professional adviser to assess the relevance of the information contained in this offering memorandum regarding the use of proceeds and their decision to purchase the Bonds before deciding to invest.

We mandated Sustainalytics S.àr.l., ("*Sustainalytics*") to provide a second party opinion on our *Green Bond Framework*, confirming that the Eligible Green Projects have been defined in accordance with the broad categorization of eligibility for green projects and/or regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability projects (any such opinion, a "*Second Party Opinion*"). See "*Green Bond Framework"* and *"Use of Proceeds*." Accordingly, Sustainalytics has certified that our Green Bond Framework aligns with the Green Bond Principles. However, the Second Party Opinion or any third party opinion or rating (whether or not solicited by us in connection with an Eligible Green Project) might not fulfill any environmental, social, sustainability and/or other criteria required by a holder of the Notes. In

this light, no assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion, any third party opinion or rating (whether or not solicited by us) which will be made available in connection with the issue of the Notes and in particular with any Eligible Green Project to fulfil any environmental, social, sustainability and/or other criteria. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall it be deemed to be, incorporated in this offering memorandum, (ii) is not, nor should it be deemed to be, a recommendation by us, the Initial Purchasers or any other person to buy, sell or hold any Notes, (iii) is current only as of the date it was initially issued, (iv) may be subsequently withdrawn and (v) may not address risks that relate to any Eligible Green Project or may affect the value of the Notes. As at the date of this offering memorandum, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

Finally, if the Notes were listed or admitted to trading on any dedicated "green," "environmental," "sustainable" or "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), such listing or admission may not satisfy any present or future investor expectations or requirements with which such investor or its investments are required to comply. No representation or assurance is given by us, the Initial Purchasers or any other person that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor or its investments is required, or intends, to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, the listing criteria for any such dedicated market segment may vary from one stock exchange or securities market to another, any such listing or admission to trading may not be obtained or, if obtained, may not be maintained during the lifecycle of the Notes.

A failure of the Notes to meet investor expectations or requirements as to their "green," "sustainable," "social" or equivalent characteristics including the failure to apply proceeds for Eligible Green Projects, the failure to provide, or the withdrawal of, a Second Party Opinion or certification, the Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or our failure to report on the use of proceeds or Eligible Green Projects as anticipated, may have a material adverse effect on the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainable assets (which consequences may include the need to sell the Notes not falling within the investor's investment criteria or mandate).

Use of Proceeds

The gross proceeds from the Offering will be €300.0 million. The gross proceeds from the Offering will be used for general corporate purposes, including (a) for the repayment of certain existing debt, (b) fund cash on balance sheet and (c) to pay fees, commissions and expenses incurred in connection with the Transactions. We intend to allocate an amount equal to the net proceeds from the Offering to Eligible Green Projects (as defined in "*Green Bond Framework*").

The expected estimated sources and uses of the funds necessary to consummate the transactions described above are shown in the table below as if they had occurred as at December 31, 2020. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of existing cash in the business, our estimates of the cost of repaying the existing indebtedness described below and differences from our estimates of fees, expenses and commissions. For descriptions of our current and anticipated indebtedness following the Offering and the use of proceeds therefrom, see "*Description of Certain Financing Arrangements.*" See also "*Capitalization.*"

Sources of funds *(€ in millions)*	Amount	Uses of funds *(€ in millions)*	Amount
Notes offered hereby[1]	300.0	Repayment of certain existing debt[2]	120.0
		Cash on balance sheet[3]	173.5
		Estimated fees, commissions and expenses[4]	6.5
Total Sources	300.0	Total Uses	300.0

(1) Represents the aggregate principal amount of Notes (assuming issuance at par).

(2) We intend to use a portion of the net proceeds of the Offering to make a full repayment of the Aelca Acquisition Facility, the Santander Credit Line, land-secured loans and ICO Loan.

(3) *Pro forma* for the Offering and the use of proceeds therefrom, on the Issue Date cash on balance sheet will be sufficient to fund our BTR strategy as described in "*Summary—Strategy—Diversification of our business model of land management and BTS by expanding into BTR housing product—Expand margins expanding into BTR and diversify our business*." As we secure Development Loans to finance our BTR development projects, cash on balance sheet will be available to fund other projects.

(4) Represents estimated fees, commissions and expenses associated with the Offering, including but not limited to, fees, commissions and expenses related to the issuance of the Notes, the entry into the Revolving Credit Facility and the repayment of existing debt. The actual amount of fees, commissions and expense paid may differ from the amount shown.

Green Bond Framework

The below is intended as a summary of the Green Bond Framework (as defined below) only. The Green Bond Framework may be amended or updated from time to time. Investors should refer to the Green Bond Framework in full, as published at https://www.viacelere.com/en.

Our Green Bond Framework has been developed to align with the Green Bond Principles (2018 edition) as published by the International Capital Markets Association, as well as Green Loan Principles published by the Loan Market Association (2020 edition) (the "*Green Bond Framework*").

We intend to use the Green Bond Framework to raise finance in a variety of forms, and intend to allocate an amount equal to the net proceeds from the Notes to finance new and/or existing Eligible Green Projects.

Use of Proceeds

An amount equal to the net proceeds from the Offering will be used to finance or re-finance, in whole or in part, the Eligible Green Projects which meet the criteria specified. Vía Célere intends to allocate an amount equal to the net proceeds raised by the Offering to the Eligible Green Projects (i) where financing has taken place within a 36-month period preceding the date of the issuance, and/or (ii) where financing takes place within a 24-month period following the date of Offering. We will ensure on a best efforts basis that the portfolio of Eligible Green Projects exceeds, or at least is equal to, the amount of instruments raised under the Green Bond Framework. Eligible Green Projects are expenditures relating to construction of residential properties falling within the Top 15% of the most energy efficient comparable buildings in a local context.

Pending allocation, the net proceeds from the Notes issued may be invested in cash or cash equivalents or used to repay existing borrowings under general credit facilities of the Group in accordance with the relevant internal treasure policies.

Exclusions

Allocations will be made to categories as specified above, and the following uses of proceeds shall be specifically excluded fossil fuel, nuclear, defense, alcohol, tobacco or gambling industries.

Process for Project Evaluation and Selection

To ensure that allocations are made to Eligible Green Projects as specified above, the Company will establish a Green Bond Committee responsible for (a) ensuring the proposed allocations are aligned with the relevant VÍa Célere policies and procedures concerning project development, (b) ensuring the proposed Eligible Projects are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the Green Bond Register if the projects no longer meet the eligibility criteria and (c) reviewing and approving allocation and impact reports. The Green Bond Committee will comprise Chief Financial Officer, Company Secretary, Head of Build to Sell and Head of Build to Rent and will meet on a semi-annual basis.

Management of Proceeds

An amount equal to the net proceeds raised by the Notes will be allocated to Eligible Green Projects as specified above. This process will be managed by the Issuer's Finance Department. The Finance Department will establish a Green Bond Register and will track allocations to the projects matched to the Notes proceeds.

Reporting

Within 1 year of issuance, and annually thereafter until the proceeds are fully allocated, the Issuer will make available an External Report on its website as part of Via Célere Sustainable Development Report. The External Report will include (i) an Allocation Report and (ii) an Impact Report, subject to the availability of suitable information and data. It is anticipated that the Allocation Report will include: (a) total amount of proceeds allocated to Eligible Green Projects per category, noting any instances where allocations could not be made as

originally planned, due to e.g., divestments, project terminations or suspensions etc., (b) the proportion of the proceeds allocated to refinancing of existing Eligible Green Projects; and, (c) Unallocated proceeds. The Impact Report will provide qualitative and (if reasonably practicable) quantitative environmental performance indicators of the Eligible Green Projects funded including, amongst others, energy consumption reduction (kWh) and carbon emission reduction (tonnes of CO_2e).

External Review

Sustainalytics have provided a Second Party Opinion on the VÍa Célere Green Bond Framework. The Second Party Opinion is available at https://www.viacelere.com/en. The Issuer also intends to commission an independent review within one year of the Notes issuance, and annually thereafter, until full allocation of any net proceeds, with the intention of confirming that the net proceeds have been allocated in accordance with the Use of Proceeds specified in this framework document.

Capitalization

The following table sets forth, in each case, as of December 31, 2020, the cash and cash equivalents and capitalization of the Issuer and its consolidated subsidiaries on an actual basis and on an as adjusted basis to give effect to the Transactions, including the use of proceeds from the Offering, as described in "*Use of Proceeds*."

The *as adjusted* information below is illustrative only and does not purport to be indicative of our capitalization following the Transactions. The adjustments are based on available information and contain assumptions made by our management.

This table should be read in conjunction with "*Summary—Summary Financial, Operating and Other Information*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of Notes*" and the consolidated financial statements and accompanying notes contained elsewhere in this offering memorandum.

	As of December 31, 2020	
(€ in millions)	**Historical[1]**	**As adjusted**
Cash and cash equivalents[2]	**(141.2)**	**(314.7)**
Debt *(Deuda)***:**		
Land-secured loans	37.9	31.1
Development Loans	236.2	236.2
Other	1.2	1.2
Gross asset-level financing	**275.3**	**268.5**
Revolving Credit Facility[3]	–	–
Notes offered hereby[4]	–	300.0
Aelca Acquisition Facility[5]	73.0	–
Santander Credit Line[6]	28.2	–
ICO Loan[7]	12.0	–
Commercial Paper Program[8]	1.7	1.7
Other[9]	(7.5)	(7.5)
Gross corporate debt	**107.4**	**294.2**
Gross financial debt	**382.7**	**562.7**
Other financial liabilities	0.2	0.2
Restricted cash	38.9	38.9
Land deferred payments	30.0	30.0
Land deferred receivables	(4.7)	(4.7)
Other[10]	(4.0)	(4.0)
Non-consolidated subsidiaries[11]	1.3	1.3
Adjusted net financial debt	**303.2**	**309.7**
Total equity	819.7	819.7
Total capitalization[12]	1,202.4	1,382.4

(1) The historical financial information has been derived from the 2020 Group Consolidated Financial Statements.

(2) Represents total cash (sum of available cash plus restricted cash amounting to €38.9 million). Due to working capital movements and other factors, the amount of cash and cash equivalents shown may not be representative of actual amounts of cash and cash equivalents at subsequent dates. As adjusted cash and cash equivalents gives effect to the funding of cash on balance sheet as set forth under "*Use of Proceeds*."

(3) The Revolving Facility Agreement, which was entered into on March 6, 2021, will provide for borrowings of up to €30.0 million (conditional on the completion of the Offering). It is expected that the Revolving Credit Facility will be undrawn at the Issue Date.

(4) The Notes offered hereby have been reflected in an aggregate principal amount of €300.0 million as of the Issue Date.

(5) Syndicated loan agreement signed on January 4, 2019 to finance the Aelca Acquisition. All amounts drawn under the Aelca Acquisition Facility will be repaid in full with the proceeds of the Offering and the Aelca Acquisition Facility will be terminated.

(6) Santander Credit Line signed to finance land purchases. All amounts drawn under the Santander Credit Line will be repaid in full with the proceeds of the Offering and the Santander Credit Line will be terminated.

(7) Credit lines granted by ICO (Instituto Crédito Oficial) to provide the Group with sufficient liquidity to meet its working capital needs. The credit lines granted by ICO will be repaid in full with the proceeds of the Offering.

(8) Represents a line for the issuance of promissory notes in The Alternative Fixed-Income Market (MARF).

(9) Represents capitalized interest, upfront fees and other similar fees. The as adjusted amounts are based on available information and contain assumptions made by our management.

(10) Represents short term receivables for which instruments and checks of deposit have been received close to month end but for which funds have not yet arrived in our accounts.

(11) Represents net debt (cash) position of entities accounted for using the equity method.

(12) Reflects gross financial debt plus total equity.

Selected Historical Consolidated Financial Information

The following tables set forth selected historical consolidated financial information of the Group as of and for the years ended December 31, 2020, 2019 and 2018.

The following selected historical consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Annual Accounts of the Group and the accompanying notes included elsewhere in this offering memorandum, and should also be read together with the information set forth under the headings "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization*," "*Summary—Summary Financial*, *Operating and Other Information*," "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Selected Historical Consolidated Income Statement Information

	For the year ended December 31,		
(€ in thousands)	**2018**	**2019**	**2020**
Revenue (Importe neto de la cifra de negocios)	157,063	362,714	656,968
Other income (Otros ingresos)	2,136	9,532	3,845
Changes in inventories of finished goods and work in progress (Variación de existencias de productos terminados y en curso)	47,143	150,835	(125,664)
Raw materials and other consumables used	(163,921)	(423,350)	(389,123)
Personnel expenses (Consumo de materias primas y otras materias consumibles)	(15,322)	(25,451)	(30,032)
Other expenses (Otros gastos)	(20,752)	(40,605)	(30,033)
Depreciation and amortization charge (Amortización del inmovilizado)	(325)	(439)	(402)
Impairment losses and gains/(losses) on disposal of non-current assets (Deterioro y resultado por enajenaciones de inmovilizado)	(85)	54	22
Operating income (Resultado de explotación)	**5,937**	**33,290**	**85,581**
Finance income (Ingresos financieros)	386	538	467
Finance cost (Gastos financieros)	(8,084)	(22,464)	(22,338)
Change in fair value of financial instruments (Variación del valor razonable de instrumentos financieros)	25,743	(24)	(1)
Impairment losses and gains/(losses) on disposal of financial instruments (Deterioro y resultado)			
por enajenaciones de instrumentos financieros)	621	—	—
Net finance income/(cost) (Resultado Financiero)	**18,666**	**(21,950)**	**(21,872)**
Share of profit (loss) on investments accounted for using the equity method (Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia)	**(640)**	**6,940**	**(646)**
Profit /(Loss) before tax *(Resultado antes de impuestos)*	**23,963**	**18,280**	**63,063**
Income tax benefit/(expense) (Impuestos sobre beneficios)	60,823	4,155	(13,406)
Profit/(Loss) for the year from continuing operations (Beneficio del ejercicio procedente de operaciones continuadas)	**84,786**	**22,435**	**49,657**
Profit/(Loss) for the year (Beneficio del ejercicio)	**84,786**	**22,435**	**49,657**

Selected Historical Consolidated Statement of Financial Position Information

(€ in thousands)	As of December 31, 2018	2019	2020
Assets (*Activo*):			
Intangible assets (Inmovilizado intangible)	122	66	62
Property, plant and equipment (Inmovilizado material)	3,546	4,434	4,717
Investment property (Inversiones inmobiliarias)	114	112	110
Investments in associates (Inversiones en asociadas)	12,682	5,079	1,833
Non-current financial assets (Inversiones financieras a largo plazo)	27,349	1,801	3,600
Deferred tax assets (Activos por impuesto diferido)	71,089	75,002	68,635
Total non-current assets *(Total activos no corrientes)*	**114,902**	**86,494**	**78,957**
Inventories (Existencias)	675,624	1,416,688	1,251,159
Trade and other receivables (Deudores comerciales y otras cuentas a cobrar)	10,090	15,835	13,090
Current investments in associates (Inversiones en asociadas a corto plazo)	365	51	36
Current financial assets (Inversiones financieras a corto plazo)	419	12,263	9,596
Prepayments and accrued income (Periodificaciones a corto plazo)	3,890	6,342	5,263
Cash and cash equivalents (Efectivo y otros activos líquidos equivalentes)	56,236	176,124	141,181
Total current assets *(Total activos corrientes)*	**746,624**	**1,627,303**	**1,420,325**
Total assets *(Total activo)*	**861,526**	**1,713,797**	**1,499,282**
Net Equity (*Patrimonio Neto*):			
Share Capital (Capital)	204,187	411,161	411,161
Share Premium (Prima de emisión)	239,294	736,387	736,387
Reserves (Reservas)	(69,725)	(397,557)	(377,484)
Profit/(Loss) for the year (Beneficio del ejercicio)	84,786	22,435	49,657
Total Equity attributable to the Parent (*Total patrimonio atribuido a la Sociedad Dominante*)	**458,542**	**772,426**	**819,721**
Total Equity (*Total patrimonio neto*)	**458,542**	**772,426**	**819,721**
Liabilities (*Pasivo*):			
Non-current provisions (Provisiones a largo plazo)	8,823	12,147	10,056
Non-current payables (Deudas a largo plazo)	1,497	222,411	4,039
Deferred tax liabilities (Pasivos por impuesto diferido)	13,852	12,621	3,014
Total non-current liabilities (*Total pasivos no corrientes*)	**24,172**	**247,179**	**17,109**
Current provisions (Provisiones a corto plazo)	421	7,058	11,009
Current payables (Deudas a corto plazo)	238,184	384,406	378,911
Current related party payables (Deudas a corto plazo con partes vinculadas)	142	–	143
Trade and other payables (Acreedores comerciales y otras cuentas a pagar)	140,062	302,728	272,389
Accrued expenses and deferred income (Periodificaciones a corto plazo)	3	–	–
Total current liabilities (*Total pasivos Corrientes*)	**378,812**	**694,192**	**662,452**
Total liabilities (*Total pasivo*)	**402,984**	**941,371**	**679,561**
Total equity and liabilities (*Total patrimonio neto y pasivo*)	**861,526**	**1,713,797**	**1,499,282**

Selected Historical Consolidated Cash Flow Information

(€ in thousands)	For the year ended December 31, 2018	2019	2020
Total net cash flows (used in)/from operating activities (Total Flujos de efectivo utilizados en actividades de explotación)	(20,298)	(77,590)	207,589
Total net cash flows (used in)/from investing activities (Total Flujos de efectivo de las actividades de inversión)	17,437	(92,441)	(3,661)
Total net cash flows (used in)/from financing activities (Total Flujos de efectivo de las actividades de financiación)	(40,949)	289,919	(238,871)
Net (decrease)/increase in cash and cash equivalents (Aumento neto del efectivo o equivalentes)	(43,810)	119,888	(34,943)
Cash and cash equivalents at December 31 (Efectivo y equivalentes a 31 de diciembre)	56,236	176,124	141,181

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion includes forward-looking statements, which, although based upon assumptions that we consider to be reasonable, are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied by the forward-looking statements. For a discussion of the risks and uncertainties which we face, see "Forward-Looking Statements" and "Risk Factors."

Certain of the financial measures described below, such as Published EBITDA, Adjusted EBITDA, Gross Margin and Gross Margin (%), are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to IFRS financial measures as indicators of the Group's performance. The Group's management uses these financial measures to assess its operating performance. In addition, the Group believes that certain of these financial measures are commonly used by investors. However, the financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. See "Presentation of Financial and Other Information—Non-IFRS Measures." This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Prior to making any investment decision, prospective investors should carefully consider the risk factors described in the "Risk Factors" section of this offering memorandum. See also "Important Information—Forward Looking Statements."

The historical data below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Information," and the financial statements which are included elsewhere in this offering memorandum.

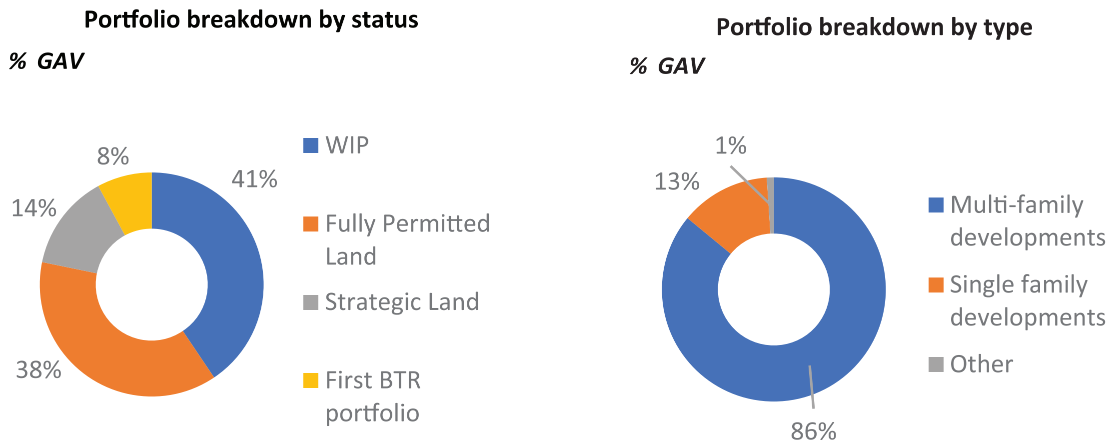
Overview

Vía Célere is the leading developer of residential homes in Spain based on units delivered, as of December 31, 2020, with 1,932 units delivered in 2020. Our core business is the acquisition and development of land in Spain for residential purposes, and our main product is multi-family developments targeted at the mid-to mid-high segment of the Spanish housing market for primary residences (with an ASP for the year ended December 31, 2020 of €316,000). We believe that we have a high-quality and well-located land bank which, as of December 31, 2020, had the estimated capacity to support the development of 21,189 potential units.

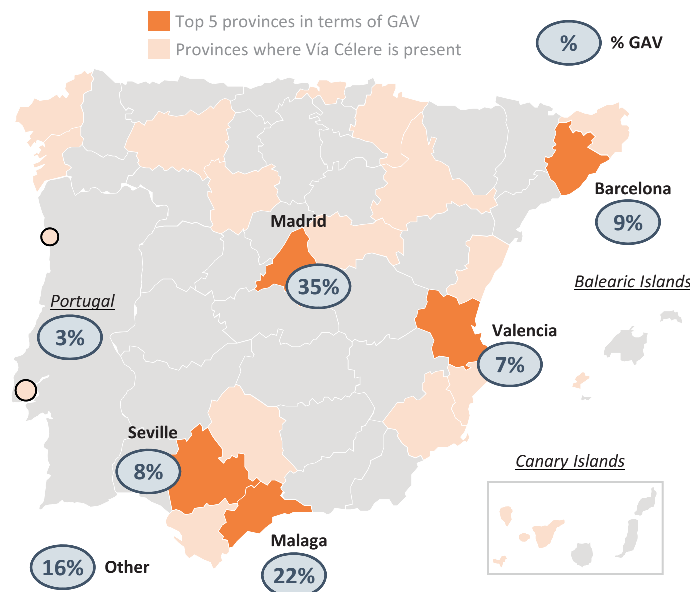
We have three business lines:

1. **Build-to-sell** ("**BTS**") is focused on the development and sale of primary residences in multi-family developments, has been our main line of business since inception and is currently the cornerstone of our strategy.
2. **Build-to-rent** ("**BTR**") is focused on the development of rental real estate to capitalize on the increasing demand for rental homes. We are focused on the development and divestment of BTR units on (or shortly after) completion, and do not intend to undertake the asset management and rental of these units in the long term. We target institutional investors as purchasers of rental property developments who will operate the units as rental properties.
3. **Land management** is a complementary activity to support growth in our BTS and BTR divisions that leverages our capabilities to transform Strategic Land (land suitable for development) into Fully Permitted Land (reallotment project approved). Fully Permitted Land feeds one of the other main activities, with the optionality of selling land plots with a value maximization and asset rotation approach.

Based on the Valuation Report, our portfolio had, an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million as of December 31, 2020. The following graphs break down our portfolio by asset development status and by type of primary residence property, each as of December 31, 2020:



We specialize in the Spanish residential industry, focusing on the development of primary residences and, to a lesser extent, on vacation homes. We primarily target areas for land acquisition and development where we believe that there is clear demand for new housing. In particular, we focus our operations on five key provinces in Spain: Madrid, Málaga, Barcelona, Seville and Valencia, as shown in the map below:

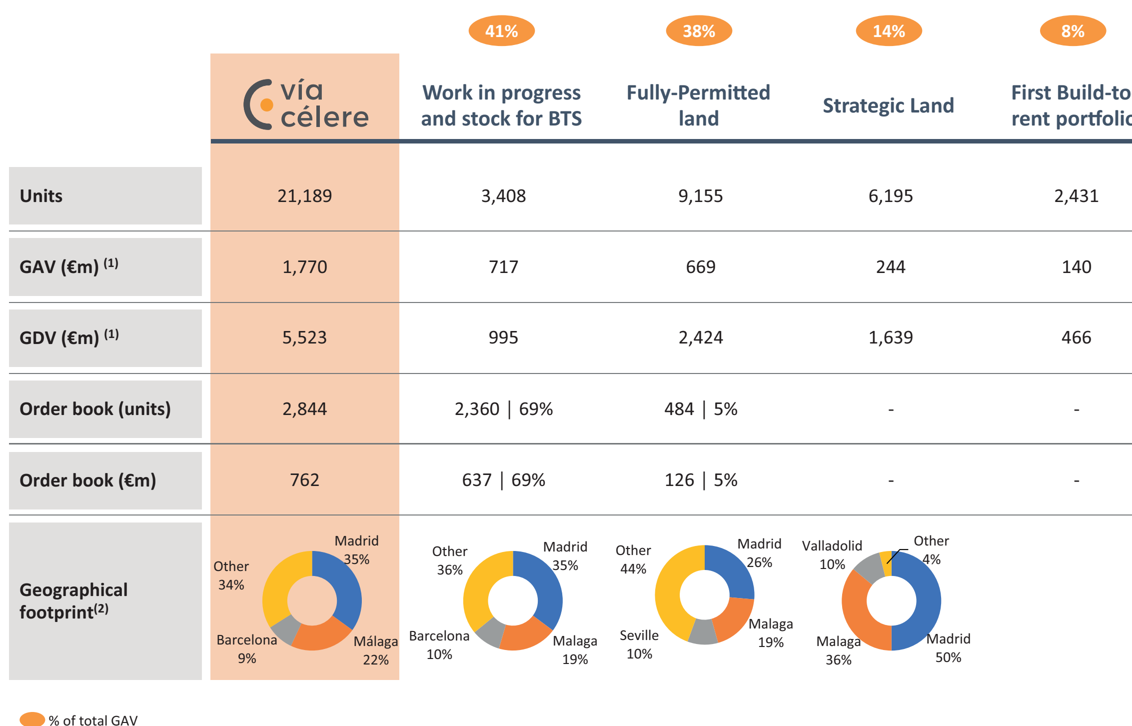


Our top five regions represent 81% of our total land bank and are the key areas of higher household creation based on public statistics (representing approximately 54% of the net household creation in Spain and an implied growth over the 2020-35 period of approximately 8% compared to Spain's average net household growth of approximately 6% for the same period based on Instituto Nacional de Estadistica).

Our activity is managed through highly experienced regional branch managers and support teams with in-depth knowledge of their respective markets and long-term relationships with local private companies, financial entities, public administrations, suppliers and other relevant stakeholders in each region. Our management team, with experience across various economic cycles, together with our skilled regional branch managers, control all stages of the value chain in our residential development process, including land acquisition, urbanization planning and housing development. We employ a mixed model that combines an extensive range of activities undertaken in-house with outsourcing to selected external service providers such as architects, sub-contractors, construction companies and, when targeting foreign buyers, sales agents. While we retain control over all critical decisions in the process and undertake most land acquisition and development tasks in-house, outsourcing allows us to control our fixed costs and scale our business with relative ease.

We have a high-quality land bank which provides visibility on future residential development activity. Based on the Valuation Report, our portfolio has an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million, which is composed of Fully Permitted Land with an aggregate GAV of €1,526 million and an aggregate GDV of €3,884 million, and Strategic Land with an aggregate GAV of €244 million and an aggregate GDV of €1,639 million, each as of December 31, 2020, and excluding land on which we have a purchase option. For additional information on the calculation of our aggregate GAV and GDV, see “*Business—Detailed Business Overview—Portfolio*.” We estimate that our portfolio of both Fully Permitted and Strategic Land would allow the construction of approximately 21,189 potential units. As of December 31, 2020, approximately 86% of our land bank is Fully Permitted Land (approximately 47% of which are WIP and 31% are Ready to Build Land) and approximately 14% of our land bank is Strategic Land, in each case as a percentage of aggregate GAV.

The following graph sets forth the values and size of our land bank across various stages of development and geographies:



	vía célere	Work in progress and stock for BTS (41%)	Fully-Permitted land (38%)	Strategic Land (14%)	First Build-to-rent portfolio (8%)
Units	21,189	3,408	9,155	6,195	2,431
GAV (€m) (1)	1,770	717	669	244	140
GDV (€m) (1)	5,523	995	2,424	1,639	466
Order book (units)	2,844	2,360 | 69%	484 | 5%	-	-
Order book (€m)	762	637 | 69%	126 | 5%	-	-
Geographical footprint(2)	Madrid 35%, Málaga 22%, Barcelona 9%, Other 34%	Madrid 35%, Malaga 19%, Barcelona 10%, Other 36%	Madrid 26%, Malaga 19%, Seville 10%, Other 44%	Madrid 50%, Malaga 36%, Valladolid 10%, Other 4%	

% of total GAV

Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of BTS deliveries achieved for the two years ended December 31, 2020, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP units (including stock), with an aggregate GDV of €995 million, with construction progress of 90% and 43% for the units expected to be delivered in 2021 and 2022, respectively. We also have 1,383 additional BTS units that were not work in progress but are already under commercialization. We will continue to leverage this favorable market well into the future with healthy pre-sales levels in our BTS business line which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We expect our selling, general and administrative costs to gradually decrease in the next two years so as to achieve a level closer to selling, general and administrative costs in 2018. In addition, we have also applied for licenses to commence construction on 2,431 units in our BTR business line, 20% of which we have secured as of December 31, 2020. Building licenses are generally obtained within six to twelve months from application and are followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter, with similar margins and construction costs as our BTS division.

Our land bank portfolio is sufficient for us to deliver units for over 10 years at the average annual production levels achieved for the last two years ended December 31, 2020 and December 31, 2019 of 1,553 units per

annum. Accordingly, we are positioned to fully execute our business plan for both our BTS and BTR business lines without the need to acquire any additional land, freeing us to undertake only opportunistic and highly attractive land acquisitions, while continuing to complete non-core land sales, in each case, in line with our reinvestment policy. For the year ended December 31, 2020, revenue from non-core plot land sales amounted to €47 million.

Depending on the complexity, location of a project and our market knowledge, we employ either our supervision project management, in which we oversee the construction process led by external construction companies, or, in a select number of developments, we employ our full project management model, in which we act as a general contractor. Our ability to act as a general contractor through our full project management and our strong relationships in the local construction industries within our focus regions allow us to step into projects when a construction company is not performing and provide us with negotiating flexibility with construction companies, contractors and sub-contractors to minimize cost overruns and delays.

Our sales to domestic customers, which represent the majority of our sales, are handled by a mixed team of in-house and external sales personnel, while sales to foreign buyers are mainly handled by external real estate agents. We believe that our in-house sales function in or central and southern regions allows us to achieve higher sales prices, reduce costs and establish stronger client relationships, which is reflected in our strong client satisfaction ratings. In larger geographical regions in the north and east of Spain, we employ a mix of in-house and external sales teams in order to ensure good service with competitive costs. We are focused on delivering customer satisfaction and currently 93% of our BTS buyers/customers respond that they would recommend us, based on our post-sales customer surveys conducted at delivery.

We are focused on innovation, sustainability and client satisfaction and have won numerous industry and consumer awards in recent years, such as the Ecofin Award for Titan of Finance (2012), Asprima-Sima Awards (2012, 2013, 2015, 2016, 2017 and 2019), the Vía Award for Best Real Estate Developer (2013), Suelo Award (2016), Porcelanosa Award for Best Energy Efficient Project (2016), Cinco Días Award for Most CSR Business Innovation (2017), the OCARE Award for CSR Communication (2018 and 2019), the Capital Radio Award for the Most Innovative Company in the Real Estate Sector (2018), the Actualidad Económica Award to the 100 best ideas of the economical actuality for the Magic House and the La Razón Award for leadership and innovation in real estate development. We believe our focus on sustainability is appreciated by our clients, who value the green credentials of our developments, and is a key message in securing sales.

We also benefit from a positive and highly fragmented competitive landscape in the BTS division, with institutional investors very atomized and representing a small fraction of the new homes built per annum (when compared to other countries like UK or Germany). Relative scarcity of available land and large capital outlays requiring high levels of equity for new participants are barriers to entry into the BTS market.

In the face of economic and public health crises triggered by the COVID-19 pandemic, the residential market fundamentals of home affordability, balance of supply and demand and access to financing remain healthy. Despite closures caused by the pandemic in the first half of 2020, our revenue for the year ended December 31, 2020 exceeded figures from the prior year by 81% with construction activity and unit delivery returning to pre-COVID-19 levels. In large cities in Spain, the undersupply of new homes coupled with affordability ratios at sustainable levels and low interest rates fuel increased demand for more homes for both sale and rent. For the year ended December 31, 2020, our revenue, profit and Adjusted EBITDA were €657.0 million, €49.7 million and €93.4 million, respectively.

Factors affecting results of operations

The following factors have affected, and are expected to continue to affect, our business, results of operations, financial condition and prospects.

Availability and cost of land

Our business and financial returns are highly dependent on acquiring land that is suitable for development on appropriate commercial terms. We currently have a land bank portfolio that would enable us to deliver units for over 10 years at the average annual production level achieved in the last two years ended December 31, 2020 and December 31, 2019 (average of 1,553 units per annum). Accordingly, we are positioned to fully execute our

business plan for both our BTS and BTR business lines without the need to acquire any additional land, freeing us to action only opportunistic and highly attractive land acquisitions. See " *—Overview*" and "*Summary—Strengths—We are the leading homebuilder in Spain by units delivered with well-located and high quality, liquid land bank*." Our land acquisition process typically involves five main phases: in depth business analysis; due diligence; Management Committee approval; Board of Directors or Executive Committee approval; and closing. On average, we require three to nine months to complete the land acquisition process from the identification of opportunities to the closing of the acquisition. For more information, see *"Business—Detailed Value Chain—Market Analysis."*

Number of residential units, sale price and cost

Our profitability is influenced significantly by the number of residential units we construct and sell and the margin we earn on those units. We recognize revenue and expenses attributable to sales of residential units only upon transfer of title, but often enter into reserve contracts well in advance of this transfer. Buyers must typically pay a deposit of approximately €3,000 at the pre-sale stage, 10% of the purchase price at the time the private sale and purchase contract is signed and up to an additional 10% of the purchase price in several installments during the construction process. The remaining portion of the purchase price is paid upon granting the public deed of sale and purchase of the property. Generally, most of the development expenses of our assets (such as land, construction costs and other operating and financial expenses) are capitalized within our inventories and recorded on profit and loss at delivery. Revenue is recorded at delivery as well, while pre-sales are recorded on balance sheet for deposits received only (i.e. not for total pre-sale committed). Therefore, our revenue or margins do not necessarily correspond to changes in our cash or cash equivalents. Similarly, revenue in a particular period may be due to pre-sales initiated in a prior period. As a result, results of operations of a particular period may not fully reflect our performance for such period and period-to-period comparisons of our results of operations may not reflect the then-current trends relevant to the conduct of our homebuilding business. Our historical results of operations may not be indicative of future performance.

Number of residential units

The total number of residential units that we construct depends mainly on the number of ongoing developments and the type of developments we undertake. While these variables are largely within our control, the number of residential units is also impacted by external factors, in particular the availability of planning approvals and government policy and regulation with respect to housing or homebuilding, such as zoning and environmental regulation, and other factors such as the availability of land on the sites that are commercially viable and suitable for our purposes. The number of residential real estate development projects that we can undertake during any particular period is also affected by our ability to obtain financing for these projects and the capital outlay required for the acquisition of land and design and construction costs. Moreover, our results of operations and the sources and amount of our cash from operations may vary significantly from period to period, depending on the number of residential units and other properties or land that we have available for sale or that we have sold and delivered in any such period, as well as variations in prices in the residential real estate market. For additional information on the main stages of the housing development process, see "*Business—Detailed Business Overview—Detailed Value Chain—Housing Development*."

Cost structure

Our margins on unit sales depend on various factors including sale price, cost of land, development costs, operational expenditure and overhead. Additionally, we present adjusted margins in order to show only our actual development margins. See "*Presentation of Financial and Other Information—Non-IFRS Measures*." We have certain visibility on our sales in part due to our pre-sales of units. Up to around 20% of the purchase price of a pre-sold unit is received in advance from the customer during construction, and the remaining portion of the purchase price is received upon execution of the public deed of sale and purchase of the property. The amounts received from customers on account of future sales of land and/or buildings are recognized as advances received under customer advances under trade and other payables in our consolidated statement of financial position.

Our two main cost drivers are cost of land and development costs.

The Spanish property market is currently growing and competition in the real estate industry has increased in the past two years, increasing the cost and limiting the supply of land available for acquisition in certain locations. If these trends continue, we expect that our land acquisition costs will increase, which may impact our ability to realise our targeted profit margins or delivery levels.

As of December 2020, around 50% of our costs are construction costs, which include financial costs related to development. Additionally, cost of land includes urbanization costs and typically represents around 22% of the total costs. Soft costs (such as architectural, engineering and legal fees, and other pre- and post-construction expenses) typically represent around 6% of the total costs.

Our operating expenses are direct costs in each development. We believe the structure of our operating expenses, which consist mostly of variable costs, allows us flexibility and scalability. Our operating expenses are not capitalized and mainly consist of external services, tributes, communication and marketing expenses, legal fees, office supplies, utilities, bank fees, expenses derived from office rentals and travel expenses.

Our overhead costs typically cannot be linked to a specific development and mainly consist of costs related to personnel and, to a lesser extent, general expenses, corporate marketing, IT, business development and rentals. Around 1% of our costs are attributable to commercialization and marketing costs, including costs relating to showrooms, brochures and traditional and online advertising. The incurrence of these costs is not dependent on or affected by the evolution of sales. Therefore, these costs are fixed and are accounted for as expenses when incurred. Most of the sales and marketing functions related to our developments are carried out internally. As of December 31, 2020, €2,107 thousand of our overhead costs are attributable to internal commercialization staff expenses.

Availability and cost of financing in Spain

Our ability to sell residential property in Spain depends in part on the availability and cost of mortgage financing for our customers.

Since the global financial crisis, access to residential mortgage financing in Spain has been restricted, particularly at higher loan-to-value ratios. However, Spanish banks have generally decreased their equity requirements in recent quarters, with the average loan-to-value of mortgages having increased by approximately 7% since 2008. (source: Spanish Mortgage Association).

We are currently in a low interest rate environment for mortgage financing. According to euribor-rates.eu, the average rate of the one-year EURIBOR was (0.30)% in the year ended December 31, 2020.

If the European Central Bank increases the EURIBOR base rate, this could negatively impact the Spanish property market because interest rates charged on mortgages would increase, thereby making it more expensive for prospective buyers to purchase residential property. This may, in turn, negatively affect our ability to sell residential property in Spain.

Our costs of and thus our access to capital may also be affected by changes in the EURIBOR base rate. We generally seek to obtain bank financing for our BTS developments for up to 100% of the hard and soft costs of construction, as well as the acquisition of land. In addition, with respect to certain prime locations, we may be able to obtain additional amounts under our Development Loans in an amount equivalent to up to 50% of the land purchase cost during the development stage (half of which we typically receive upon receipt of the building permit and half of which we receive when we have pre-sold an agreed percentage of the units in the relevant development), whereas in our BTR division we generally fund approximately 60% of our capital expenditure funding requirements from Development Loans and the remaining with equity.

Factors Affecting the Comparability of Our Results of Operations

As a result of the following, results of operations for certain of the financial periods discussed in this offering memorandum may not be directly comparable with our results of operations for other financial periods discussed herein or future financial periods.

During the periods under review, we completed certain acquisitions of existing businesses and parts of businesses that were subsequently integrated into the Group, which changed our consolidation perimeter in

periods subsequent to the year ended December 31, 2018. Acquisitions affect our results of operations in several ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired entity into our consolidated results. Second, the results of the acquired businesses after their acquisition may be positively affected by synergies. Additionally, we may experience an increase in operating expenses, including staff costs, as we integrate the acquired business into our network and we may also incur other one-off costs related to due diligence and advisory fees related to potential and consummated acquisitions.

The composition and size of our portfolio has significantly changed since January 1, 2019 as a result of the Aelca Acquisition. In September 2018, the Issuer signed certain agreements with Myjoja Inversiones, S.L. some vehicles of the Sponsor and Aelca for which the parties agreed to carry out: (i) the acquisition by the Issuer of shares held by Myjoja (around 10-20%) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Invamy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (the parent companies); (ii) the acquisition by the Issuer of 100% of the ownership of some subsidiaries of Aelca; and (iii) the merger by absorption of the Issuer (as absorbing entity) with the parent companies and its subsidiaries (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation, that took place in January, 2019, majority shareholders of the parent companies received shares of the Issuer equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution. As a result of the acquisition, we increased our volume of assets under development by 53% allowing us to become a leading pure-play residential housebuilder in Spain with 21,189 residential units, a land bank of approximate value of €5,523 million and a GAV of €1,770 million. The accounting effects of the merger on our results of operations were considered from January 1, 2019, as a transaction under common control. See Notes 1 and 7 to the 2019 Group Consolidated Financial Statements for more information.

For additional information regarding these transactions, see "*Business—Our History*."

As a result of these transactions, our consolidated historical financial information is somewhat limited. Moreover, given that we intend to continue developing our existing land bank, liquidating certain non-core properties and expanding our portfolio in the future, the information included herein regarding our current portfolio of properties may not be indicative of our future business or results of operations. Our land bank is sufficient to execute our business plan for approximately the next ten years and we are not actively pursuing material acquisitions, however, our strong balance sheet and cash flows enable us to be opportunistic should attractive acquisitions present themselves. The timing of our acquisition of properties and any delays in when such properties begin to generate revenue for us may affect our revenue and operating profit, which may make comparisons between periods difficult.

Description of Key Components of Our Income Statement

Set out below is a brief description of key line items in our financial statements.

Revenue

Our main purpose is the development of residential properties. Revenue consists mainly of sales of our residential developments. Revenue is recognized when the deed of sale is transferred. It is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods delivered and services rendered in the ordinary course of business, less discounts, VAT and other sales taxes.

We recognize the revenue upon delivery of the property to the customer, although three different documents are typically signed throughout the process (the reserve agreement, the sale and purchase agreement and the deed of sale and purchase). Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Advanced amounts (deposits) received from our customers regarding pre-sales are recorded onto the balance sheet until the delivery takes place and revenue can be recognized based on the above terms.

Land sales are recognized when the risks and rewards of ownership have been transferred. Furthermore, we do not recognize revenue when there are indicators that the risks and rewards have not been transferred, such as contingent clauses beyond our control, or when the payment terms do not provide sufficient evidence of the buyer's commitment to pay in full the amounts owed.

Other income

Our other income mainly consists of penalties invoiced to construction companies for breach of contract and income from services rendered to Célere Forum Barcelona, S.L., in which we have a 50% ownership interest.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress consists of the cost of goods sold, impairment of finished goods and work in progress, changes in inventory of land and work in progress including capitalization of costs incurred in developments in progress.

The Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of the inventories is lower than their acquisition price or production cost. This net realisable value is based on valuations performed by an independent expert.

Valuation adjustments and reversals for impairment of inventories are recognised under "Changes in inventories of finished goods and work in progress" or "Raw materials and other consumables used," depending on whether they are developments in progress or completed or land and plots of land.

Land and plots acquired for disposal or for the development of real estate developments are recorded at their acquisition price, which includes the expenses directly related to their purchase (registration expenses, fees, expenses for studies and technical projects prior to the acquisition of plots, etc.).

The Group does not capitalise, as an increase in the value of the land and plots, any financial expense accrued on loans obtained to finance their purchase during the period between the date of acquisition and the time when the building licence is applied for.

As "property developments are in progress," the costs incurred at inception in the developments during the execution phase are recorded. These costs include, for each development, the amounts corresponding to the acquisition price of the plot, development and construction costs, as well as other costs directly related to the development (studies and projects, licences, etc.) and the financial expenses accrued by the specific financing obtained during the construction period.

Raw materials and other consumables used

Raw materials and other consumables used are directly attributable to the production and sale of units, including land costs, planning and design costs and the cost of construction incurred in connection with development sites, including materials and costs of contractors.

We record the impairment loss associated to land and plots in "*Raw materials and other consumables used*" and the impairment loss associated to completed developments and property developments in progress in "*Changes in inventories of finished goods and in-progress goods*."

Personnel expenses

Personnel expenses consist of wages, salaries and similar expenses, termination benefits, social security costs and other employee benefit costs.

Other expenses

Other expenses mainly consist of external services, other taxes, communication and marketing expenses, legal fees, office supplies, utilities, bank fees, expenses derived from office rentals and travel expenses.

Depreciation and amortization charge

Depreciation and amortization charge includes depreciation and amortization of intangible assets and property, plant and equipment.

Property, plant and equipment includes land and buildings, plant and machinery and other property, plant and equipment. Intangible assets include transfer rights, computer software, patents, licenses, brands and similar and goodwill.

Impairment losses and gain/(losses) on disposal of non-current assets

Our impairment and income from disposal of non-current assets mainly consists of income due to gains on disposal of and impairment losses on property, plant and equipment, disposal of non-current assets held for sale.

Finance income

Finance income mainly consists of interest on loans to third parties.

Finance cost

Finance expenses consist of interest paid on our borrowings.

Impairment losses and gains/(losses) on disposal of financial instruments

This line item includes gains obtained on the sale of inventories secured by mortgage loans together with debt released associated with those inventories.

Share of profit (loss) on investments accounted for using the equity method

This line item includes gains and losses resulting from investments in subsidiaries, associates and joint ventures accounted for using the equity method.

Income tax

Income tax includes the current tax payable and our deferred tax liability. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that are in force or approved and pending publication at the reporting date.

Current and deferred tax is recognized as income or expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event recognized, in the same or a different year, directly in equity or from a business combination.

Consolidated Income Statements for the Years Ended December 31, 2019 and 2020

The following tables and subsequent discussion summarize key items in our income statements for the years ended December 31, 2019 and 2020.

	For the year ended December 31,		
(€ in thousands)	**2019**	**2020**	**% Variation**
Revenue (*Importe neto de la cifra de negocios*)	362,714	656,968	81.1%
Other income (*Otros ingresos*)	9,532	3,845	(59.7%)
Changes in inventories of finished goods and work in progress (*Variación de existencias de productos terminados y en curso*)	150,835	(125,664)	(–)
Raw materials and other consumables used (*Consumo de materias primas y otras materias consumibles*)	(423,350)	(389,123)	(8.1%)
Personnel expenses (*Gastos de personal*)	(25,451)	(30,032)	18.0%
Other expenses (*Otros gastos*)	(40,605)	(30,033)	(26%)
Depreciation and amortization charge (*Amortización del inmovilizado*)	(439)	(402)	(8.4%)
Impairment losses and gains/(losses) on disposal of non-current assets (*Deterioro y resultado por enajenaciones de inmovilizado*)	54	22	(59.3%)
Operating income (*Resultado de explotación*)	**33,290**	**85,581**	**157.1%**
Finance income (*Ingresos financieros*)	538	467	(13.2%)
Finance cost (*Gastos financieros*)	(22,464)	(22,338)	(0.6%)
Change in fair value of financial instruments (*Variación del valor razonable de instrumentos financieros*)	(24)	(1)	(95.8%)
Impairment losses and gains/(losses) on disposal of financial instruments (*Deterioro y resultado por enajenaciones de instrumentos financieros*)	–	–	–
Net finance income/(cost) (*Resultado Financiero***)**	**(21,950)**	**(21,872)**	**(0.4%)**
Share of profit (loss) on investments accounted for using the equity method (*Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia*)	6,940	(646)	(–)
Profit /(Loss) before tax (*Resultado antes de impuestos*)	**18,280**	**63,063**	**245.0%**
Income tax benefit/(expense) (*Impuestos sobre beneficios*)	4,155	(13,406)	(–)
Profit/(Loss) for the year from continuing operations (*Beneficio del ejercicio procedente de operaciones continuadas***)**	**22,435**	**49,657**	**121.3%**
Profit/(Loss) for the year (*Beneficio del ejercicio*)	**22,435**	**49,657**	**121.3%**

Revenue (Importe neto de la cifra de negocios)

Revenue *(Importe neto de la cifra de negocios)* was €656,968 thousand for the year ended December 31, 2020, a 81.1% increase compared with revenue of €362,714 thousand for the year ended December 31, 2019, primarily due to an increase in revenue from the deliveries of property developments that reflect the ramp-up experienced by the Company and an increase in land plots sales.

Gross Margin (*Margen Bruto*) increased €52,472 thousand, or 68.8% to €128,722 thousand for the year ended December 31, 2020 from €76,250 thousand for the year ended December 31, 2019, principally due to the increase in the activity mentioned above. Gross Margin as a percentage of revenue was 19.6% compared to 21.0% for the years ended December 31, 2020 and 2019, respectively.

Changes in inventories of finished goods and work in progress (*Variación de existencias de productos terminados y en curso*)

Changes in inventories of finished goods and work in progress (*Variación de existencias de productos terminados y en curso*) was negative €125,664 thousand for the year ended December 31, 2020, as compared with positive €150,835 thousand for the year ended December 31, 2019. This difference was principally due to the deliveries

of inventories during 2020 being higher than the expenditures capitalized into inventories regarding development activity.

Raw materials and other consumables used (*Consumo de materias primas y otras materias consumibles*)

Raw materials and other consumables used (*Consumo de materias primas y otras materias consumibles*) decreased by €34,227 thousand, or 8.1%, to €389,123 thousand for the year ended December 31, 2020, from €423,350 thousand for the year ended December 31, 2019. The change was due to an increase in our development activity as Consumption of raw materials and other consumables includes the expense capitalized in developments.

Personnel expenses (*Gastos de personal*)

Personnel expenses (*Gastos de personal*) increased €4,581 thousand, or 18%, to €30,032 thousand (of which €2,107 thousand relates to internal sales staff) for the year ended December 31, 2020, from €25,451 thousand for the year ended December 31, 2019, principally due to headcount optimization and streamline of certain departments.

Other expenses (*Otros gastos)*

Other expenses (*Otros gastos)* decreased €10,572 thousand, or 26%, to €30,033 thousand for the year ended December 31, 2020, from €40,605 thousand for the year ended December 31, 2019, as 2019 includes non-recurring servicing fees provided by Aelca during the first three months of 2019 subsequent to Aelca Acquisition.

Operating income (*Resultado de explotación*)

Operating income (*Resultado de explotación*) increased €52,291 thousand, or 157.1 % to €85,581 thousand for the year ended December 31, 2020 from €33,290 thousand for the year ended December 31, 2019, principally due to the increase in revenue and activity mentioned above.

Finance income (*Ingresos financieros*)

Finance income (*Ingresos financieros*) decreased €71 thousand to €467 thousand for the year ended December 31, 2020, from €538 thousand for the year ended December 31, 2019, principally due to a decrease in marketable securities.

Finance cost (*Gastos financieros*)

Finance cost (*Gastos financieros*) decreased by €126 thousand, or 0.6%, to €22,338 thousand for the year ended December 31, 2020 from €22,464 thousand for the year ended December 31, 2019 due to repayments of financial debt done throughout the year (mainly in February, June and December 2020).

Share of profit/(loss) on investments accounted for using the equity method (*Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia*)

Share of profit/(loss) on investments accounted for using the equity method (*Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia*) decreased by €7,586 thousand, or 109.3%, to a loss of €646 thousand for the year ended December 31, 2020 from a profit of €6,940 thousand for the year ended December 31, 2019 due to a lower amount of deliveries in 2020 *in Célere Forum Barcelona, S.L. (Célere Diagonal Port).*

Income tax benefit/(expense) (*Impuestos sobre beneficios*)

Income tax benefit/(expense) (*Impuestos sobre beneficios*) was €13,406 thousand for the year ended December 31, 2020, an increase of €17,561 thousand compared to a tax benefit of €4,155 thousand for the year ended December 31, 2019 due to higher activity levels.

Profit for the year (*Beneficio del ejercicio*)

Profit for the year (*Beneficio del ejercicio*) increased €27,222 thousand from €22,435 thousand for the year ended December 31, 2019 to €49,657 thousand for the year ended December 31, 2020, an increase of 121.3%, principally due to the increase in residential development activity that reflects the ramp up experienced by the Company. This was also the reason Adjusted EBITDA increased €53,613 thousand, or 134.8% to €93,383 thousand for the year ended December 31, 2020 from €39,770 thousand for the year ended December 31, 2019.

Consolidated Income Statements for the Years Ended December 31, 2018 and 2019

The following tables and subsequent discussion summarize key items in our income statements for the years ended December 31, 2018 and 2019.

	For the year ended December 31,		
(€ in thousands)	**2018**	**2019**	**% Variation**
Revenue *(Importe Neto de la Cifra de Negocios)*	157,063	362,714	130.9%
Other income *(Otros ingresos)*	2,136	9,532	346.3%
Changes in inventories of finished goods and work in progress *(Variación de existencias de productos terminados y en curso)*	47,143	150,835	220.0%
Raw materials and other consumables used *(Consumo de materias primas y otras materias consumibles)*	(163,921)	(423,350)	158.3%
Personnel expenses *(Gastos de personal)*	(15,322)	(25,451)	66.1%
Other expenses *(Otros gastos)*	(20,752)	(40,605)	95.7%
Depreciation and amortization charge *(Amortización del inmovilizado)*	(325)	(439)	35.1%
Impairment losses and gains/(losses) on disposal of non-current assets (Deterioro y resultado por enajenaciones de inmovilizado)	(85)	54	(163.5%)
Operating income *(Resultado de explotación)*	**5,937**	**33,290**	**460.7%**
Finance income (*Ingresos financieros*)	386	538	39.4%
Finance cost (Gastos financieros)	(8,084)	(22,464)	177.9%
Change in fair value of financial instruments (*Variación del valor razonable de instrumentos financieros*)	25,743	(24)	(100.1%)
Impairment losses and gains/(losses) on disposal of financial instruments (*Deterioro y resultado por enajenaciones de instrumentos financieros*)	621	–	(100%)
Net finance income/(cost) *(Resultado Financiero)*	**18,666**	**(21,950)**	**(217.6%)**
Share of profit (loss) on investments accounted for using the equity method (*Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia*)	(640)	6,940	(1.184%)
Profit /(Loss) before tax (*Resultado antes de impuestos*)	**23,963**	**18,280**	**(23.7%)**
Income tax benefit/(expense) (*Impuestos sobre beneficios*)	60,823	4,155	(93.2%)
Profit/(Loss) for the year from continuing operations (*Beneficio del ejercicio procedente de operaciones continuadas*)	**84,786**	**22,435**	**(73.5%)**
Profit/(Loss) for the year (*Beneficio del ejercicio*)	**84,786**	**22,435**	**(73.5%)**

Revenue (Importe Neto de la Cifra de Negocios)

Revenue *(Importe Neto de la Cifra de Negocios)* was €362,714 thousand for the year ended December 31, 2019, a 130.9% increase compared with revenue of €157,063 thousand for the year ended December 31, 2018, primarily due to an increase in revenue from the deliveries of property developments that reflect the ramp-up experienced by the Company.

Gross Margin (*Margen Bruto*) increased €42,698 thousand, or 127.3% to €76,250 thousand for the year ended December 31, 2019 from €33,552 thousand for the year ended December 31, 2018, principally due to

the increase in activity mentioned above. Gross Margin as a percentage of revenue was 21.0% compared to 21.4% for the years ended December 31, 2019 and 2018, respectively.

Changes in inventories of finished goods and work in progress (*Variación de existencias de productos terminados y en curso*)

Changes in inventories of finished goods and work in progress (*Variación de existencias de productos terminados y en curso*) was positive €150,835 thousand for the year ended December 31, 2019, as compared with €47,143 thousand for the year ended December 31, 2018. This difference was principally due to a growth of our operations and increase in the number of units under construction.

Raw materials and other consumables used (Consumo de materias primas y otras materias consumibles)

Raw materials and other consumables (*Consumo de materias primas y otras materias consumibles*) increased by €259,429 thousand, or 158.3%, to €423,350 thousand for the year ended December 31, 2019, from €163,921 thousand for the year ended December 31, 2018. The change was due to an increase in our development activity as raw materials and other consumables includes the expense capitalized in developments.

Personnel expenses (Gastos de personal)

Personnel expenses (*Gastos de personal*) increased €10,129 thousand, or 66.1%, to €25,451 thousand (of which €2,119 thousand relates to internal sales staff (*personal comercial interno*)) for the year ended December 31, 2019, from €15,322 thousand for the year ended December 31, 2018, principally due to an increase in our average number of employees.

Other expenses (Otros gastos)

Other expenses (*Otros gastos*) increased €19,853 thousand, or 95.7%, to €40,605 thousand for the year ended December 31, 2019, from €20,752 thousand for the year ended December 31, 2018, primarily due to non-recurring servicing fees provided by Aelca during the first three months of 2019 subsequent to the Aelca Acquisition and higher activity levels.

Depreciation and amortization charge (*Amortización del inmovilizado*)

Depreciation and amortization of intangible assets and property, plant and equipment (*Amortización del inmovilizado*) increased €114 thousand, or 35.1%, to €439 thousand for the year ended December 31, 2019 from €325 thousand for the year ended December 31, 2018. This increase was due to the higher property, plant and equipment.

Impairment losses and gains/(losses) on disposal of non-current assets (Deterioro y resultado por enajenaciones de inmovilizado)

Impairment losses and gains/(losses) on disposal of non-current assets (*Deterioro y resultado por enajenaciones de inmovilizado)* increased €139 thousand, or 163.5%, to impairment income of €54 thousand for the year ended December 31, 2019, from impairment losses of €85 thousand for the year ended December 31, 2018. The changes that took place in 2019 were due to there being no impairment in the carrying amount of property, plant and equipment.

Operating income (Resultado de explotación)

Operating income (*Resultado de explotación*) increased €27,353 thousand, or 460.7% to €33,290 thousand for the year ended December 31, 2019 from €5,937 thousand for the year ended December 31, 2018, principally due to an increase in revenue and the activity mentioned above.

Finance income (Ingresos financieros)

Finance income (*Ingresos financieros*) increased €152 thousand to €538 thousand for the year ended December 31, 2019, from €386 thousand for the year ended December 31, 2018, principally due to an increase in marketable securities.

Finance cost (Gastos financieros)

Finance cost (*Gastos financieros*) increased by €14,380 thousand, or 177.9%, to €22,464 thousand for the year ended December 31, 2019 from €8,084 thousand for the year ended December 31, 2018 due to an increase in interest expenses related to our bank borrowings (the company signed a syndicated loan in January 2019 whose interests are not capitalized into inventory).

Change in fair value of financial instruments (Variación del valor razonable de instrumentos financieros)

Change in fair value of financial instruments (*Variación del valor razonable de instrumentos financieros*) decreased €25,767 thousand, or 100.1%, to a decrease in fair value of financial instruments of €24 thousand for the year ended December 31, 2019, from a fair value of financial instruments of €25,743 thousand for the year ended December 31, 2018, due to an increase in share capital on February 23, 2018 recognized at the fair value of the loans capitalized at that date with the difference being recognised within this line item.

Impairment losses and gains (losses) on disposal of financial instruments (Deterioro y resultado por enajenaciones de instrumentos financieros)

Impairment losses and gains/(losses) on disposal of financial instruments *(Deterioro y resultado por enajenaciones de instrumentos financieros*) decreased €621 thousand, or 100%, to impairment income of €0 for the year ended December 31, 2019, from impairment income of €621 thousand for the year ended December 31, 2018, principally due to the discharge of mortgage loans by the delivery of assets to secure loans that resulted in financial income of €621 thousand in 2018.

Share of profit (loss) on investments accounted for using the equity method (Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia)

Share of profit (loss) on investments accounted for using the equity method *(Resultado del ejercicio de las inversiones contabilizadas por el método de puesta en equivalencia)* increased by €7,580 thousand, or 1,184.4%, to a profit of €6,940 thousand for the year ended December 31, 2019 from a loss of €640 thousand for the year ended December 31, 2018 due to more residential units being delivered in 2019.

Income tax benefit/(expense) (Impuestos sobre beneficios)

Income tax benefit/(expense) (*Impuestos sobre beneficios*) was €4,155 thousand for the year ended December 31, 2019, a decrease of €56,668 thousand compared to a tax benefit of €60,823 thousand for the year ended December 31, 2018. As of December 2018 the Company capitalized into the balance sheet some of the available off-balance sheet deferred tax assets coming from tax loss carry forwards and financial expenses non deducted in the past.

Profit for the year (Beneficio del ejercicio)

Profit for the year (*Beneficio del ejercicio*) decreased €62,351 thousand from €84,786 thousand for the year ended December 31, 2018 to €22,435 thousand for the year ended December 31, 2019, a decrease of 73.5%, principally due to the capitalization of tax loss carry forwards and non-deductible finance cost from prior years as well as the gain in changes in fair value of financial instruments in 2018. Adjusted EBITDA increased €44,613 thousand, or 921% to €39,770 thousand for the year ended December 31, 2019 from (€4,843) thousand for the year ended December 31, 2018, principally due to the increase in residential development activity that reflects the ramp up experienced by the Company.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are operating cash flows, short-term mortgage loans secured by inventories, which include both Development Loans and loans for land purchases, as well as credit lines to finance land purchases, working capital and VAT, and other types of loans including bank borrowings with related parties mainly related to development activity. Our current approach is to finance the construction of developments using Development Loans from banks, for which loan drawdowns are tied to the state of progress of construction. Our cash management, deliveries and land sales have driven to a stable cash position during 2020, enabling us to reduce leverage through corporate debt repayments totaling €227 million for the year ended December 31, 2020. Additionally, we have €358 million available to us from existing Development Loans to execute ongoing projects, our commercial paper program was formalized and launched in 2020 and will allow us to source additional liquidity up to €100 million and, pro forma for the Transactions, the Revolving Credit Facility, will provide for commitments up to €30.0 million.

We calculate our cash needs using a 12-month cash flow budget and arrange credit facilities and hold short-term financial investments to meet our forecasted needs. Our cash position as of December 31, 2020 was €141,181 thousand and there was no restriction on the availability of our cash and cash equivalents as of such date, except for the fact that, as required under Spanish law 20/2015, advances received associated with residential development are included in our cash and cash equivalents but are deposited in a blocked account, which can only be drawn against in connection with the construction of our developments. As of December 31, 2020, such blocked account amounted to €38,855 thousand. As of December 31, 2019, there were no restrictions on the use of cash except for the amounts regulated by Law 20/2015.

Funds under Development Loans can be drawn down subject to the progress of construction of the relevant development. Development Loans increased €11,544 thousand, to €236,165 thousand, or 5% as of December 31, 2020, from €224,621 thousand as of December 31, 2019, principally due to an increase in our development activity.

Our loans for land purchases decreased €9,612 thousand, or 20%, to €37,888 thousand as of December 31, 2020, from €47,500 thousand as of December 31, 2019, principally due to early repayments and the ramp-up of our development activity.

Our credit lines, other loans and accrued interest decreased €218,723 thousand, or 65%, to €115,656 thousand as of December 31, 2020, from €334,379 thousand as of December 31, 2019, principally due to voluntary debt repayments amounting to €150,000 thousand while we issued new ICO lines amounting to €12,000 thousand. As of December 31, 2019, credit lines mostly consisted of senior loans issued to finance the Aelca Acquisition and secure the financing of substantially all the developments that commenced construction in the year and as of December 31, 2020, credit lines were mostly related to working capital. We believe our available working capital (total current assets less total current liabilities), which as of December 31, 2020 amounted to €757,873 thousand, is sufficient for our present requirements.

Our bank borrowings with related parties, which are mainly related to development activity, have decreased €472 thousand or 22% to €1,663 thousand as of December 31, 2020, from €2,135 thousand as of December 31, 2019. This decrease is principally due to the cancellations of loans associated with the developments sold during the year.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2019 and 2020

The following tables and subsequent discussion summarizes key items in our cash flows statements for the years ended December 31, 2020 and 2019.

	For the year ended December 31,		
(€ in thousands)	**2018**	**2019**	**2020**
Total net cash flows (used in)/from operating activities (*Total flujos de efectivo utilizados en actividades de explotación*)	(20,298)	(77,590)	207,589

(€ in thousands)	For the year ended December 31, 2018	2019	2020
Total net cash flows (used in)/from investing activities (*Total flujos de efectivo de las actividades de inversión*)	17,437	(92,441)	(3,661)
Total net cash flows (used in)/from financing activities (*Total flujos de efectivo de las actividades de financiación*)	(40,949)	289,919	(238,871)
Net (decrease)/increase in cash and cash equivalents (*Aumento neto del efectivo o equivalentes*)	(43,810)	119,888	(34,943)
Cash and cash equivalents at December 31 (*Efectivo y equivalentes a 31 de diciembre*)	56,236	176,124	141,181

Total net cash flows (used in)/from operating activities (*Total flujos de efectivo utilizados en actividades de explotación*)

Total net cash flows (used in)/from operating activities (*Total flujos de efectivo utilizados en actividades de explotación*) were €207,589 thousand for the year ended December 31, 2020, an increase of €285,179 thousand compared to net cash flows used in operating activities of €77,590 thousand for the year ended December 31, 2019. This increase was primarily attributable to higher development activity crystallized into a higher amount of residential units delivered that reflect the ramp-up experienced by the Company and more land plots sold in 2020.

Total net cash flows (used in)/from operating activities (Total flujos de efectivo utilizados en actividades de explotación) were €77,590 thousand for the year ended December 31, 2019, an increase of €57,292 thousand compared to €20,298 thousand for the year ended December 31, 2018.

Total net cash flows (used in)/from investing activities (*Flujos de efectivo de las actividades de inversión*)

Total net cash flows (used in)/from investing activities (*Flujos de efectivo de las actividades de inversión*) were €3,661 thousand for the year ended December 31, 2020, a decrease of €88,780 thousand compared to €92,441 thousand for the year ended December 31, 2019. This change was mainly attributable to the impact of the Aelca Acquisition in 2019.

Total net cash flows (used in)/from investing activities (*Flujos de efectivo de las actividades de inversión*) were €92,441 thousand for the year ended December 31, 2019, a decrease of €109,878 thousand compared to €17,437 thousand for the year ended December 31, 2018. This change was mainly attributable to the merger financing relating to the Aelca Acquisition in 2019.

Total net cash flows (used in)/from financing activities (*Total flujos de efectivo de las actividades de financiación*)

Total net cash flows (used in)/from financing activities (*Total flujos de efectivo de las actividades de financiación*) were €238,871 thousand for the year ended December 31, 2020, a decrease of €528,790 thousand compared to €289,919 thousand for the year ended December 31, 2019. This change was mainly attributable to the merger financing relating to the Aelca Acquisition in 2019 and debt repayments during 2020.

Total net cash flows (used in)/from financing activities (*Total flujos de efectivo de las actividades de financiación*) were €289,919 thousand for the year ended December 31, 2019, an increase of €330,868 thousand compared to €40,949 thousand for the year ended December 31, 2018. This change was mainly attributable to the merger financing relating to the Aelca Acquisition in 2019.

Contingent and Other Off-Balance Sheet Liabilities (*Garantías comprometidas con terceros y litigios*)

We had contingent liabilities for bank guarantees and other guarantees (*pasivos contingents por avales bancarios y otras garantías*) related to the normal course of our business amounting to €270,421 thousand as of December 31, 2020 (€283,847 thousand and €211,576 thousand as of December 31, 2019 and 2018, respectively). The Parent Company's governing body considers that no additional liabilities will arise for the Group as a result of the transactions covered by these guarantees and warranties. During the year ended December 31, 2020 neither purchase commitments nor options on land and plots have been signed (€62,000 thousand as of 31 December 2019 and €44,135 thousand as of 31 December 2018).

Tax

Corporate Income Tax ("**CIT**") rates as of the date of the offering memorandum are 25% in Spain. The utilization of the portion of said deferred tax assets related to pre-consolidation and consolidated non-operating losses is subject to a limit of 25% of the taxable base in Spain in each tax period. Nevertheless, in the case of the pre-consolidation non-operating losses, the 25% limitation also applies at the level of the individual taxable base of the entity that generated said pre-consolidation non-operating losses.

The deferred tax assets of the Issuer mainly correspond to non-operating losses (€133 million) and to financial expenses which were not tax deductible in previous years (€ 40 million).

Currently, the CIT return for FY 2015 is being audited by the Spanish Tax Authorities and the reassessment performed may have an impact in subsequent FYs. As a consequence of this, non-operating losses settled in succeeding CIT returns may be reduced. Although the final outcome of the tax audit is not known, it is not expected to affect the deferred tax assets related to non-operating losses which are recognized in the balance sheet. The Group has not recognized in its balance sheet all the deferred tax assets related to non-operating losses but only part of them.

Financial Risk Management

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We manage our liquidity risk by maintaining sufficient cash and marketable securities, and by having available funding through an adequate amount of committed credit facilities and sufficient capacity to settle our market positions. We determine our cash requirements through the cash budget, with a time horizon of 12 months and consider that the financing framework agreed is sufficiently flexible to adapt to our needs given the dynamic nature of its underlying business.

Market Risk

Interest rate risk

Interest rate risk is the risk of the impact on our finance costs due to increases in interest rates. Interest rate fluctuations affect the fair value of fixed-rate assets and liabilities and the future cash flows from floating-rate assets and liabilities. The objective of interest rate risk management is to mitigate the impact on borrowing costs of fluctuations in interest rates.

We perform simulations of various scenarios, including refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, we calculate the effect of a certain variation in interest rates on our profit and losses. For each simulation, the same interest rate variation is used for all currencies. The scenarios are only analyzed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

In accordance with the information requirements of IFRS 7, we have carried out a sensitivity analysis in relation to possible fluctuations in the interest rates that may occur in the markets in which we operate.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and investments in debt securities. We proactively manage this risk by evaluating the solvency of all our potential customers both at the start of the business relationship and during the life of the contract. We evaluate on an ongoing basis the credit quality of uncollected amounts and the recoverable amount, of those considered doubtful. We believe that we are not exposed to significant credit risk given that our customers and the institutions with which cash is deposited and derivatives arranged are highly solvent entities. We believe that we do not have a significant concentration of credit risk as our risk exposure is diversified across numerous clients.

Our main financial assets are cash balances, trade and other receivables and investments.

Our credit risk is mainly attributable to our trade receivables. We have formal procedures designed to detect objective evidence of impairment of trade receivables. These procedures identify significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables (*Deterioro de deudores comerciales*) as of December 31, 2020 amounted to €6,061 thousand (€3,254 thousand and €156 thousand as of December 31, 2019 and 2018, respectively) (see Note 20.2 to our 2020 Group Consolidated Annual Accounts). Trade receivables balances with no credit risk are not included in this provision at the end of 2020, 2019 and 2018.

We also perform monitoring and have specific procedures in place for the management of loans, establishing conditions for accepting orders, and performing periodic monitoring of the same.

Critical Accounting Policies

Except as otherwise indicated, our financial information included in this offering memorandum has been prepared and presented in accordance with IFRS. See "*Presentation of Financial and Other Information*" and the notes to each of the Audited Consolidated Annual Accounts included in this offering memorandum. In particular, see Note 2.4 to the 2020 Group Consolidated Annual Accounts included in this offering memorandum.

The preparation of financial statements requires our management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenue and expenses and the disclosure of contingent liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within our financial statements represent good faith assessments of our future performance for which our management believes there is a reasonable basis.

These estimates and assumptions represent our view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause our actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are described below.

Industry

Macroeconomic Overview

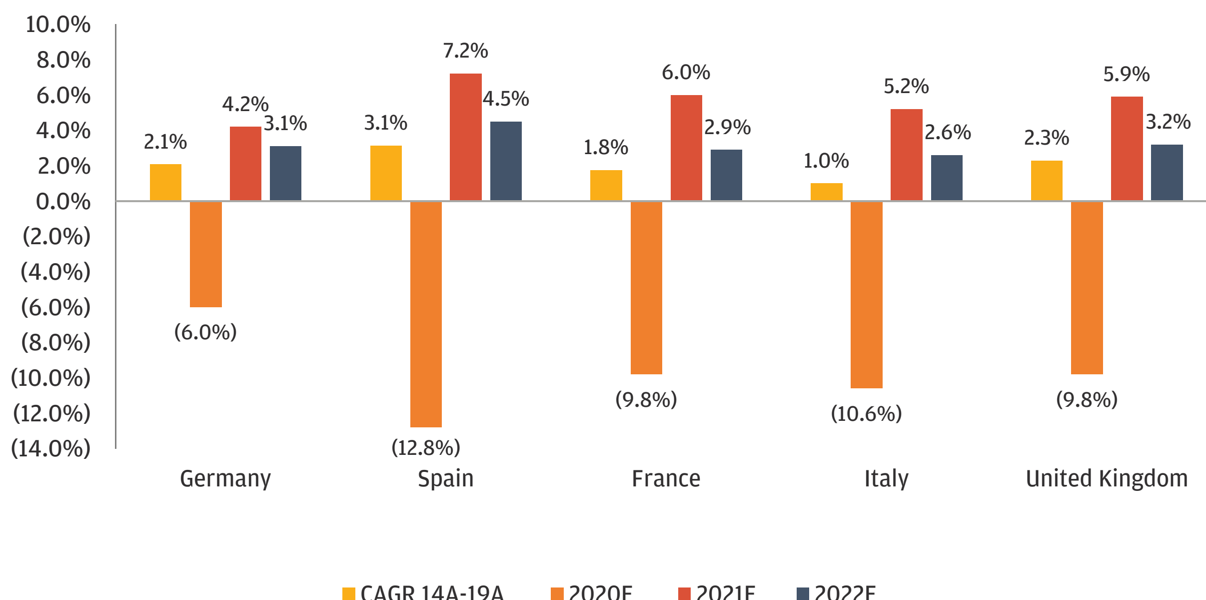
Following a prolonged period of GDP growth in Spain for the 2014-2019 period, Spanish Economy shrank in 2020 due to COVID-19 hit (specially impacting tourist dependent economies). 2020 GDP decrease on a year-on-year basis amounted to approximately 13% mainly accumulated in Q2 given strict lockdowns, with the last half of the year showing recovery signs with an increase of approximately 17% vs Q2 GDP-levels. Sharp decline experienced by Spain in 2020 is reflective of the stronger reliance of the country on tourism compared to other European economies and higher spread of the virus coupled with strict lockdown measures adopted in Q2'20.

	Spain	Germany	France	UK	Italy
Population (mm)	46.74	83.52	65.13	67.53	60.55
Total cases	3,086,286	2,346,876	3,528,856	4,059,694	2,729,223
Deaths	65,449	65,288	82,374	117,622	93,835
Cases over 100,000 population[1]	6,368	2,757	4,980	5,941	4,368

Source: Statista, John Hopkins; [1] As of February 7, 2021

Based on EU Commission assessment, as the vaccination process advances and restrictions are progressively lifted, economic activity should pick-up strongly, driven by the materialization of pent-up demand over the second half of 2021. As a result, the household saving rate is expected to decline. Investment is also set to rebound, driven by improved expectations about the economy and lower uncertainty. A soft recovery in international tourism should result in exports growing faster than imports and a positive contribution to growth from net exports in 2021. Overall, GDP is forecasted to grow by 7.2% in 2021 based on Eurostat. In 2022, the tourism recovery is expected to gain momentum, with most impediments to activity fully lifted, while domestic demand growth will likely moderate once pent-up demand is reabsorbed. This would result in a still robust growth rate of 4.5% based on Eurostat for 2022.

Real GDP Growth Rates Forecast (% year-on-year)



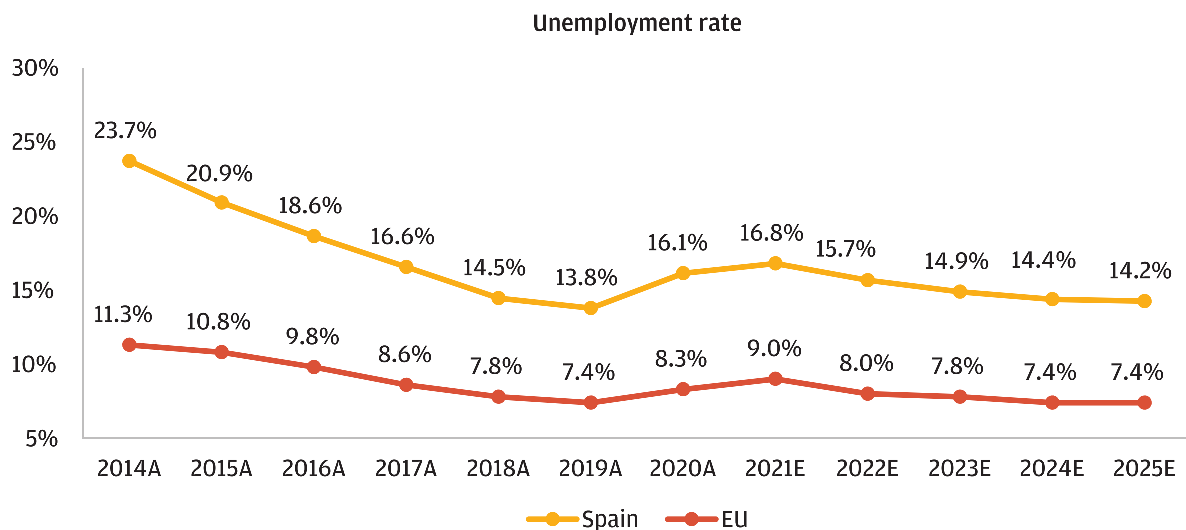
Source: Eurostat, International Monetary Fund (IMF)

A suite of income and liquidity support measures has curbed the economic fallout of the pandemic. The short-time work scheme (ERTE – *Expedientes de Regulación Temporal de Empleo* or furlough scheme) has been critical to limit the impact on unemployment in Spain. The banking sector—backed by policy measures such as public loan guarantees and the ECB's accommodative monetary policy—has continued to support the real economy

with credit intermediation, in contrast with the global financial crisis. The European Central Bank has continued to offer financial support. The deposit rate remains in negative territory and the ECB has ramped up the pace and scale of its asset purchase program, having committed to purchasing 1,350 million in bonds by June 2021. This measure seems to have brought some stability to the financial markets; long-term interest rates are at historic lows and risk spreads have snapped back to pre-pandemic levels.

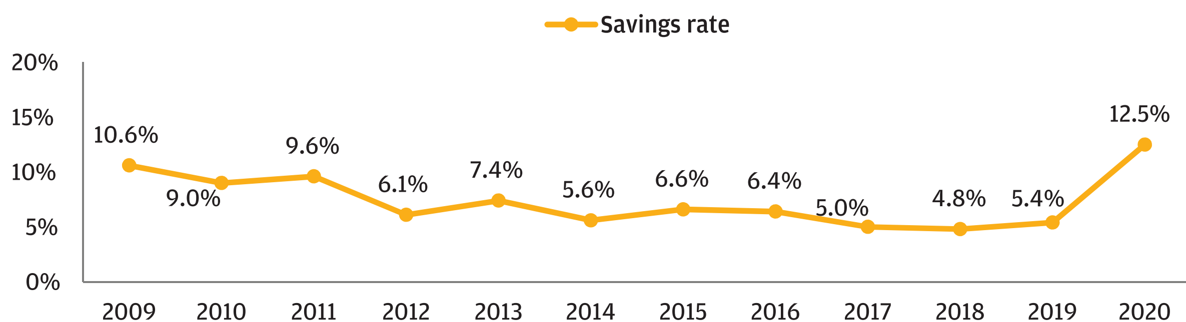
Meanwhile, the Spanish government has escalated measures to shore up the national economy. In July, it launched a new state backed loan scheme to the tune of 40,000 million (3.2% of GDP), aimed at providing economic support to companies and the self-employed. This is in addition to the 10,000 million injected into strategically important companies to help them stay afloat. Furthermore, the national economic recovery plan unveiled in October 2020 sets out planned allocations for the 72,000 million (5.8% of GDP) that Spain expects to receive from the Next Generation EU initiative. Of this sum, 26,000 million (2.1% of GDP) has already been factored in to the 2021 budget.

The pandemic has also taken a toll to the employment in Spain. Between March and June 2020, the period where Spain was under a strict home lockdown, over a million jobs were destroyed (partially recovered over the 2H) leading to unemployment rate reaching 16.1% by 2020 year-end. Temporary employment accounted for most of the job losses. Impact on job market has been mitigated by the implementation of certain government measures mainly the flexibility introduced in temporary employment adjustment schemes (ERTEs). An ERTE allows companies to temporarily send workers home or reduce their working hours, and readmit them on their previous conditions after a certain amount of time.



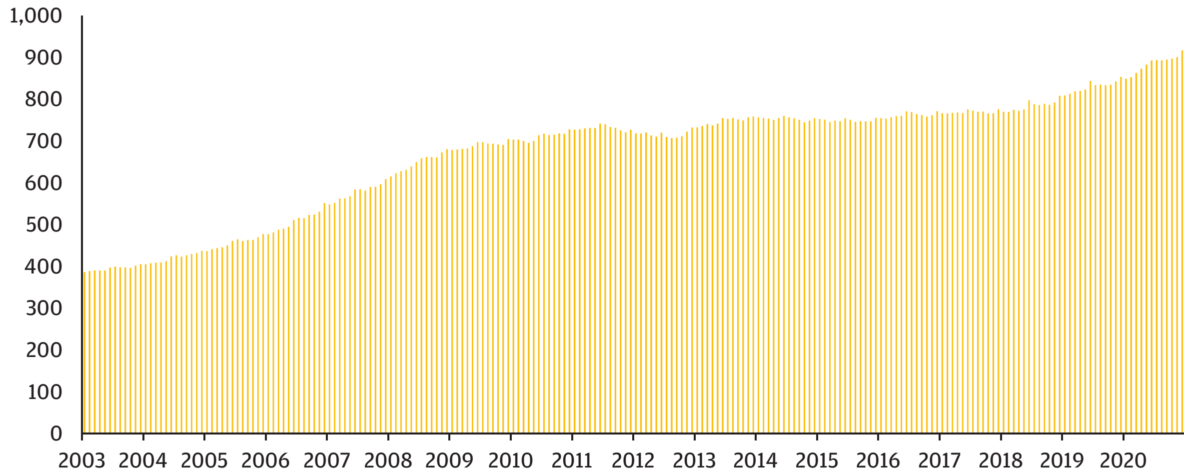
Source: Instituto Nacional de Estadística (INE), IMF and BMI

As a consequence of the different impacts of the COVID-19 in Spanish economy, there has been an increase on the savings rate for the households, going from an annual average of 5.4% in 2019 vs 12.5% in 2020 specially impacted by the economy halt experienced in Q2 2020 (during the strict lockdown) where private consumption decreased materially and most of household income was saved. The improvement of the savings rate is also supported by the fact that the household deposits are currently at an all-time high.



Source: Instituto Nacional de Estadística (INE)

Households bank deposits is currently at an all-time highs which may be an additional indicator on one of the potential levers that can fuel housing demand in the coming years.



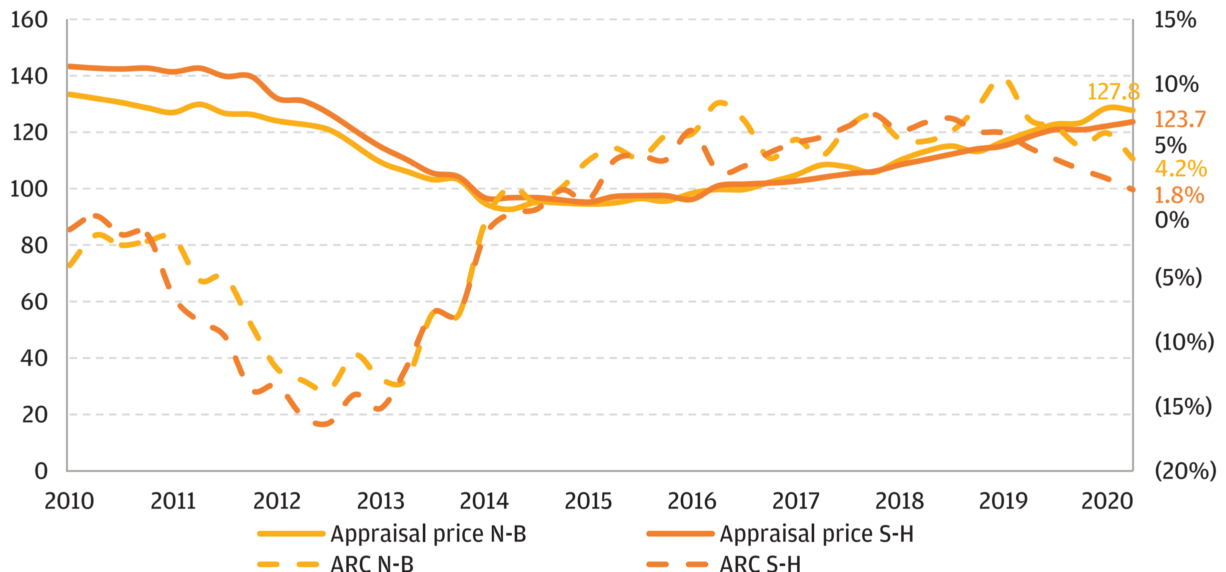
Source: European Central Bank

Residential demand dynamics

Investors from all over the world are increasingly leaning towards the "Beds, Sheds and Meds" sectors, which have emerged from the pandemic relatively unscathed – and Spain is no exception. 2020 was a record year for multi-family developments (rented apartments and student accommodation), which registered almost a third of total real estate investment and knocked offices off the top spot for the very first time.

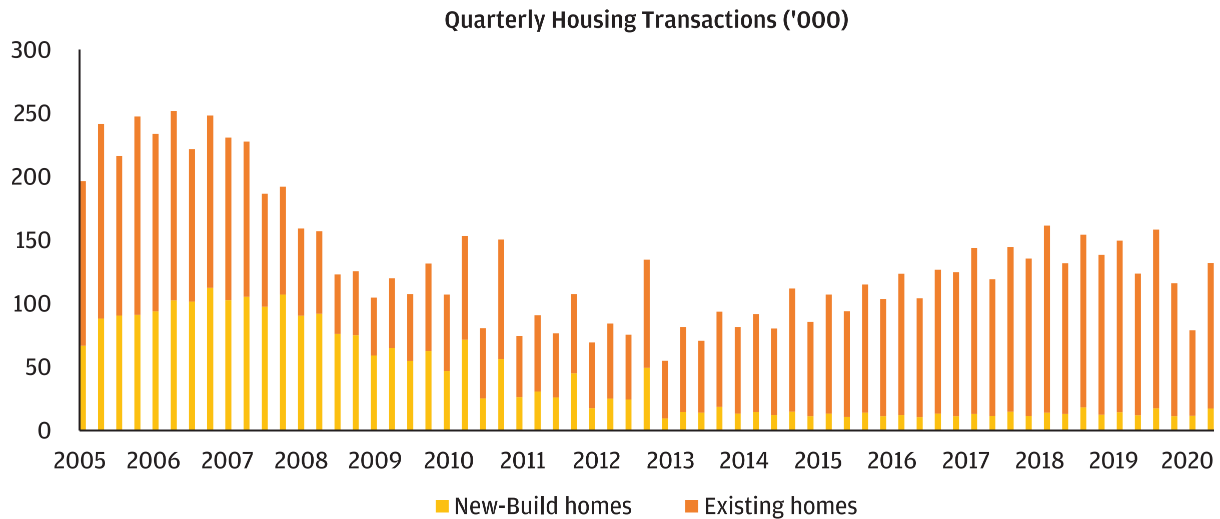
Banks have become more selective in their financing commitments, and this is likely to continue in 2021. That said, there is a great deal of variation across different property types, and in certain cases there may even be a keener appetite for lending than in 2020. In any event, an uptick in real estate investment in 2021 should contribute to an overall increase in financing activity. Assets more resilient, including logistics and rental housing, are expected to find it easiest to access financing on agreeable terms in 2021.

Looking more closely to the residential sector, sales fell 21% year-on-year in the first nine months of 2020, with a total of 327,000 transactions (specially impacted by Q2 lockdown where transactions decreased by 47% compared to Q2'19A).



ARC: Annual rate of change
Source: Colliers based on INE and Ministry of Public Works

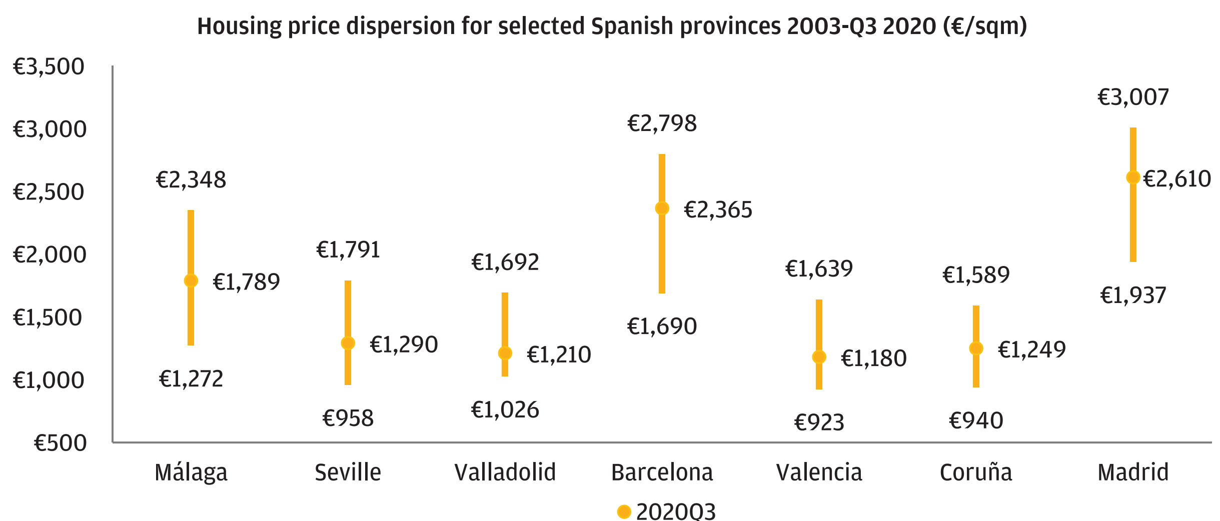
Existing housing sales are expected to be more affected than new-build housing, along with second homes in certain locations such as the Costa del Sol, Balearic Islands, Canary Islands and Levante, where Brexit is also taking a toll on prices. We believe prices are expected to remain stable for new-build houses in 2021 and expect Madrid and Barcelona to get off much more lightly thanks to the combination of stronger demand and more limited supply.



Source: Bank of Spain

Price per sqm remains well below peak levels

Average selling price across Spain has progressively increased from trough levels achieved post-global financial crisis but with sufficient headroom until achieving peak levels (approximately 15% in Madrid and approximately 18% in Barcelona). We believe potential impact on prices declining is higher for existing housing prices than new build due to the downturn of the labor market, the urge for homeowners to sell and the increased supply available on the market.

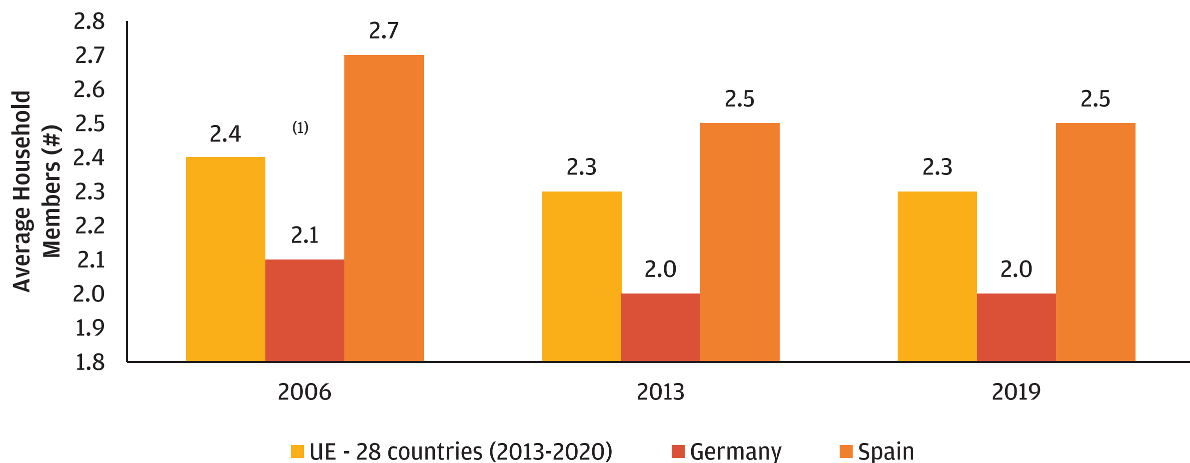


Source: Ministry of Public Works

Spanish households size has been shrinking over the last decade

Spanish household size (2.5 persons) remains one of the largest in the EU, however the figures remain constant since 2013 after a period from 2006 and 2016 when Spanish households shrunk from 2.7 to 2.5 persons, while

the EU average fell from 2.3 to 2.2. Change in habits and convergence to EU countries standards should provide further decrease of household size and hence increased housing demand.



Source: Eurostat; Based on Euro area (19 countries)

	Average household size in key 5 regions of Vía Célere			
	2020A	2025E	2030E	2035E
Madrid	2.48	2.44	2.41	2.38
Barcelona	2.49	2.48	2.46	2.45
Málaga	2.58	2.54	2.50	2.47
Seville	2.64	2.57	2.50	2.44
Valencia	2.48	2.44	2.41	2.38

Source: Instituto Nacional de Estadística (INE)

Strong net growth expected in number of households

Net household creation in Spain is expected to remain strong on the back of increased housing demand supported by an increasing population coupled with urbanization progress. The Spanish Statistical Office (INE) forecasts for household growth place the annual average growth rate at approximately 15,000 for the period from 2020 to 2025 with an expected decrease in the household size from 2.51 currently to 2.47 in 2025.

Net household growth for Spain expected to come mainly from the key regions where Vía Célere is present (representing approximately 53% of total net household creation based on INE with only 39% of current population).

(in thousand units)	Total Number of Households	Net household creation	Annual average
Spain			
2020	18,692		
2025	18,986	294	59
Madrid			
2020	2,624		
2025	2,691	68	14
Barcelona			
2020	2,237		
2025	2,270	32	6
Málaga			
2020	650		
2025	673	24	5
Sevilla			
2020	736		
2025	754	18	4

(in thousand units)	Total Number of Households	Net household creation	Annual average
Valencia			
2020	1,029		
2025	1,045	15	3

Source: Instituto Nacional de Estadística (INE)

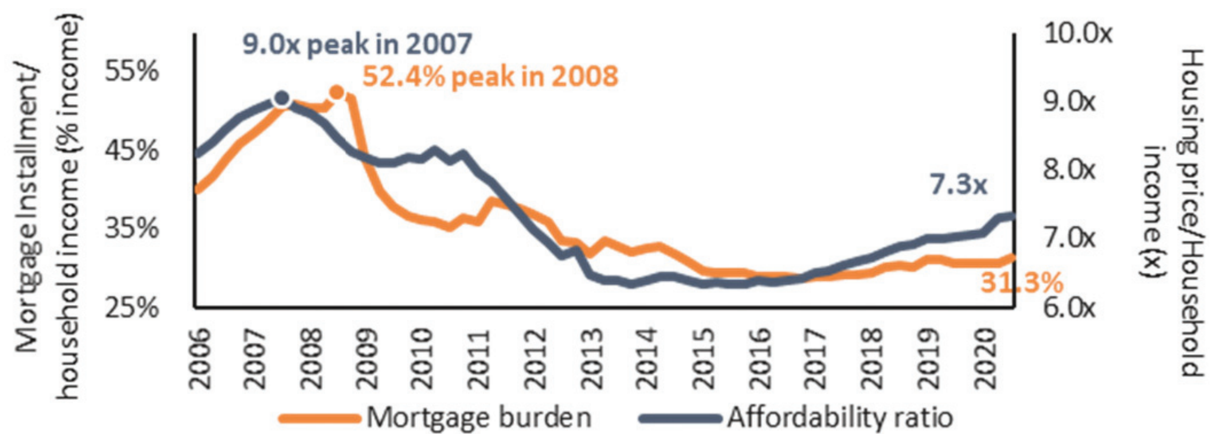
Housing Price Affordability

In the third quarter of 2020, home price as a share of average gross annual household income in Spain was 7.3 times, almost a third less than at the peak of the previous cycle in 2007 (9.0 times) (source: Bank of Spain).

Moreover, the substantial reduction in mortgage interest rates has also eased personal access to the financing of home purchases with banks willing to provide lending in terms of maximum LTV of 80% per individual loan on average. The mortgage burden in the second quarter of 2020 stood at 31% of gross annual household income, down from 52% in 2008. In line with the expected increase of home sales in 2021, the current low interest rate environment has continued to impact affordability, which is currently at attractive levels when compared to the cyclical peak in 2008, which should lead to a rise of the demand.

Housing demand is expected to increase again once restrictions related to the current pandemic are lifted and families start spending part of their accumulated savings from 2020 in the housing sector According to S&P, house prices in Spain will increase by 1.4% during 2021 and by 4.3% and 3.6% in 2022 and 2023 respectively.

The below graph shows both mortgage burden and affordability ratio in Spain across the years 2006-2020.

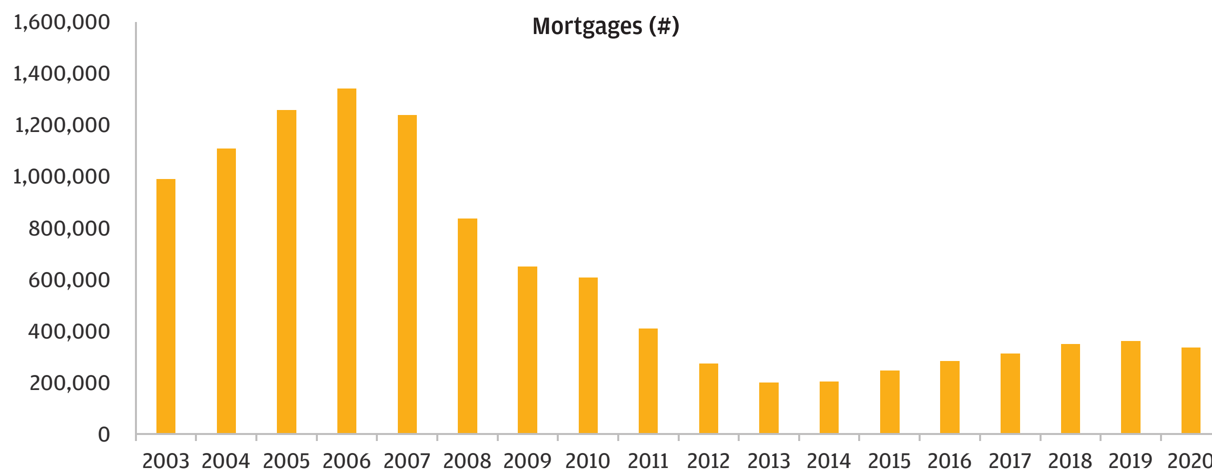


Source: Bank of Spain

Mortgage Availability

Mortgage lending activity significantly slowed down during the prior decade, but since 2013 lending activity for housing has increased fueled in part by the growing demand for housing, but also by the large amount of household deleveraging since 2011.

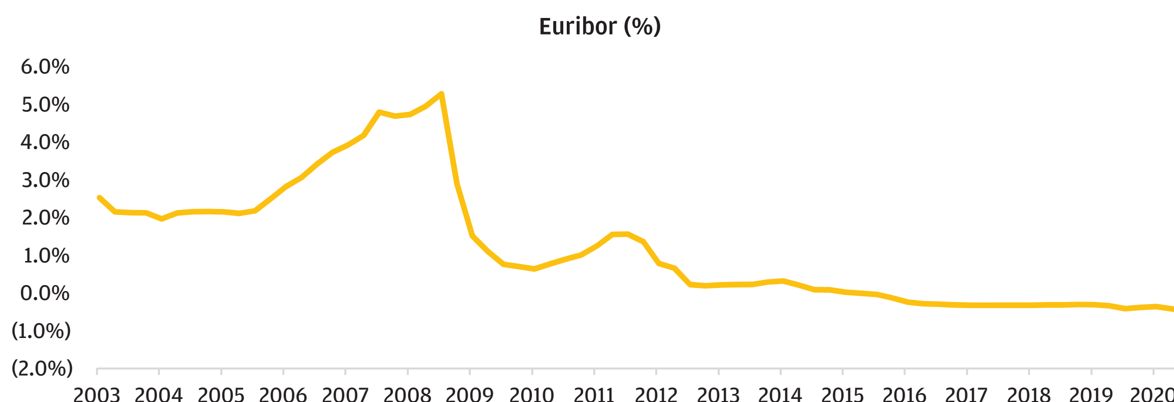
The combination of a sustained period of low short-term interest rates and weak inflation with the intensive asset purchasing the expectation is to have a period of subdued long-term interest rates, which will positively impact the real estate sector, which continue to be present opportunities for investors.



Source: Instituto Nacional de Estadística (INE)
Note: 2020 figure annualised based on last 11 months

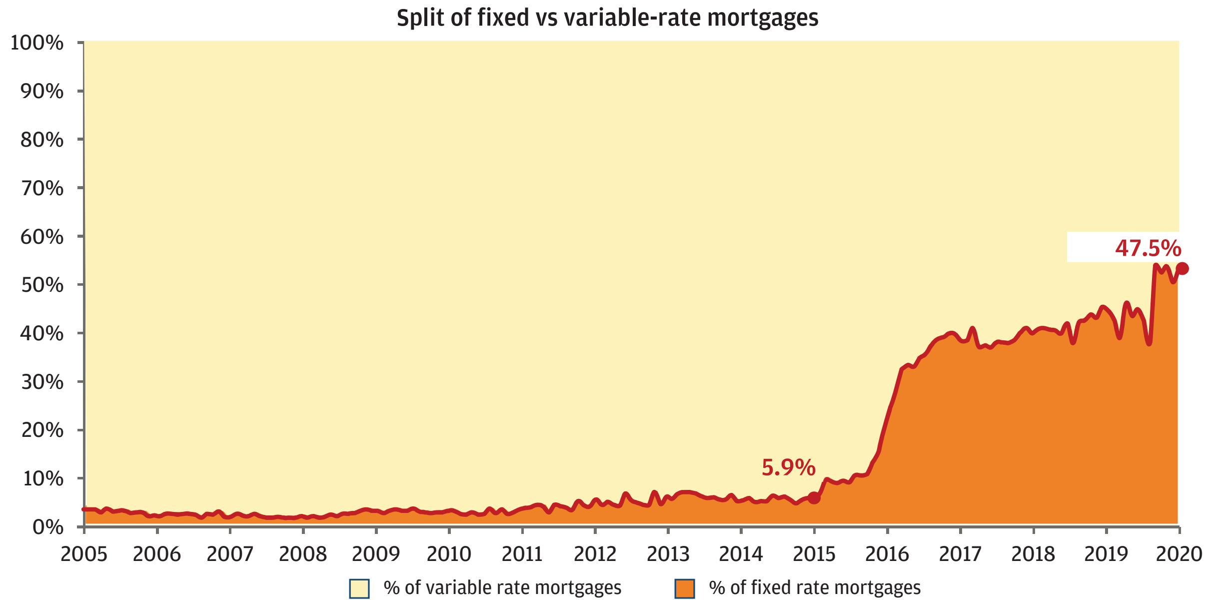
Mortgage lending also suffered the impact of the COVID-19 crisis during the first half of 2020. The number of mortgage approvals fell from approximately 194,000 in the first half of 2019 to approximately 178,000 in 2020, a decline of 8%, which is much less than the decline in housing transactions, which dropped 32% in the same period. This is because buyers have made more use of mortgage finance to buy homes. According to Colliers, in 2018, the number of mortgage approvals represented 59% of the number of housing transactions; in 2019, 67%; and in the first half of 2020, 91%. Looking at quarterly performance, in Q1 2020 mortgage approvals reached 101,746, the highest quarterly figure in the last nine years, representing 87% of total housing transactions; in Q2 the number of loans dropped to 76,126, yet the share of housing transactions climbed to 96%.

The number of mortgage approvals in each province in the first eleven months of 2020 was, as expected, broadly proportional to the number of housing transactions in that province. The provinces of Madrid and Barcelona accounted for approximately 30% of all new mortgages, while Valencia, Málaga, Sevilla, the Balearic Islands and Vizcaya accounted for approximately 20% and the rest of the provinces, for approximately the remaining 50%.



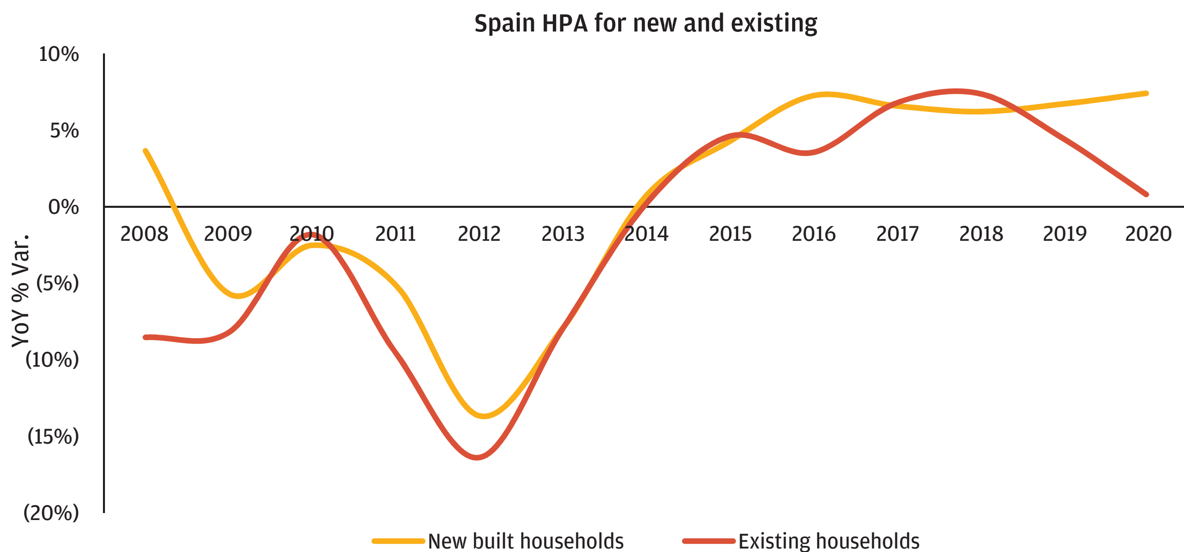
Source: Euribor

On the back of low cost of debt, new owners are switching the trend from variable interest rate to fixed interest rate to allow for a fixed annual payment, take advantage of historical lows in Euribor and gain certainty on monthly quotas due on their individual mortgages.



Source: Colliers based on Instituto Nacional de Estadística (INE), Bank of Spain and Ministry of Public Works

Since the global financial crisis up until 2019 both new built and existing homes have experienced constant and healthy price appreciations, reaching levels of over 5% YoY. Despite the fact that the trend reverts for existing homes, (for which prices have increased at a considerably smaller rate, up to the point of barely appreciating in 3Q 2020 vs same period in the previous year) new-built homes have proven to still be highly demanded, having prices continue increasing on a yearly basis (at an 7.4% on a year-on-year basis in Q3 2020).



Source: Instituto Nacional de Estadística (INE)

Residential supply dynamics

Overall Supply Constraints

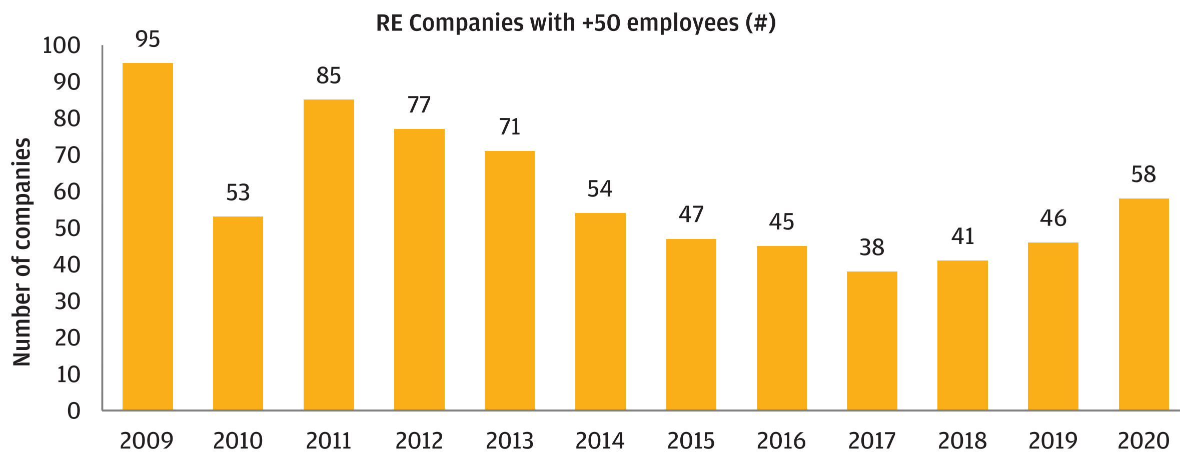
The global financial crisis in 2007 had a devastating effect on the Spanish homebuilding sector. The collapse in demand, combined with the shut-down of financing for new development projects prompted the liquidation or restructuring of the major Spanish homebuilders.

Even though the consequences may be similar, there are significant differences between the financial crisis of 2008 and the current COVID-19 crisis that erupted in 2020, in particular their origins: the Great Recession of 2008 was systemic and first took hold in the financial system; whereas the current crisis is more of a cyclical crisis caused because the economy was brought to a sudden standstill in response to a health crisis.

The 2008 crisis was caused by a variety of imbalances that accumulated at the same time in a number of economies, as a result of a real estate and financing bubble. At the same time there was an increased level of business and household debt and excessive leveraging of a considerable portion of the financial system.

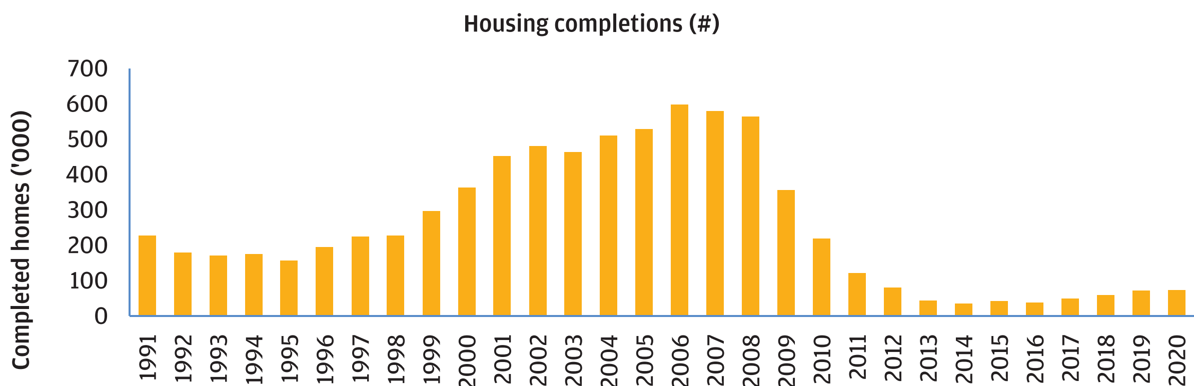
The starting position for the 2020 economy is also different, and considerably better than 2008's. This is good news. The imbalances are less pronounced; businesses and families have less debt; and the financial system has more capital and is healthier overall.

The Spanish real estate sector remains extremely segmented in terms of number of players. As of 2020, there were over 58 companies registered with over 50 employees which has decreased significantly since 2009.



Source: Instituto Nacional de Estadística (INE)

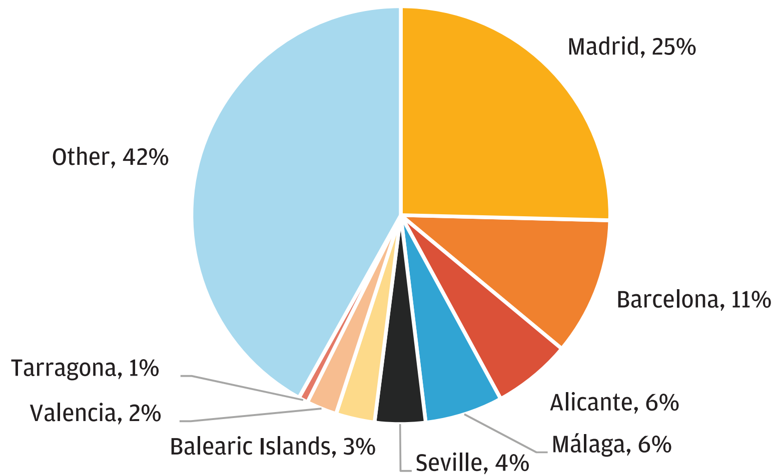
The lack of financing and limited number of sizeable players has impaired the supply of new homes in recent years and housing production still lags behind current demand. According to the Ministry of Public Affairs, new housing development averaged less than 52,000 units/year between 2013 and 3Q 2020 remains well below the expansion cycle but also below pre-crisis historical levels in the period from 1990 to 1999, in which annual housing production averaged 267,000 units p.a.



Note: 2020 annualised based on past 9 months
Source: Ministry of Public Affairs

New housing construction is concentrated around regional markets with a solid demand for housing. Residential developments were largely carried out in affluent markets with solid demand. In fact, Madrid and Barcelona accounted for approximately 36% of the 71,562 completed housing units (Source: Ministry of Public Affairs). The key areas where Vía Célere has most of its land bank represent approximately 48% of total housing completions in 2019.

Housing completions Regional Distribution (2019) N=71,562

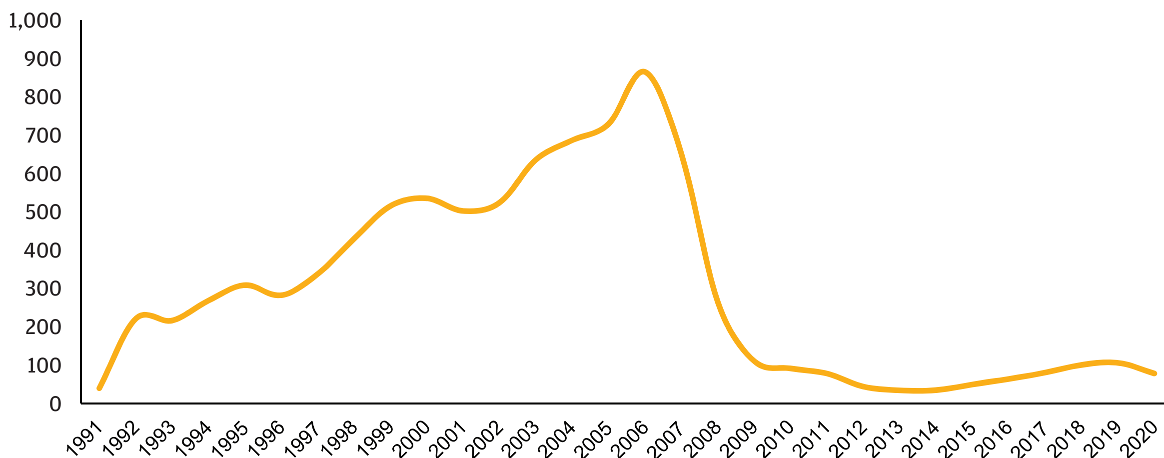


Source: Ministry of Public Affairs

The amount of granted permits saw a reduction in 2019 compared to 2018 and the trend is expected to continue due to the COVID-19 pandemic outbreak. Expectation is for the number of permits to recover once the situation of the COVID-19 remits.

Based on figures from the Spanish Development Ministry, on the supply side it is likely that around 80,000 new-build construction permits were issued in 2020, with another 70,000–80,000 units to be approved in 2021, within striking distance of the five-year average (approximately 80,000 permits).

Construction permits ('000)



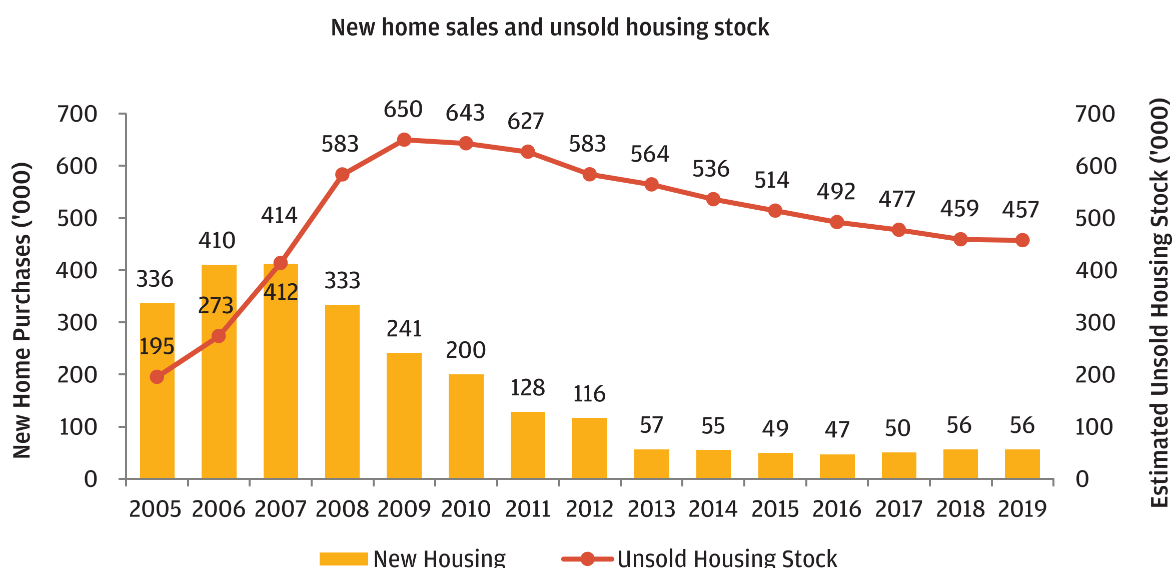
Source: Ministry of Public Affairs

One of the most striking consequences of COVID-19 has been a heightened demand for new-build housing with immediate availability. With the specter of further lockdowns hanging over them, we believe buyers were not prepared to wait, and we believe demand for immediately (or imminently) available properties should remain strong in 2021.

Unsold Housing Stock

Since 2008, the contraction of housing demand, led to severe impact on housing supply. According to estimates from the Ministry of Public Affairs, unsold new-build residential stock started to grow from 2005, peaking at almost 650,000 units in 2009. The volume of unsold housing stock started to decrease consistently as in 2009, and by 2019 the estimated volume was at 457,000 units following the downward trend.

Source: Ministry of Public Affairs



Source: Ministry of Public Affairs

Land market dynamics

As illustrated above, the structural imbalance in supply and demand is creating pressure on housing prices. New emerging homebuilders are trying to seize this opportunity by acquiring large land banks for future development, as a means to take advantage of expected upside in the housing sector. This potential opportunity is explained by a number of factors, as described below.

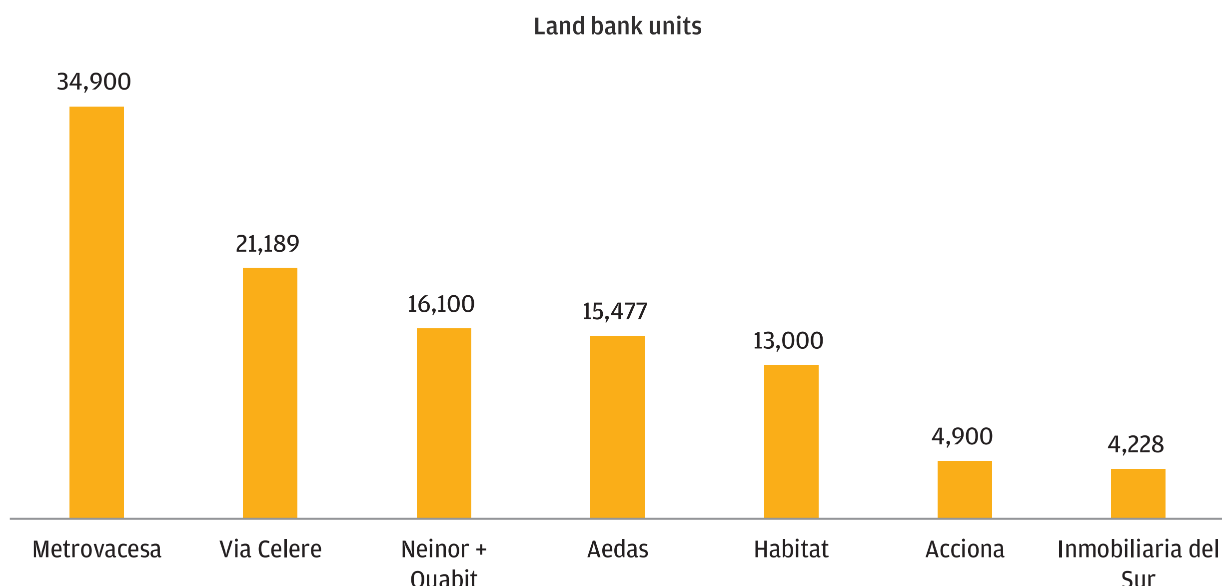
Scarcity of consolidated urban plots drives increase in land prices with pending planning permissions

In Spain, most major landowners fall into one of three categories: developers, investors and private individuals (40%); funds and financial institutions (40%); and public authorities (20%).

The scarcity of consolidated urban plots in primary markets will drive up demand for land with pending planning permissions in proximity to major cities. As the only land investment opportunity likely to arise in the medium-to-long term, this will whip up investor interest in areas undergoing expansion, where demand will naturally grow.

Access to traditional bank financing is one of the barriers to acquiring land at present, which will push more and more investors towards alternative financing options.

Competition and Key Market Players



Source: Company information and filings
Note: Neinor is in the process of acquiring Quabit. Inmobiliaria del Sur includes 1,742 ongoing developments and 2,486 land portfolio units. Neinor includes BTS and BTR figures.

The housebuilding sector remains highly fragmented with the top-players only accounting for 5.1% of new homes built p.a. Furthermore, the number of major players in the market has dropped significantly (almost 2/3). The housing sector structure suggests some local competition but no player that dominates the whole market. The largest players in the market may dominate a particular local segment, but are unlikely to impact the overall dynamics of the national market.

Vía Célere's potential competitors in the market include:

Institutional Established Players

Metrovacesa (backed by Banco Bilbao Vizcaya Argentaria, S.A. and Banco Santander) went public in January 2018, Aedas Homes (backed by Castlelake), went public in October 2017, and Neinor (backed by Lone Star) went public in March 2017. Metrovacesa, Aedas Homes and Neinor are our only sizeable publicly traded peers. Similar to us, Metrovacesa, Aedas Homes and Neinor's goals are to institutionalize the market and become one of the leading homebuilders in the Spanish space in terms of size, footprint, visibility and homebuilding model.

New Emerging Players

The weakened Spanish economy post global financial crisis attracted international financial investors who have assembled land banks and development platforms to take advantage of the upward trajectory of the Spanish economy and homebuilding sector. Companies in this category have strong access to capital, supportive shareholders, and are active buyers of land. This includes Kronos, controlled by Kronos Investment Group; Culmia, controlled by Oaktree (previously Solvia Desarrollos Inmobiliarios); Habitat Inmobiliaria, controlled by Bain Capital, and Inmoglaciar, controlled by Cerberus.

Local Spanish Players

These companies tend to be cooperative groups or family-owned businesses with strong local knowledge and/or ability to aggressively price in their markets. This set includes companies such as La Llave de Oro, Amenabar, Núñez I Navarro, Pryconsa and Insur.

Traditional Spanish Homebuilders

This category of companies includes Asentia, Realia, TM Grupo Inmobiliario and Inmobiliaria Espacio, which tend to be significant owners of land.

Servicing Platforms

Servicers were primarily created by the major Spanish banks following the crisis to help sell the large number of assets that had developed on their balance sheets, and most of these companies were subsequently sold to international investors (Apollo, TPG, Cerberus, Blackstone, etc.). Although some have begun development, homebuilding is a non-core activity for them as their goal is to liquidate the banks' and SAREB's portfolios, so they are unlikely to be long-term competitors, and they could even be a source of additional land for us. The largest servicers in Spain are Altamira, Servihabitat, Haya Real Estate, Solvia, Anida and Aliseda.

PRS

The Private Rented Sector (PRS) is a highly fragmented market without a clear leader, with mainly second-hand portfolios. The key players in the PRS market are: (i) Blackstone, which encompasses the properties of Testa Residential, Anticipa Real Estate, Fidere and Albilarana Properties; (ii) APG, which acquired Vivenio and Témpore Homes; (iii) CaixaBank, which owns Building Center; (iV) Lazora and Cevasa.

BTR players

There a multiple players that have entered the BTR sector in the last couple of years – some examples include among others: Vivenio, the Socimi created by the Dutch pension fund APG together with Renta Corporación; the French Primonial, which has partnered with Grupo Lar to invest 400 million in the development and management of 5,000 homes over the next five years; Nuveen Real Estate which will promote rental homes in partnership with developer Kronos; DWS, a fund manager of Deutsche Bank, that recently signed one of the largest build-to-rent agreement to develop 1,000 housing units for rent in Madrid. Other important players include AXA, Hines, Ares, M&G Real Estate fund, and promoters such as Neinor, Metrovacesa or AQ Acentor.

SAREB

Inception

For several years prior to 2008, the Spanish authorities ignored the problems associated with the cajas. These problems were essentially due to easy access at low borrowing costs which facilitated uneconomic lending practices, overly encouraged by local and regional governments. This provision of loose money fueled the growth of the property and constructions sectors of the economy; eventually leading to an unsustainable overexposure to these sectors in a classic speculative bubble. The combination of the global Credit Crunch and then Sovereign Crisis of the Eurozone revealed these domestic problems and on the 31st August of 2012, the Spanish government approved a Royal Decree-Law creating a bad bank. The law established that financial institutions could be obliged to transfer to the SAREB certain assets: particularly impaired assets and assets which could be considered a threat to the viability of an institution.

SAREB today

In November 2019, SAREB has launched Árqura Homes, a developing company, to manage and develop part of its residential property portfolio, comprising assets with a total value of €811mm. By 2027, it plans to invest a total of EUR2,238 million to develop 17,095 new homes across 15 regions of Spain. Árqura Homes has a very dispersed geographical footprint but can be aggressive in pricing vs its competitors. The company is owned by SAREB (90%) and Värde Partners (10%).

The homebuilding industry is still recovering with companies like us leading the way through their established land banks, clear development strategies, and strong management teams. We believe it will be the new emerging players referred to above who institutionalize the Spanish market and over time make it more similar to the UK or France.

The Spanish homebuilding sector has strong fundamentals while key drivers of the sector remain well below 2007 highs, offering room for additional growth.

Key regions for Vía Célere

Madrid (2020 population: 6.75mm)							
Key Performance Indicators	**2007**	**2010**	**2015**	**2019**	**1Q2020**	**2Q2020**	**3Q2020**
1 Sqm Prices of New Homes (€/sqm)	3,001	2,529	2,075	2,626	2,637	2,589	2,610
2 Sale and Purchase Transactions of New Homes (#)	39,788	22,122	6,820	10,598	2,358	2,518	3,814
3 Land Acquisition Transactions (#)	2,299	1,314	1,232	1,333	200	148	268
4 Value of Land Acquisition Transactions (€m)	862	204	186	193	84	30	135
5 Sqm Prices of Urban Land (€/sqm)	562	466	332	309	288	225	289

Source: Ministry of Public Affairs

Since 2010, the number of housing sales has decreased considerably in Madrid. However, since 2015 housing sales have managed to recover to levels of approximately 11,000 per annum even in 2020 (assuming levels of Q4 remain in line with the first 9 months) in spite of the COVID-19 crisis.

However, the increasing demand has not been exclusively focused in the city center of the capital but also in some municipalities located in the North West and in others situated in the metropolitan area. The North West area comprises four of the five richest municipalities in Spain: Pozuelo, Majadahonda, Las Rozas and Boadilla. These areas have been traditionally active in the real estate market given their above-average purchasing power (both compared to Madrid and to Spain) coming from their high income per capita levels and very low levels of unemployment. There are many other municipalities in the metropolitan area where demand has been growing, including Tres Cantos, Torrejón, Rivas, Cañaveral, Vallecas, Getafe, Leganés, Móstoles, Valdemoro, among others.

Since the beginning of 2017, strong demand has started to drive up the price of new-builds. The current low cost of financing, the limited amount of new construction stock and the existence of demand that in recent years has been unable to find suitable housing options, have contributed to maintaining a positive trend in Madrid.

Barcelona (2020 population: 5.64mm)							
Key Performance Indicators	**2007**	**2010**	**2015**	**2019**	**1Q2020**	**2Q2020**	**3Q2020**
1 Sqm Prices of New Homes (€/sqm)	2,697	2,511	1,909	2,406	2,410	2,362	2,365
2 Sale and Purchase Transactions of New Homes (#)	20,484	11,022	3,472	5,017	1,040	1,188	1,681
3 Land Acquisition Transactions (#)	3,756	1,132	1,319	1,598	274	214	361
4 Value of Land Acquisition Transactions (€m)	639	74	65	75	46	55	69
5 Sqm Prices of Urban Land (€/sqm)	420	307	234	223	216	203	196

Source: Ministry of Public Affairs

The increasing demand in the housing market in Barcelona has driven prices of new homes to grow steadily since the crisis (at a compounded annual growth rate of approximately 5.0% between 2015 and 2019). Due to the pandemic, in 2020 the value of the housing market has decreased. The largest decreases in HPA during Q4 2020 have been in the districts of Ciutat Vella and Eixample. In general, the rest of the capital shows smaller drops in value.

Málaga (2020 population: 1.68mm)							
Key Performance Indicators	**2007**	**2010**	**2015**	**2019**	**1Q2020**	**2Q2020**	**3Q2020**
1 Sqm Prices of New Homes (€/sqm)	2,283	1,914	1,503	1,811	1,809	1,811	1,789
2 Sale and Purchase Transactions of New Homes (#)	19,526	8,212	2,636	3,657	989	817	1,552
3 Land Acquisition Transactions (#)	1,765	755	650	1,088	152	95	146
4 Value of Land Acquisition Transactions (€m)	406	52	52	85	42	29	35
5 Sqm Prices of Urban Land (€/sqm)	303	303	226	256	238	234	241

Source: Ministry of Public Affairs

During the period comprised between 4Q 2020 and 3Q 2020, Málaga has been the province that has recorded the highest number of housing transactions, reaching 28 transactions per every thousand units of the territory's stock (well above Spain's aggregate figure of 19 transactions). This rate of transactions is expected to continue as Málaga has also been the province where most permits have been granted during the same period (7 permits per every thousand units of the territory's stock).

Sevilla (2020 population: 1.96mm) Key Performance Indicators	2007	2010	2015	2019	1Q2020	2Q2020	3Q2020
1 Sqm Prices of New Homes (€/sqm)	1,708	1,648	1,271	1,312	1,349	1,301	1,290
2 Sale and Purchase Transactions of New Homes (#)	15,234	7,191	1,747	2,065	404	537	433
3 Land Acquisition Transactions (#)	3,139	1,332	1,002	1,019	180	185	309
4 Value of Land Acquisition Transactions (€m)	167	37	20	26	9	11	14
5 Sqm Prices of Urban Land (€/sqm)	238	206	131	156	130	148	125

Source: Ministry of Public Affairs

Seville has a robust housing market, proven by the fact that prices have managed to increase throughout the years (2015-2019) even though sale and purchase transactions have slightly decreased over time.

Valencia (2020 population: 2.57mm) Key Performance Indicators	2007	2010	2015	2019	1Q2020	2Q2020	3Q2020
1 Sqm Prices of New Homes (€/sqm)	1,557	1,420	1,071	1,182	1,184	1,151	1,180
2 Sale and Purchase Transactions of New Homes (#)	20,910	11,138	2,270	1,916	400	353	879
3 Land Acquisition Transactions (#)	1,711	619	518	889	148	112	174
4 Value of Land Acquisition Transactions (€m)	179	30	19	57	27	9	17
5 Sqm Prices of Urban Land (€/sqm)	373	231	172	186	156	150	167

Source: Ministry of Public Affairs

House prices in Valencia have remained relatively steady throughout the years (2014-2019 CAGR of 2.5%). However, in the capital of Valencia, where Vía Célere has most of its presence, the average price per square meter is much higher (€1,439 as of Q4 2020).

Rental market overview

Multi-family housing will continue to boom with growing interest in build to rent *(BTR)*

Over €2,600 million was invested in multi-family developments in 2020, making it the most popular asset class among Spanish investors. Of this, more than €1,700 million went to the PRS (Private Rented Sector) and BTR (Build to Rent) segments. Indeed, the favour bestowed on BTR in 2020 was remarkable: its 2019 investment volume was more than doubled largely due to a lack of opportunities in PRS. In fact, BTR accounted for 52% of multi-family residential investment in 2019, which corresponded with the construction of around 3,660 rental homes. Despite the surge in BTR homes, the average age of existing stock continues to be very old approximately 43 years.

Activity clustered around Madrid and Barcelona, although a number of other secondary locations have been attracting a lot of interest. In terms of investor profile, the current heavyweights are mainly investment funds, institutional investors and SOCIMIs. North American funds are the main leaders in both the BTR and PRS sectors. We believe this will continue to be the trend in 2021 onwards. In any case, out of the total rented houses in Spain—approximately 3.4mm in 2019 according to INE—only a small % will be owned and managed by institutional investors, SOCIMIs and investment funds, based on various industry data.

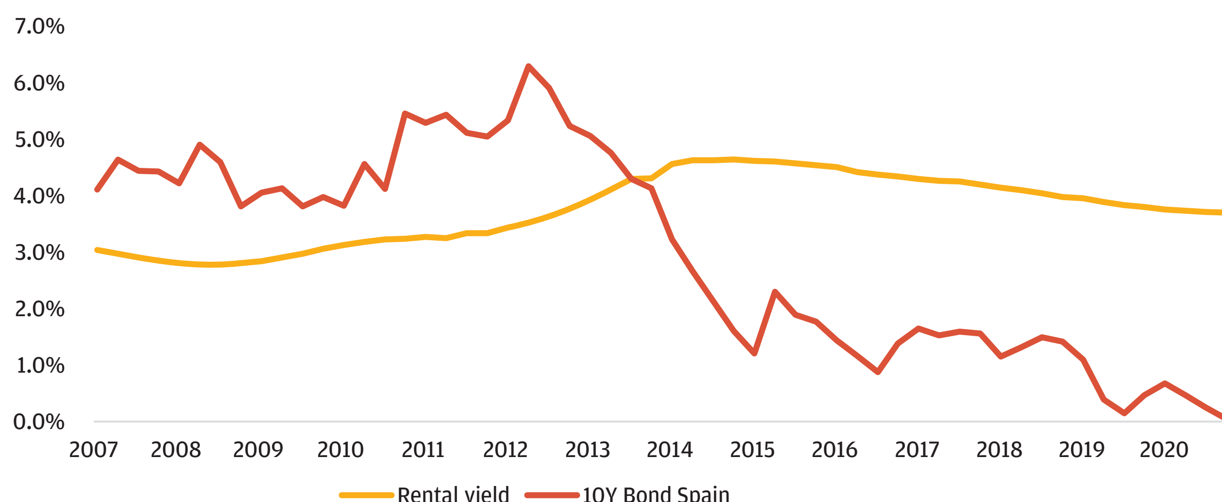
The rental yield in Spain has continued to decrease and the latest available figure as of December 2020 is of 3.7% decreasing from the 4.6% achieved in 2014, although it is still well below from current interest rates. We believe the multi-family development segment will perform positively in 2021, spurred on by predictions of increased demand and strong investor interest.

According to the Housing and Land Observatory bulletin published by the Ministry of Public Works, the percentage of Spanish households that rented their homes increased by 29% in just 11 years, from 13.6% in 2007 to 17.5% in 2018.

Source: Ministry of Public Works

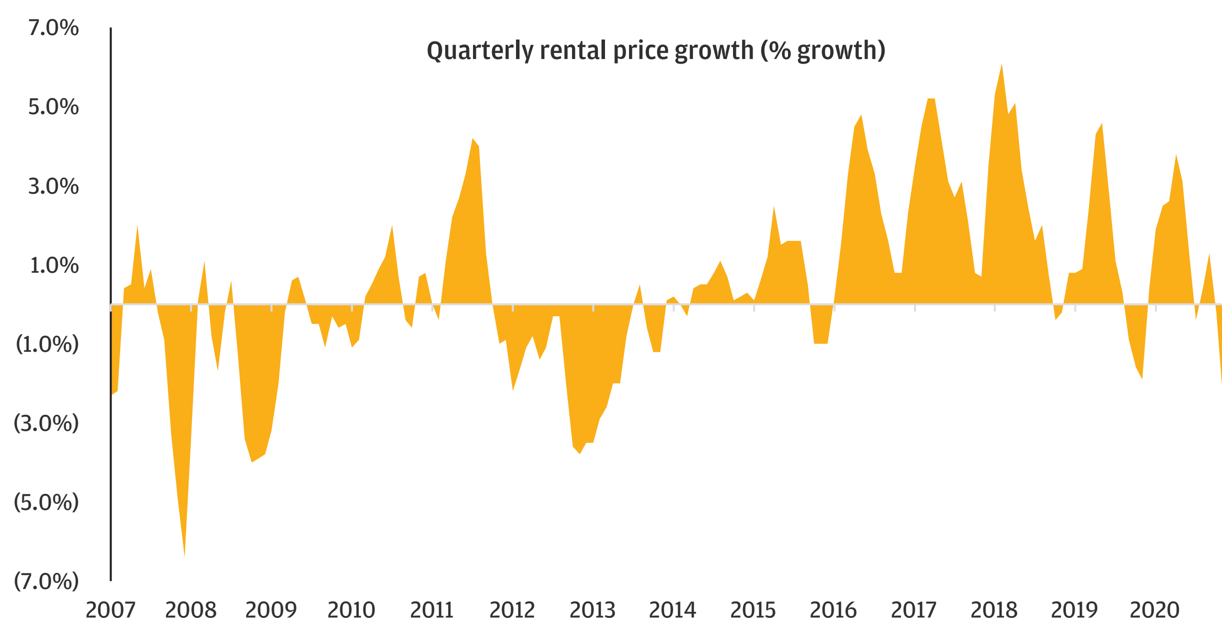
Nevertheless, Spain still has a long way to catch up its European peers, considering that in the EU-19 the rental market has an average share of 33.9% (that % in Spain currently stands at 17.5%).

Source: Colliers



Source: Bank of Spain

Prime yields in Madrid and Barcelona are stable at 3% and 3.5% respectively, with no significant change anticipated for 2021. This yield stability is a common theme across a number of major European cities. Prime yields were similarly stable in both Madrid and Barcelona at 3Q 2020 (€16/sqm/month for both), according to Catella.



Source: Idealista

During the period from 2016 to 2019, the housing price growth was supported by rental price growth pick up in Spain, reaching a nine-year high quarterly growth of 5.0% in the first quarter of 2018. This overall Spanish growth is mainly driven by Madrid and Catalonia, where Vía Célere is particularly focused. Increasing rental prices typically drive households into considering owning, which in turn drives housing prices. While rented accommodation is starting to gain ground compared to owned housing as Spain progressively moves towards the European average (source: Eurostat).

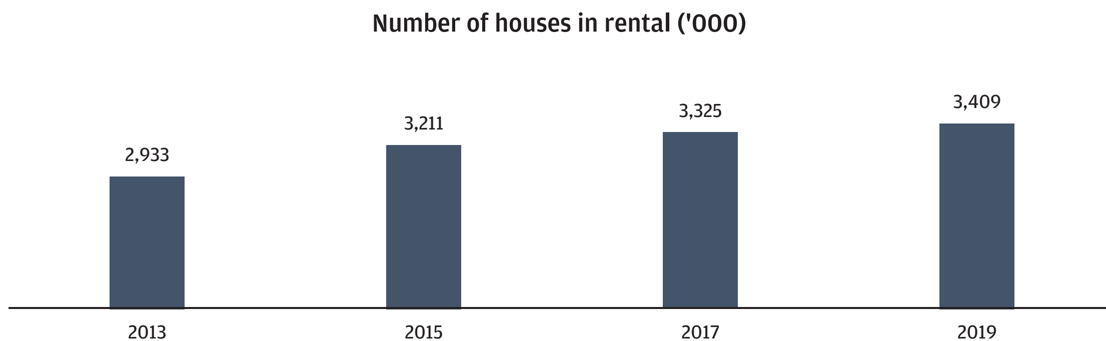
Rents in Madrid hit bottom in 2014 and have risen steadily since then, having increased by a cumulative 40-50% in the last six years (as of April 2020). The public health crisis has brought about a change in trend, with average rents falling by almost 4% from the peaks recorded at the beginning of 2020. The average rent has reached €14/sq m/month in Madrid and Barcelona, €10/sq m/month in Málaga, €9/sq m/month in Sevilla and €8/sqm/month in Valencia. (source: Colliers).

Source: Idealista

The current price (Q3 2020) for the regions in which the company operates is still off the peak in the 2006–Q3 2020 period according to Spanish Ministry of Public Works. (Source: Ministry of Public Works). According to Colliers, the cities with the highest average rents are Madrid and Barcelona.

Rise in demand of residential product continued until 2019 and is expected to pick-up once the COVID-19 crisis is finalized.

The shift from ownership to renting evident since 2005 has continued unbroken, with 24% of households renting their homes in 2019. The below graph shows the number of Spanish households renting a dwelling across the years 2013, 2015, 2017 and 2019.



Source: INE

Despite a general toughening of financing conditions, traditional banks are still keen to fund PRS (Private Rented Sector) projects, subject, of course, to satisfactory scores for both the sponsor and the proposed location.

This, together with a trend towards industrialization, will help shorten time frames and bring down costs, two decisive factors for investors and developers negotiating BTR deals.

The outlook for multi-family developments is very positive, with all indicators pointing to burgeoning demand and intense institutional investor interest.

The trends highlighted above still show that the Spanish residential and construction sectors are resilient and support the argument that future growth can be expected once the COVID-19 impact has been finalized. The industry is cyclical and after hitting a trough following the global financial crisis, it appears to be better placed for the recovery compared to the situation following the previous financial crisis.

Regulation

Set forth below is a summary discussion of the current Spanish regulatory environment relating to the developers and construction market. This discussion is intended to provide a very general outline of the most relevant applicable regulations in Spain and is not intended as a comprehensive discussion of such regulations. You should consider the regulatory environment discussion below as it could have a material impact on the Group's business and results of operations in the future.

The development of residential properties is subject to a number of legal requirements. In particular, this section intends to be an introduction to the Spanish legal regime regarding (a) the planning and zoning procedures regarding the implementation of residential developments; (b) residences licensing requirements; and (c) specific requirements resulting from specific housing regulations.

It is important to note that from an administrative standpoint the Spanish territory is divided into seventeen autonomous regions (Comunidades Autónomas), two autonomous cities in Northern Africa and more than eight thousand municipalities. Considering the above, there are three different levels of government: (i) municipal (local entities), (ii) autonomous regions and (iii) the central government. These three territorial administrations have their own autonomous political bodies and have decision-making powers in various areas including urban planning, tourism, housing, retail, and environmental protection. In addition, the European Union regulations have also a relevant impact into the Spanish legal framework, concerning matters such as private contracts or consumer's protection, among others.

As a result, the legal framework regarding residential developments is far from being uniform. It is and will be affected and conditioned by different regulations which depend on the autonomous region and municipality hosting the residential developments.

In addition to the abovementioned description, see "*Business—Detailed Value Chain*" section of this offering memorandum for additional details on our land permitting procedures in accordance with these regulations.

Urban Planning

Residential developments and land zoning

Residential developments entail a specific and relevant use of the territory. Thus, the parameters and terms according to which these projects can be developed depend on the urban planning regime of the land on which they are to be developed.

In this respect the urban land planning regime is not uniform throughout Spain. According to Spain's constitutional framework of distribution of subject-matter competencies, the autonomous regions are the territorial administrations with the power to legislate on planning matters. Accordingly, the urban regime of the land within the national territory would be primarily defined by the different planning laws enacted by the different autonomous regions and also, in basic aspects, by the national regulations on land (Royal Legislative Decree 7/2015, of October 30 approving the consolidated text of Urban Refurbishment and State Land Act, the "*TRLS 7/2015*"), as the national parliament has the right to establish the basic conditions guaranteeing the equal exercise of rights and fulfilment of constitutional duties regarding the land.

The urban regime of the land is linked to a specific urban classification (*clasificación urbanística*). The urban classification of each municipal territory is made by the local general plan of the relevant municipality (normally a General Plan —Plan General-) which, although it is drafted and prepared by the relevant city council, is finally approved by the government of the relevant autonomous region. Therefore, the approval of a planning instrument is divided in two phases:

- Phase 1 with the municipality: Which includes: (i) initial approval; (ii) a public information procedure with respect the planning initiative and the initial approval and (iii) a provisional approval.

- Phase 2 with the autonomous community: which include the definitive approval and must be published in the official gazette of that autonomous community.

In addition to General Plans, municipalities may also start (i) partial plans (*Planes Parciales*), which allow the detailed execution and development of some area covered by the General Plan; (ii) special plans *(Planes*

Especiales) that are used to regulate from a more accurate approach a particular zone for the sake of preservation, clarification and/or ampliation of the existing elements and infrastructure. Both, partial and special plans can be initiated by the municipality or private but which approval is public and (iii) detailed surveys (*Estudios de Detalle*), which complement and develop the abovementioned plans with respect to construction volumes and ground levels. Please note that the urban plans usually have different denomination depending on each autonomous community.

Although there is not a general maximum term for the definitive approval of land planning, we have estimated internally through a sample of our records that the average time of approval depends on the scope of the planning instrument:

- General Plans or amendments thereof: approximately 3 years.
- Smaller-scale plans: from approximately 6 months for detail studies to approximately 24 months for partial or special plans.

In general terms (differences might exist depending on the autonomous region), the land within a municipality is to be divided by the General Plan in the below different categories:

- Rural land (*suelo rústico o suelo no urbanizable*): The ordinary use of these plots is agricultural, farming, livestock, forest activities, etc. As a general rule, in rural land it is not possible to execute constructions or buildings, except in very extraordinary circumstances that must be strictly interpreted and that only allow constructions or buildings linked to the rural activities, such agriculture or farming.
- Land suitable for development (*suelo urbanizable*): Such land includes those plots that, are to be transformed into urban land upon completion of the urban development process to satisfy the growth needs of the municipality. Within this category are the following sub-categories:
    - Unregulated developable land: This is land suitable for development but with no delimitation of sectors and no General Plan yet approved.
    - Regulated developable land: This land includes land suitable for development in which a specific plan has already been approved with the necessary zoning in place but for which some of the necessary urbanization planning, including reallotment project, is pending.

Rural land, unregulated developable land and regulated developable land are together defined as Strategic Land in this offering memorandum.

- Land suitable for development (*suelo urbanizable*) where in addition to the General Plan as detailed above, at a minimum, the most specific land use planning, a reallotment project, has already been approved, and therefore, the reorganization of land plots and the building rights are detailed. Such plots are defined as Fully Permitted Land in this offering memorandum.
- Urban land (*suelo urbano*), that refers to those plots already included in the city structure that enjoy all the necessary services and road access, public services, etc., therefore with all of the utilities and services required for urban land uses and real estate development in place, subject to obtaining the relevant construction permit. Such plots are defined as Ready to Build Land in this offering memorandum.

Construction is not allowed until detailed planning instruments are approved and the full planning execution process is completed (being those considered Ready to Build Land, as defined in this offering memorandum). Residential developments will be developed on land classified by the General Plan of the relevant municipality as urban or suitable for development and designated as residential.

In respect of those residential developments projected on land suitable for development, since the urban development process has not been completed, their construction and use will require the prior fulfilment of a number of legal obligations inherent to the legal regime of this category of land. Such requirements include: the approval of specific and detailed zoning plans (Special Plan, Partial Plan, Detail Survey) normally approved by the city councils containing the specific planning parameters governing the plots included in a development unit (footprint, detail uses, set-back requirements, etc.); the assignment to the city council for no consideration of the land destined to public roads, parks, etc., fair distribution among owners of the rights and obligations (*equidistribución*), execution of the public infrastructures of the development unit, etc.

In general terms, applicable regulations require the completion of the public infrastructure works (roads, sewage, water and electricity supply, etc.) prior to initiating any building works. Accordingly, in urban land the developer will be entitled to directly apply for the relevant licenses. In respect of land suitable for development, the developer will not be entitled to apply and obtain the relevant licenses to build the project until the land has been transformed into urban land (completion of the public infrastructure works). As an exception to this general rule, developers will be allowed to start the construction of their project, (even if the urbanization works have not been concluded) in the event that, among other things, there is no discussions around the reallotment (*reparcelación*) of the plot, they undertake not to use the construction until the urbanization works are fully completed by the administration or entity responsible for their execution (such urbanization works need to be already under construction to a certain extent) and to include this undertaking in the contracts that might be entered into to transfer the ownership of the plot, and, finally they deliver a guarantee in order to guarantee full completion of the infrastructure works. These lands are also considered Ready to Build Land in this offering memorandum. In accordance with the above, the main duties for the developers if they become responsible for the urbanization works are the following:

- to implement the necessary urban infrastructures at their cost;
- to grant the necessary land for green zones and public services buildings; and
- to grant to the public administration between 5 and 20% of the total value of the development (value capture schemes of the Spanish Planning Law).

Licenses required for the development of residences

Once the urban development of a site has occurred (and therefore the land is considered Ready to Build Land) the construction and effective use of the relevant buildings is possible, although always subject to the granting of a number of licenses and permits by the relevant authorities (in this case Municipalities), since this way the authorities may control that the constructions and the activities carried out in these new constructions are in compliance with the planning and environmental regulations.

Local authorities are required to grant the license applications whenever they comply with the applicable planning regulations.

The detailed rules regarding "*licenses*" are normally established in local regulations, and may be, and mostly are, different in each municipality. This notwithstanding, the following rules are applicable everywhere in Spain:

- Licenses must be applied for by the developer of the project ((Article 9.2.c) of the Law 38/1999 of November 5 Regulating Construction) (*Ley de Ordenación de la Edificación* or "*LOE*").
- License applications must include the technical documentation (projects) allowing local authorities to assess whether the intended construction complies with the relevant planning regulations.
- Regional and local regulations set out a deadline for local authorities to issue the licenses (normally three months from the date the license application is filed). Failure to issue the license within the deadline entails the tacit rejection of the license (Article 11.4 of TRLS 7/2015).
- Liability for failure to obtain these licenses may range from the imposition of a fine, the demolition of the works (if cannot be and/or are not legalized) and closing of the premises.

The specific permits required for the construction and use of buildings, and their names depend on the local regulations, but they mainly include the construction license and the first occupancy license (licenses related to the construction works) and the activity and opening licenses (licenses related to the activities). Some regional and local regulations have substituted the need of licenses by sworn statements *(declaraciones responsables)* or mere notifications to the city councils. Further, some autonomous regions (e.g., Catalonia or Balearic Islands) require certain habitability certificates (*cédulas de habitabilidad*) to prove that the residences comply with the minimum habitability requirements.

Construction licenses

- Works licenses (*licencias de obras*)

Works licenses must be obtained prior to starting any construction works. These permits cannot be granted unless the residential units are to be built in accordance with the applicable planning regulations.

In this regard, the purpose of the works licenses is to verify that the corresponding application (in particular, the construction project that must be tabled along with the works license's application) complies with all the urban and land regulation requirements. If so, the works license will be granted; if not, the City Council will normally notify how the referred works project has to be amended in order to comply with the applicable requirements. Work licenses, once granted, have a temporary nature (i.e. the works must be stated and executed within the specified timeframe).

- First occupancy licenses (*licencias de primera ocupación*)

These licenses must be obtained once the building works have been concluded and provided the works license has been granted. These licenses are closely linked to the works licenses described above. By granting the first occupancy license, local authorities authorize the use of the building constructed once it has checked: (i) that the works have been carried out under the works license in accordance with the provisions thereto and other applicable regulations, and (ii) that the works have been duly completed. To this end, the municipal services will visit the constructed building to verify these circumstances. However, depending on the applicable regulations, first occupancy licenses might be replaced by alternative administrative titles such as sworn statements or notifications to the relevant Administration.

- Occupancy certificates (*cédulas de habitabilidad*)

These certificates verify whether all the conditions established by the regulations on housing are fully met, so the building can be properly used as a home. The necessity and the circumstances of these certificates change depending on each autonomous community and, in several cases, have been replaced by other administrative titles such as first occupancy licenses.

Recording the residential development in the land registry requires, among others, the granting of the first occupancy license.

- Sworn statements (*declaraciones responsables*)

Despite the fact that Spanish Urban Planning legislation (state and local legislation) originally imposed the requirement to obtain licenses or authorizations in order carry out, amongst other activities, the development and construction works we undertake as part of our business operations, Law 12/2012, of 26 December, of urgent measures for the liberalization of trade and certain services (*Ley 12/2012, de 26 de diciembre, de medidas urgentes de liberalización del comercio y de determinados servicios*) and TRLS 7/2015 were enacted to partially put an end to this type of requirements, thereby replacing authorizations with notifications or sworn statements (*declaraciones responsables*). Taking into account that Urban Planning is the responsibility of each Spanish autonomous region (*comunidad autónoma*), it is up to the respective legislative assemblies of such territorial entities to decide which activities require local licenses, which ones require the fulfilment of additional conditions such as the need to obtain approvals from the competent public authorities and bodies of each autonomous region (*comunidad autónoma*) if the actions affect undeveloped land and which others will be subject to notification or sworn statements (*declaraciones responsables*) in order to be carried out and which will are exempted from any of these formal requirements.

These notifications and sworn statements (*declaraciones responsables*) essentially entail a representation by the relevant party before the competent public authorities or bodies of its intention to undertake and carry out certain development and construction works in compliance with applicable requirements. Each sworn statement (*declaraciones responsables*) shall include, summarily: (a) a declaration that the requirements established in the applicable laws and regulations to the particular activity whose commencement is sought are met; (b) that the documentation and records kept in relation to the actions and activities carried out will serve as proof of such compliance; (c) that the relevant party undertakes to continue complying with such applicable laws and regulations while it carries out its activities; and (d) that the relevant party also undertakes to provide the relevant public authorities or competent bodies with any necessary documentation or records if requested.

The substitution of the review and license concession process by public authorities or bodies by the need to submit sworn statements (*declaraciones responsables*) to such entities has entailed a reversion of responsibility whereby *ex post* reviews of the activities of the relevant party are carried out to verify compliance with the applicable regulatory requirements and any other contents included in each sworn statement (*declaraciones responsables*). *See Risk Factors—We may not be able to secure construction permits or planning permission for developments on a timely basis or on economically viable terms, or at all.*

Residential developments and housing regulations

In addition to zoning regulations, both at a national and a regional level there are a wide number of regulations on housing matters.

Article 149.1.13 of Spanish Constitution grants exclusive authority to set the basis and coordinate the general planning of the economic activity to the State. This constitutional authority allows for national legislation on housing. Article 148.1.3 of the Spanish Constitution grants powers on housing matters to the autonomous regions.

At a national level, it should be highlighted in particular the LOE. This piece of legislation establishes the relevant regulations governing the building process (complementing the legal configuration of the agents/participants intervening in the building process and their liabilities) as well as the general framework to guarantee the quality of the buildings (it defines the basic requirements of the construction, further specified in the technical construction code approve by Royal Decree 314/2006, of March 17) and guarantees in favor of users in the event of building damages. The main contents of the law are summarized below:

- It defines the duties and liabilities of all the agents/participants intervening in the building construction process.
- Residential developers would be obliged to underwrite a ten-year insurance policy covering the material damages that could be caused to the building affecting the structural stability and security. The excess of the insurance cannot exceed 1% of the insured amount.
- Developers would be obliged to deliver to the final building users the project, the works acceptance certificates, detail of all the agents intervening in the building constructive process, instructions for the use and maintenance of the building and its installations (all this documentation would integrate the so-called "*Book of the Building*").
- It establishes certain requirements if developers receive from purchasers payments on account for the construction of the building. In particular, the developer would be obliged to (i) guarantee the reimbursement of the payments made plus interests; (ii) receive the payments through financial entities where they would have to be deposited in restricted accounts and from which withdrawals could only be made to attend constructions costs.

See "*Risk Factors*" for more information in respect to the liability regime contemplated in the Spanish LOE.

Another piece of relevant national legislation on housing is Royal Decree 515/1989, of April 21, (and its applicable regulation in other autonomous communities) regarding protection of consumers in respect of the information that has to be delivered upon sale and lease of residences. This piece of legislation applies to the offer, promotion and publicity that could be carried out by persons in the framework of its entrepreneur or professional activity for selling and leasing residences to consumers. Royal Decree 515/1989 identifies some information and documentation (maps of the residence, description of the residence and its installations, copy of the permits and authorizations, planning information, structure of the community of owners, supply and service contracts, contractual information for the acquisition of the residence, etc.) that have to be made available to the public and the relevant authorities. It is expressly required that purchase contracts are drafted with clarity and simplicity.

At a regional level, the autonomous communities in Spain have profusely enacted regulations on housing according to their constitutional prerogatives (although in some cases they have enacted regulations that go beyond their power giving rise to challenges by the Spanish Government before the Spanish Constitutional Court). These housing acts are aimed at defining at a regional level the different housing policies and, in

particular, to make citizens' right to a decent housing a reality. These regulations include also provisions to guarantee the quality of the residences and the protection of prospective purchasers.

Some autonomous communities have enacted regulations containing specific measures to avoid empty housings (creating new taxes for empty residences, increasing the real estate tax of empty residences, mandatory leases and even the possibility of imposing fines or of expropriating the residence—the efficacy of some of these provisions is currently suspended as their conformity with the Spanish Constitution has been challenged by the Spanish Government before the Spanish Constitutional Court). In this sense, it also should be borne in mind that the Ministry of Transportation, Mobility and Urban Agenda is processing at this moment the pre-Bill (*Anteproyecto de Ley*) for the Right of Housing, which has to be adopted as Bill (*Proyecto de Ley*) by the Council of Ministers. This will file it before the Parliament (*Cortes Generales*), which will pass it as a Law, following the corresponding legislative procedure. By filling this Bill, the Government's will is to include the aforementioned measures in the State regulatory level.

Apart from sales operations, housing also are devoted to lease. In this regard, Law 29/1994, of November 24, on Urban Leases and—in the event of illegal occupants eviction—Law 1/2000, of January 7, on Civil Procedure apply. Recently, the autonomous community of Catalonia has passed a new regulation to control lease prices (Law 11/2020, of September 18, on urgent measures regarding prices control in housing lease contracts), even though it has already been challenged before the Spanish Constitutional Court. In addition, COVID-19 State regulations, such as Royal Decree-law 37/2020, of December 22, on urgent measures to deal with situations of social and economic vulnerability in housing and in transport, have also consequences on housing leases: mandatory extensions, prohibition of evictions, reduction or forgiveness of debts, etc.

It is important to note that, according to Spanish law, recording buildings in the land registry is not mandatory. This notwithstanding, due to the publicity and protection given by the land registry and the fact that mortgages only exist upon their registration in the land registry, such registration has become in practice highly recommended. These last years, Spanish planning, housing and land registry legislation have been coordinated to make sure that residential buildings would only be recorded in the land registry if it is evidenced that the required licenses have been granted and the legal requirements to deliver the residences to the purchasers have been complied with. Accordingly, as a general rule, in order to register a residential building it should be evidenced in the notarized description of the new building (*declaración de obra nueva*) that the works and first occupancy licenses have been granted, that the Building Book has been handed over to the final users and that the ten-year insurance policy has been underwritten (Article 28 of TRLS 7/2015).

Business

Overview

Vía Célere is the leading developer of residential homes in Spain based on units delivered, as of December 31, 2020, with 1,932 units delivered in 2020. Our core business is the acquisition and development of land in Spain for residential purposes, and our main product is multi-family developments targeted at the mid-to mid-high segment of the Spanish housing market for primary residences (with an ASP for the year ended December 31, 2020 of €316,000). We believe that we have a high-quality and well-located land bank which, as of December 31, 2020, had the estimated capacity to support the development of 21,189 potential units.

We have three business lines:

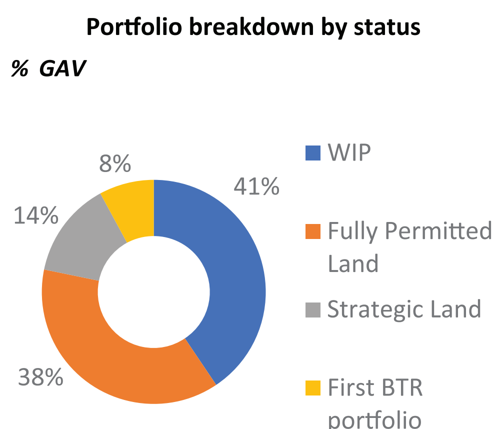
1. **Build-to-sell** (“**BTS**”) is focused on the development and sale of primary residences in multi-family developments, has been our main line of business since inception and is currently the cornerstone of our strategy.

2. **Build-to-rent** (“**BTR**”) is focused on the development of rental real estate to capitalize on the increasing demand for rental homes. We are focused on the development and divestment of BTR units on (or shortly after) completion, and do not intend to undertake the asset management and rental of these units in the long term. We target institutional investors as purchasers of rental property developments who will operate the units as rental properties.

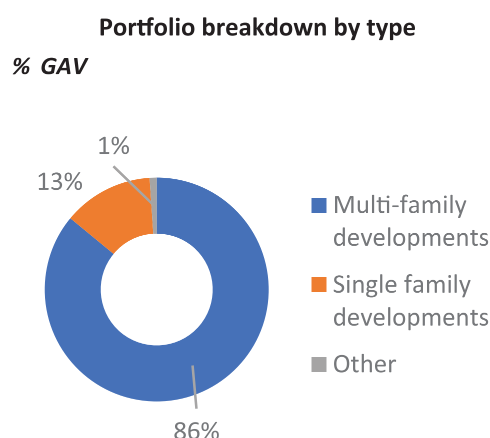
3. **Land management** is a complementary activity to support growth in our BTS and BTR divisions that leverages our capabilities to transform Strategic Land (land suitable for development) into Fully Permitted Land (reallotment project approved). Fully Permitted Land feeds one of the other main activities, with the optionality of selling land plots with a value maximization and asset rotation approach.

Based on the Valuation Report, our portfolio had, an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million as of December 31, 2020. The following graphs break down our portfolio by asset development status and by type of primary residence property, each as of December 31, 2020:

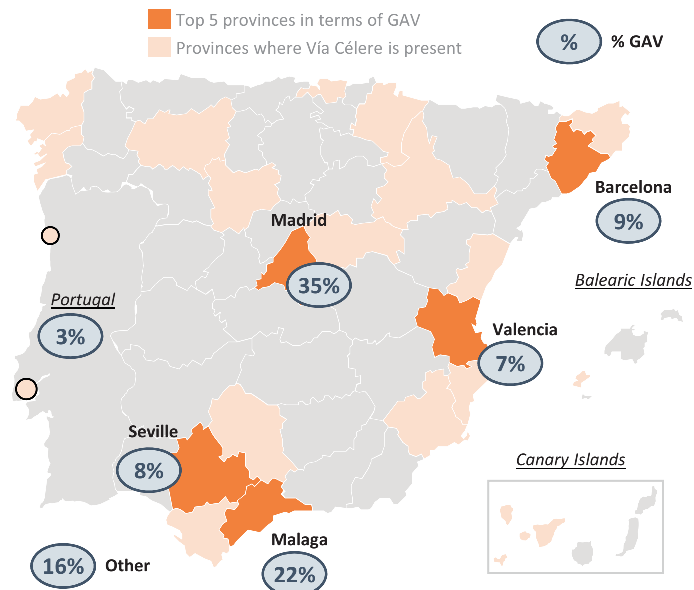
Portfolio breakdown by status



Portfolio breakdown by type



We specialize in the Spanish residential industry, focusing on the development of primary residences and, to a lesser extent, on vacation homes. We primarily target areas for land acquisition and development where we believe that there is clear demand for new housing. In particular, we focus our operations on five key provinces in Spain: Madrid, Málaga, Barcelona, Seville and Valencia, as shown in the map below:

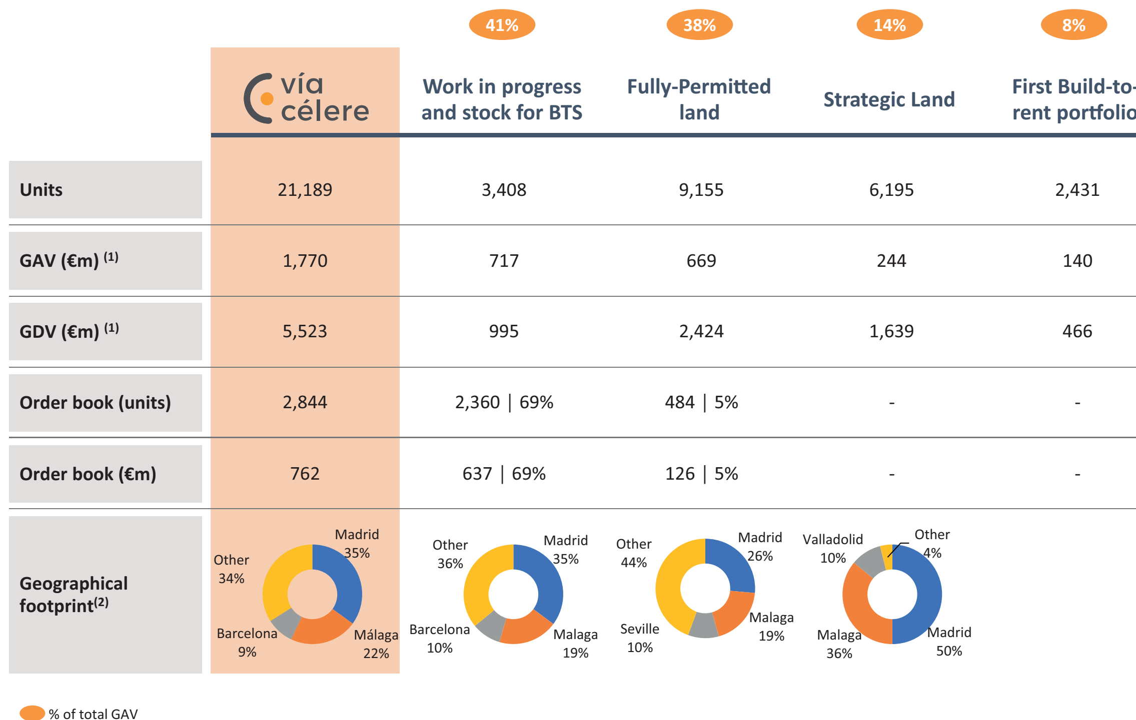


Our top five regions represent 81% of our total land bank and are the key areas of higher household creation based on public statistics (representing approximately 54% of the net household creation in Spain and an implied growth over the 2020-35 period of approximately 8% compared to Spain's average net household growth of approximately 6% for the same period based on Instituto Nacional de Estadistica).

Our activity is managed through highly experienced regional branch managers and support teams with in-depth knowledge of their respective markets and long-term relationships with local private companies, financial entities, public administrations, suppliers and other relevant stakeholders in each region. Our management team, with experience across various economic cycles, together with our skilled regional branch managers, control all stages of the value chain in our residential development process, including land acquisition, urbanization planning and housing development. We employ a mixed model that combines an extensive range of activities undertaken in-house with outsourcing to selected external service providers such as architects, sub-contractors, construction companies and, when targeting foreign buyers, sales agents. While we retain control over all critical decisions in the process and undertake most land acquisition and development tasks in-house, outsourcing allows us to control our fixed costs and scale our business with relative ease.

We have a high-quality land bank which provides visibility on future residential development activity. Based on the Valuation Report, our portfolio has an aggregate GAV of €1,770 million and an aggregate GDV of €5,523 million, which is composed of Fully Permitted Land with an aggregate GAV of €1,526 million and an aggregate GDV of €3,884 million, and Strategic Land with an aggregate GAV of €244 million and an aggregate GDV of €1,639 million, each as of December 31, 2020, and excluding land on which we have a purchase option. For additional information on the calculation of our aggregate GAV and GDV, see "*Business—Detailed Business Overview—Portfolio*." We estimate that our portfolio of both Fully Permitted and Strategic Land would allow the construction of approximately 21,189 potential units. As of December 31, 2020, approximately 86% of our land bank is Fully Permitted Land (approximately 47% of which are WIP and 31% are Ready to Build Land) and approximately 14% of our land bank is Strategic Land, in each case as a percentage of aggregate GAV.

The following graph sets forth the values and size of our land bank across various stages of development and geographies:



	vía célere	Work in progress and stock for BTS (41%)	Fully-Permitted land (38%)	Strategic Land (14%)	First Build-to-rent portfolio (8%)
Units	21,189	3,408	9,155	6,195	2,431
GAV (€m) [1]	1,770	717	669	244	140
GDV (€m) [1]	5,523	995	2,424	1,639	466
Order book (units)	2,844	2,360 | 69%	484 | 5%	-	-
Order book (€m)	762	637 | 69%	126 | 5%	-	-
Geographical footprint[2]	Madrid 35%, Other 34%, Barcelona 9%, Málaga 22%	Other 36%, Madrid 35%, Barcelona 10%, Malaga 19%	Other 44%, Madrid 26%, Seville 10%, Malaga 19%	Valladolid 10%, Other 4%, Malaga 36%, Madrid 50%	

% of total GAV

Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of BTS deliveries achieved for the two years ended December 31, 2020, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP units (including stock), with an aggregate GDV of €995 million, with construction progress of 90% and 43% for the units expected to be delivered in 2021 and 2022, respectively. We also have 1,383 additional BTS units that were not work in progress but are already under commercialization. We will continue to leverage this favorable market well into the future with healthy pre-sales levels in our BTS business line which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We expect our selling, general and administrative costs to gradually decrease in the next two years so as to achieve a level closer to selling, general and administrative costs in 2018. In addition, we have also applied for licenses to commence construction on 2,431 units in our BTR business line, 20% of which we have secured as of December 31, 2020. Building licenses are generally obtained within six to twelve months from application and are followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter, with similar margins and construction costs as our BTS division.

Our land bank portfolio is sufficient for us to deliver units for over 10 years at the average annual production levels achieved for the last two years ended December 31, 2020 and December 31, 2019 of 1,553 units per annum. Accordingly, we are positioned to fully execute our business plan for both our BTS and BTR business lines without the need to acquire any additional land, freeing us to undertake only opportunistic and highly attractive land acquisitions, while continuing to complete non-core land sales, in each case, in line with our reinvestment policy. For the year ended December 31, 2020, revenue from non-core plot land sales amounted to €47 million.

Depending on the complexity, location of a project and our market knowledge, we employ either our supervision project management, in which we oversee the construction process led by external construction companies, or, in a select number of developments, we employ our full project management model, in which we act as a general contractor. Our ability to act as a general contractor through our full project management and our strong relationships in the local construction industries within our focus regions allow us to step into

projects when a construction company is not performing and provide us with negotiating flexibility with construction companies, contractors and sub-contractors to minimize cost overruns and delays.

Our sales to domestic customers, which represent the majority of our sales, are handled by a mixed team of in-house and external sales personnel, while sales to foreign buyers are mainly handled by external real estate agents. We believe that our in-house sales function in or central and southern regions allows us to achieve higher sales prices, reduce costs and establish stronger client relationships, which is reflected in our strong client satisfaction ratings. In larger geographical regions in the north and east of Spain, we employ a mix of in-house and external sales teams in order to ensure good service with competitive costs. We are focused on delivering customer satisfaction and currently 93% of our BTS buyers/customers respond that they would recommend us, based on our post-sales customer surveys conducted at delivery.

We are focused on innovation, sustainability and client satisfaction and have won numerous industry and consumer awards in recent years, such as the Ecofin Award for Titan of Finance (2012), Asprima-Sima Awards (2012, 2013, 2015, 2016, 2017 and 2019), the Vía Award for Best Real Estate Developer (2013), Suelo Award (2016), Porcelanosa Award for Best Energy Efficient Project (2016), Cinco Días Award for Most CSR Business Innovation (2017), the OCARE Award for CSR Communication (2018 and 2019), the Capital Radio Award for the Most Innovative Company in the Real Estate Sector (2018), the Actualidad Económica Award to the 100 best ideas of the economical actuality for the Magic House and the La Razón Award for leadership and innovation in real estate development. We believe our focus on sustainability is appreciated by our clients, who value the green credentials of our developments, and is a key message in securing sales.

We also benefit from a positive and highly fragmented competitive landscape in the BTS division, with institutional investors very atomized and representing a small fraction of the new homes built per annum (when compared to other countries like UK or Germany). Relative scarcity of available land and large capital outlays requiring high levels of equity for new participants are barriers to entry into the BTS market.

In the face of economic and public health crises triggered by the COVID-19 pandemic, the residential market fundamentals of home affordability, balance of supply and demand and access to financing remain healthy. Despite closures caused by the pandemic in the first half of 2020, our revenue for the year ended December 31, 2020 exceeded figures from the prior year by 81% with construction activity and unit delivery returning to pre-COVID-19 levels. In large cities in Spain, the undersupply of new homes coupled with affordability ratios at sustainable levels and low interest rates fuel increased demand for more homes for both sale and rent. For the year ended December 31, 2020, our revenue, profit and Adjusted EBITDA were €657.0 million, €49.7 million and €93.4 million, respectively.

Strengths

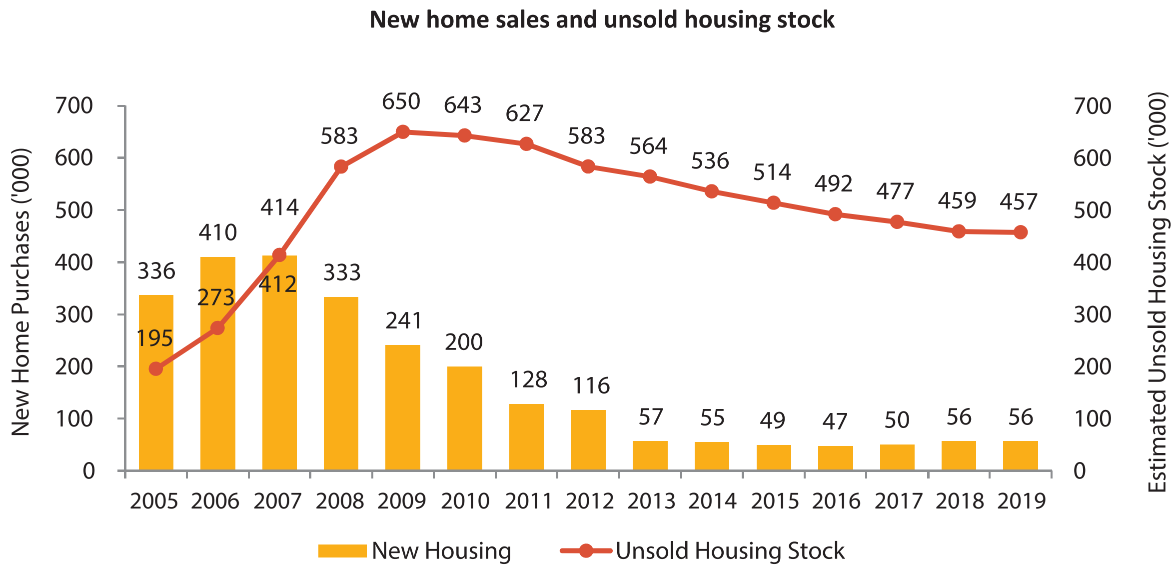
We are well positioned to take advantage of the strong fundamentals of the residential market in Spain proving to be resilient during COVID-19 and with a positive market outlook

We believe that the strong Spanish housing market fundamentals, which proved resilient during the COVID-19 pandemic, will allow us to benefit from the expected stable market in the coming years, in particular by taking advantage of the high quality of our land bank, our industrialized and scalable business model, and our financial flexibility and strong financial position.

Prior to the COVID-19 pandemic, the Spanish residential market was still recovering from the global financial crisis, with most market fundamentals (e.g., prices, affordability, the demand-supply balance, access to financing, demand for rental homes) well below the 2008 peak and at healthy levels. The market has persevered through the COVID-19 pandemic, and we believe that, based on an undersupply of new homes, low affordability ratios with accessible financing at low interest rates, together with a stable annual household creation of over 70,000 (Source: INE), housing demand should rise sustainably in the long-term, specifically in the key regions in which we have presence, as indicated by the INE study.

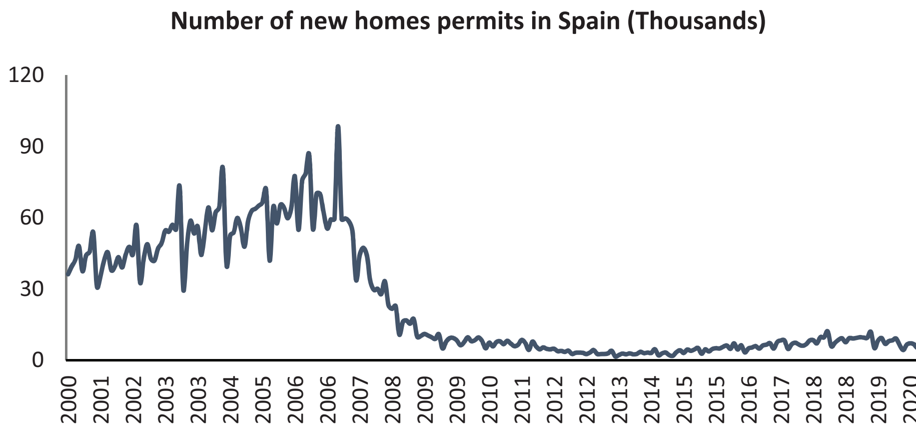
While at the beginning of the global financial crisis Spanish housing stock remained high following a period of aggressive investing in the sector prior to the financial crisis, new housing developments declined from 2007 to 2013 (source: Spanish Ministry of Development), before resurging from 2014 onwards.

The following shows the number of new home sales as against unsold housing stock in Spain across the years 2005-2017:



This factor, together with the general lack of available financing for new development projects and a long period of weak housing demand, translated into a structural undersupply of new homes in certain areas that has continued to present day. The number of new homes built has remained considerably below the number of new home transactions in Spain since 2011 and permits for new builds have remained below household creation since 2008 and currently sits at approximately 0.9x as of September 2020. This has resulted in demand exceeding supply for approximately ten years in a row. The undersupply is expected to continue as approximately 93,000 permits were granted for new builds in Spain for the twelve months ended May 31, 2020 compared to approximately 809,000 at the historical peak in the twelve months ended December 31, 2006.

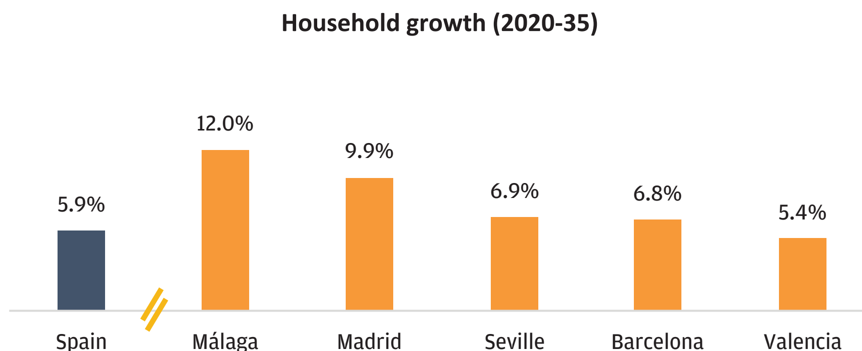
The following graph plots the number of new homes permits in Spain across the years 2000-2020:



In addition, we believe that existing housing stock that was built before the financial crisis is not as relevant, in relative terms, to our key markets of Madrid, Barcelona, Málaga, Seville and Valencia, where approximately 81% of our land bank is located where we believe there is an increased demand for new builds. Net household creation in these provinces is expected to amount to approximately 54% of the net household creation in Spain for the 2020-2035 period, with approximately 8% net household growth in these regions (compared to the national average of approximately 6%) for the same period (Instituto Nacional de Estadistica (INE)). We believe we are able to differentiate our new builds from older housing stock in these areas due to our locations, quality of construction, energy efficiency, amenities and communal areas within our development. This increased demand is evidenced by the absorption of our completed projects, pre-sales levels of ongoing projects and the price premium paid for our new builds compared to the unsold housing stock built prior to the global financial crisis.

Net household creation per annum over the 2020-35 period is expected to amount to approximately 5,000 in Malaga, approximately 3,000 in Seville, approximately 4,000 in Valencia, approximately 17,000 in Madrid and approximately 10,000 in Barcelona, representing approximately 54% of the net household creation in spain. The following chart shows the expected net household growth across the top five regions in Spain for the years 2020-2035:

Household growth (2020-35)

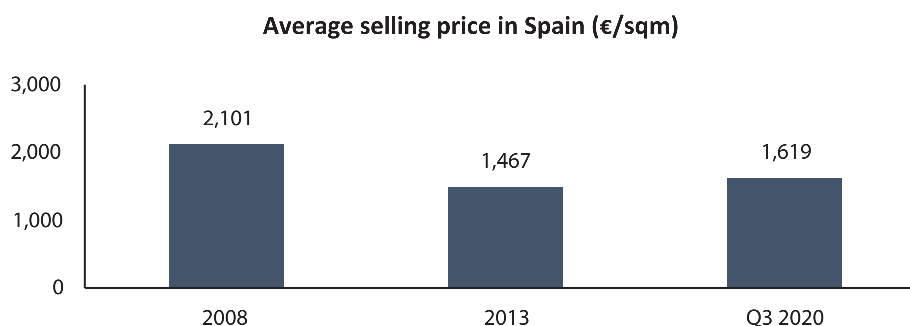


Source: INE

The drop in home prices resulting from the 2008 global financial crisis led to a sustained reduction in prices until 2013 where the market recovered to the current levels which still remain approximately 23% below peak levels. The average selling price of residential homes in Spain for Q3 2020 was €1,619/sqm, compared to €2,101/sqm at its peak in 2008 and €1,467/sqm at its low in 2013.

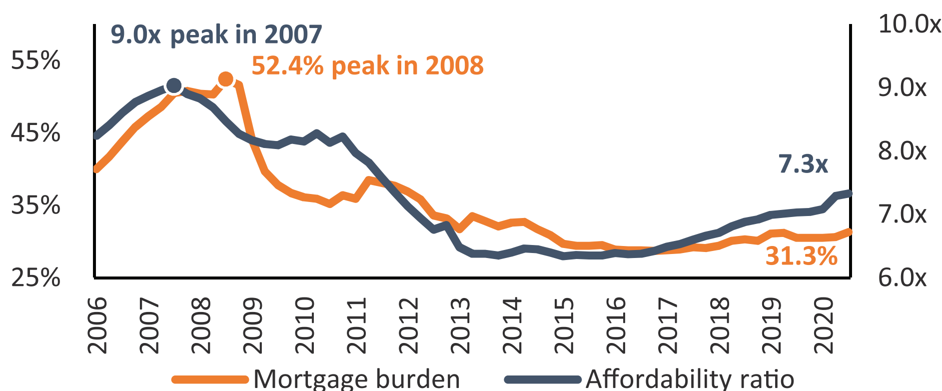
The following chart shows average housing prices in Spain for 2018, 2013 and Q3 2020, respectively:

Average selling price in Spain (€/sqm)



Price increase in the last five years has consequently increased the affordability ratio, which currently remains at very sustainable levels. In 2020, the average cost of a home equated to approximately 7.3 times the average gross household annual income, significantly lower than at the previous cycle peak in 2008 (approximately 9.0 times). We believe Spanish households are in a strong position to take advantage of this affordability, as the average Spanish household used 31.3% of household income to service its mortgage as of September 30, 2020, compared to 52.4% at the peak in the third quarter of 2008.

The following graph shows both mortgage burden and affordability ratio in Spain across the years 2006-2020:



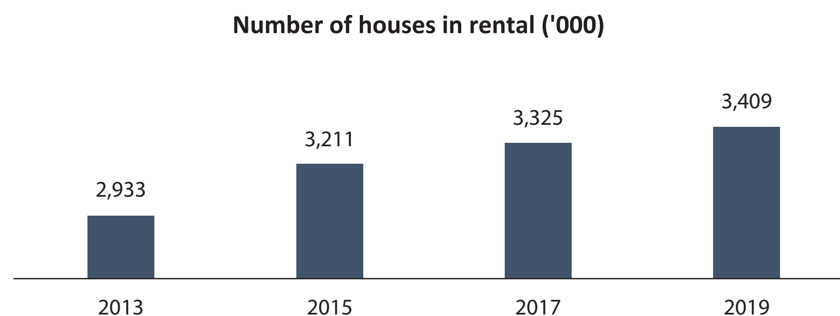
Additionally, interest rates are estimated to remain very low for the foreseeable future, even more likely as a result of the COVID-19 contingency plans. Banks continue to grant mortgages and we expect this trend to

continue, driven by banks need to improve profitability and healthy exposure to the residential market (as opposed to the view during and immediately following the global financial crisis).

Temporary consumption moderation during this COVID-19 crisis has improved savings, and in Spain increased savings have historically translated into increased future residential demand.

In addition, we are also positioning ourselves to take advantage of the large opportunity in the Spanish rental market. The weight of rental households (as percentage of total households) in Spain has been traditionally well below other developed European countries such as the UK, France or Germany; or the EU average. During past years, demand for rental residential property has been consistently increasing in Spain, particularly among young people, who have demonstrated new consumption preferences and have faced more constraints to becoming home owners than prior generations. The COVID-19 pandemic might accelerate this trend, as similar to the global financial crisis, the COVID-19 pandemic has had an increased impact on younger generations in terms of increased unemployment and job insecurity compared with the average worker (*Source*: INE).

The below graph shows the number of Spanish households renting a dwelling across the years 2013, 2015, 2017 and 2019.



Source: INE

The current rental market in Spain comprises dated stock on average and lessors are generally fragmented, unprofessional property owners. With low interest rates expected to continue, rental yield will remain attractive, which will attract investors and further compress yields.

We are well positioned to benefit from this trend through the sale of finished product of rental portfolios thanks to our superior track-record and land bank, mainly comprising multi-family development projects in the main Spanish cities where rental demand and institutional demand for rental properties are concentrated. In addition, we have a competitive advantage due to having acquired most of our land bank between 2015 and 2018, before recent land market inflation, whereas new competitors entering the market without an established land bank may struggle to source well located, fully permitted land in our key markets at prices which make the investments viable.

For an overview of our Build to Rent and Build to Sell Segments, *see "Business—Detailed Business Overview—Land Management, Build to Sell and Build to Rent."*

The resiliency of the sector and especially for those developers with a good quality land portfolio in the relevant and more dynamic regions has been proven by the strong net sales recovery observed during the third quarter of 2020, with prices increasing on a year-on-year basis. Current net sales are in line with pre-COVID-19 levels.

We are the leading homebuilder in Spain by units delivered with well-located and high quality, liquid land bank

We are the leader in residential units delivered in Spain with 1,932 units in 2020 and 3,106 units in the 24-month period ended December 31, 2020.

We are also a leader in residential construction in Spain. As of December 31, 2020, the Group had 31 projects under construction. Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of deliveries achieved for the two years ended December 31, 2020 for our BTS division, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP, with an aggregate GDV of €995 million, and 1,383 additional units that were not work in progress but

were already under commercialization. We will continue to leverage this favorable market well into the future with healthy pre-sales levels in our BTS business line which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of an estimated 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We have obtained more than 2,500 licenses for construction projects and have made another 2,978 requests for licenses for future construction launches including, as of the date of this offering memorandum, 468 for our BTR initiative.

We apply our mixed model to housing construction and, depending on the complexity, location of a project and our market knowledge, we employ either project management supervision, in which we oversee the construction process led by external construction companies, or, in a select number of developments, we employ our full project management model, in which we act as a general contractor. This full project management provides operational flexibility and minimizes interruption of our activity with respect to certain services. Moreover, our ability to act as a general contractor through our full project management and our strong relationships with local construction companies within our focus regions allow us to step into projects when a construction company is not performing and provide us with negotiating flexibility with construction companies, contractors and sub-contractors to minimize cost overruns and delays. Our in-house team has a track-record of 2,700 units delivered since 2012.

We have one of the largest residential land banks in Spain with a GAV of €1,770 million, a GDV of €5,523 million as of December 31, 2020 (according to Savills), a total buildable area of 2,147,028 square meters or 21,189 residential potential units, resulting in a self-sufficient company with no need for further acquisitions to achieve our expected deliveries for over 10 years at the average annual production level achieved in the last two years ended December 31, 2020 and December 31, 2019 (average of 1,553 units per annum). As a result of our clear investment criteria, in-depth, on-the-ground knowledge of local market dynamics and access to a wide range of sourcing of land opportunities, we believe that we own a carefully selected, high-quality and well-located land bank, which is focused on residential assets (99%). The following table sets forth the distribution of our current land bank as of December 31, 2020.

Province	Units[(1)]	GDV (*in millions of euros*)	GAV (*in millions of euros*)	% GAV
Madrid	7,795	2,252	619	35%
Málaga	4,040	1,086	381	22%
Barcelona	750	320	158	9%
Seville	2,881	519	146	8%
Valencia	1,656	336	126	7%
Portugal	541	167	59	3%
Other	3,526	844	282	16%
Total	**21,189**	**5,523**	**1,770**	**100%**

(1) Units represents our estimate of potential residential units based on our estimates that we expect to develop in a certain asset, site or in our total portfolio, based on current licenses in place or, where no specific regulation is available, the relevant local authority's policy combined with our historical experience. See "*Presentation of Financial and Other Information—Key Operating Metrics*."

Moreover, we believe that our land bank consists of an attractive and well-balanced mix of Fully Permitted and Strategic Land, where approximately 86% of our GAV is Fully Permitted Land and approximately 14% is Strategic Land, and type of properties, where approximately 86% is for multi-family developments and approximately 13% is for single family developments.

Our urban planning capabilities grant us the capacity to acquire land in high quality locations at a competitive cost, by acquiring Strategic Land (at any development stage) and converting it into Fully Permitted Land, capturing significant value during the process, and ensuring our presence in the most in-demand areas in the future. As of December 31, 2020, we have 6,195 potential units of Strategic Land, of which 4,279 are located in the Madrid metropolitan area.

Our land bank provides us with a complementary presence in various capital cities in key provinces of Spain and a selected presence in Portugal. Our geographical distribution of GAV is focused on areas with strong household growth potential rooted in robust demand, which we believe uniquely position us in the residential market in

Spain. We also believe our units in each of these areas are affordable in relation to their local markets generally. The provinces of Madrid, Barcelona, Málaga, Seville and Valencia, account for approximately 46% of the total sales of units (excluding social housing) from 2004 to 2020 (source: Spanish Ministry of Development). As of December 31, 2020, approximately 81% of our land bank in terms of GAV is located within the provinces of Madrid, Barcelona, Málaga, Seville and Valencia, with our Strategic Land also being concentrated in attractive and scarce land areas, mainly in Madrid (approximately 50% of our Strategic Land). We believe that our strong presence in these provinces and, in particular, within areas with some of the most active demand, price appreciation and higher purchasing potential nationally, will allow us to quickly develop and sell units, minimizing the holding period and improving asset rotation.

Existing land bank guarantees presence and profitability in key markets

Our well-located, high quality and large land bank with a GAV of €1,770 million guarantees presence and profitability in key markets. Our geographical distribution of GAV is focused on areas with strong household growth potential which we believe uniquely position us in the residential market in Spain. Of our existing land bank of 21,189 potential units, we have 17,122 potential units in the top five key provinces of Madrid, Barcelona, Málaga, Seville and Valencia. We believe that our strong presence in these provinces and, in particular, within areas with more active demand, price appreciation and higher purchasing potential, should allow us to quickly develop, sell and delivery units, minimizing the holding period and improving asset rotation. Our urban planning capabilities grant us the capacity to acquire land in high quality locations at a competitive cost, by acquiring Strategic Land (at any development stage) and converting it into Fully Permitted Land, capturing a significant value during the process, and ensuring our presence in the most in-demand areas in the future. As of December 31, 2020, we have 6,195 potential units of Strategic Land, of which 69% are located in the Madrid metropolitan area and 21% are located in Málaga.

Most of our land bank was acquired between 2015 and 2018, before recent land market inflation, allowing us to realize relatively high margins today. As of December 31, 2020, our land bank was valued at €5,523 million GDV, 23% of which was carried at net book value in our books and 47% was pending capital expenditure (according to Savills), resulting in a development margin of approximately 28% of GDV. We also expect to maintain the level of performance achieved for the two years ended December 31, 2020 for our BTS division, during which we delivered on average 1,553 units annually with an average gross margin across the BTS division of approximately 20% per year. As of December 31, 2020, construction had commenced for 3,408 BTS WIP, with an aggregate GDV of €995 million, and 1,383 additional units under commercialization to be launched upon achievement of pre-sales thresholds. We will continue to leverage this favorable market well into the future with healthy pre-sales levels, which gives us very high visibility of performance in the few next years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We believe that our disciplined approach and visible delivery program will help us to achieve our target.

High cash flow visibility on the back of existing land bank and strong construction and pre-sales progress

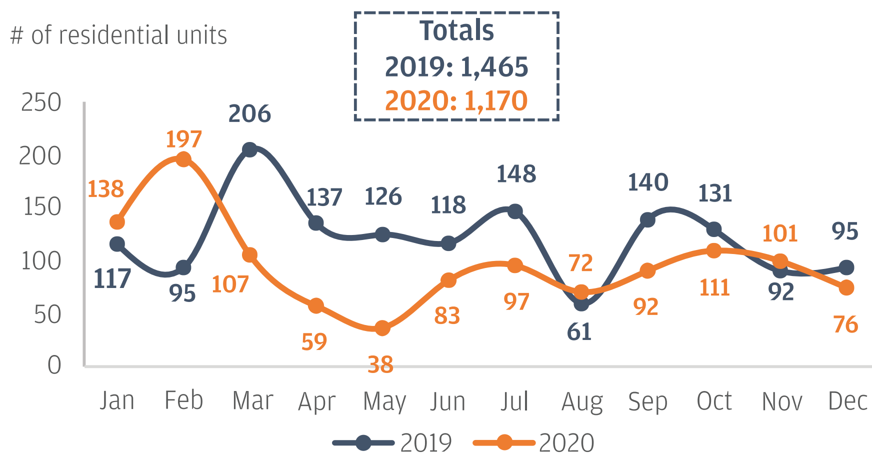
We have a high-quality land bank with a visible production and delivery. We estimate that together our Fully Permitted Land and Strategic Land would enable the construction of approximately 21,189 potential units in the aggregate. As of December 31, 2020, we had 3,408 potential units under construction and in stock, which included approximately 600 units already constructed and ready to be delivered. Additionally, we had 1,383 potential units that were not work in progress but were already under commercialization. Moreover, we have over 2,500 licenses obtained and approximately 2,978 licenses requested for future construction launches and, as of the date of this offering memorandum, 25% of licenses applied for in respect of 2,431 BTR units.

Our capital outlay for the development of each BTS project has minimal impact on our financial position across the process. The capital expenditures in the development phase for BTS projects (representing on average approximately 48% of gross sales) are funded through cash deposits from pre-sales (from a maximum of 20% of gross sales if all the units are pre-sold prior to delivery) and Development Loans (remainder amount, from 28% of gross sales) which means that, once the land has been acquired, the development of the project is funded mainly through the cash received from pre-sales and Development Loans. At delivery of a project, the 80% of gross sales remaining from clients is paid and the development loan is due.

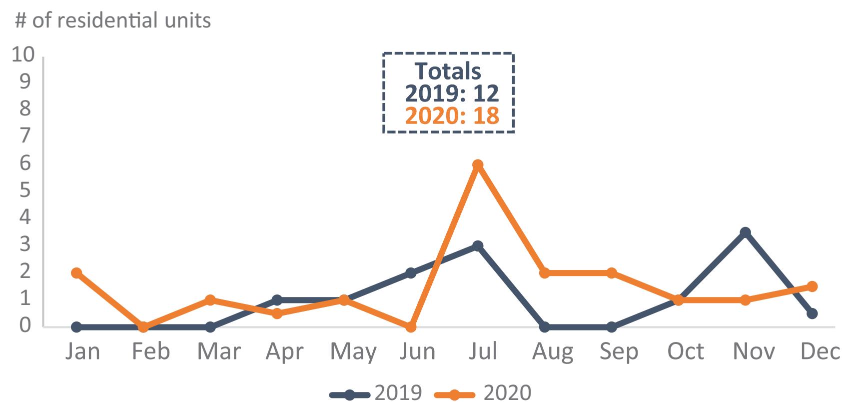
Our pre-sales, together with our historical levels of negligible cancellation rates, give us access to cash flow in the next 12 to 24 months, with as of December 31, 2020 pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered from BTS in 2021, 2022 and 2023. Also, as of December 31, 2020, 69% of our current WIP has been pre-sold. As proven through the COVID-19, the impact on reserves and contract cancellations have remained minimal demonstrating resilience.

BTR developments are generally expected to be developed without pre-sales and accordingly will require further upfront capital outlay compared to our BTS developments. By avoiding forward purchase agreements in our BTR developments, we believe we can maximize value creation by capturing the yield compression, preserving optionality to divest BTR assets at any point during construction, which enables us to target an expected selling price per square meter, construction costs and margins in line with our BTS division. However, if needed, we believe that we will have the optionality to increase pre-sales by selling portions of our BTR portfolio as we have tested the market and believe there is strong appetite for it from institutional investors who require higher margin on their BTR investments.

The following chart sets forth our reserves (units not yet formalized by a sale and purchase agreement) to contracts for each of the two years ended December 31, 2020:



Our cancellation rates remain low. The following chart sets forth our cancellation rates for each of the two years ended December 31, 2020:



This was complemented by our commercialization efforts, which included 1,383 potential units that were not work in progress but were already under commercialization in Spain and Portugal net of our deliveries in 2020. We believe that our in-house sales function allows us to optimize our pricing strategy, reduce sales costs and establish stronger client relationships, which is reflected in our strong client satisfaction ratings.

As a result of our strong construction and pre-sales progress, we have high cash flow visibility across our value chain through 2023.

Robust balance sheet with low leverage and high interest coverage

We have a low Net Secured LTV ratio and a healthy interest coverage ratio of 17.1% and 4.2x, respectively. We also have a low adjusted net financial debt to Adjusted EBITDA ratio of 3.2x. Furthermore, if growth opportunities are pursued, we would be comfortable taking our LTV ratios up to a maximum of 30 – 35%.

On a pro forma basis for the Transactions we will have significant cash on balance sheet and, as of December 31, 2020, our corporate debt would have consisted only of the Notes. Additional sources of liquidity at our disposal are the Revolving Credit Facility, which is expected to be undrawn on the Issue Date and which will, from the Issue Date, provide up to €30.0 million of additional liquidity (with a maturity of four and a half years (or, if earlier, the date falling six months prior to the earliest maturity date of the Notes)) (see "*Description of Certain Financing Arrangements—Revolving Credit Facility"*) and our commercial paper program which was formalized and launched in 2020 and allows us to source additional liquidity, subject to the covenants described under "*Description of Notes*." Lastly, our land bank is very liquid and provides a strong pipeline of potential land divestments.

As for the asset-level financing, most of it is sponsored by top local lenders and large institutional banks as we have long-standing partnerships with over 15 local and international financial entities. Development Loans (and initiation of construction works) are only incurred once a certain pre-sales threshold has been secured. There is low leverage on Development Loans typically to cover the construction and sometimes part of the soft costs. Land, commercialization expenses, interest and other items are typically funded with equity. The maturity of Development Loans is linked to the earlier of the delivery of the projects to third party purchasers and typically 30-year maturity. Development Loans usually have a 24-36 months amortization grace period during which we only pay interest. Given that the underlying development project typically completes within 21-24 months, with deliveries to customers in the following months, we typically use the proceeds from deliveries to repay Development Loans. We have €358 million available to us from existing Development Loans to execute ongoing projects.

Experienced management team with support from key shareholders with a proven track record of successful delivery across the value chain

In 2015, our Sponsor acquired a controlling stake in the Issuer, previously named San José Desarrollos Inmobiliarios, changing its name to Dos Puntos Desarrollos Inmobiliarios in 2016. In 2017, the Issuer acquired Vía Célere's homebuilding business, integrating the two companies and combining business benefits from the leadership and experience of Juan Antonio Gómez Pintado Rodríguez de Segovia and his management team with the deep land bank of the Issuer. Following the integration of Vía Célere's Spanish Business and the subsequent name change to Vía Célere Desarrollos Inmobiliarios, S.A., the Issuer continued to expand its geographic reach across Spain. During that time we expanded our capabilities in the land permitting process and built our strong platform which we believe positions us well for future growth. In 2019, the Issuer acquired Aelca Assets, resulting in Vía Célere becoming the largest Spanish residential homebuilder in terms of residential GAV and the second largest in terms of units. In 2019, through continued growth Vía Célere became the number one Spanish homebuilder in terms of number of units delivered, with 1,174 units delivered in 2019 and 1,932 units delivered during in 2020.

We have a highly experienced management team with an extensive track-record in the homebuilding sector in Spain who continue to expand our growth in deliverables and construction. Our management team has worked together across multiple cycles with José Ignacio Morales Plaza as our current Chief Executive Officer, previously acting as our Chief Financial Officer. With 25 years of experience, Mr. Morales' leadership and knowledge of our industry enables our team to work together in an efficient and well-coordinated manner, has led us to optimize and fully control our value chain, where our expertise in land transformation, project auditing, construction management and customer care granting us high client recognition, all of which has contributed to our excellent customer satisfaction rating with 93% of buyers saying they would recommend us, (based on our post-sales customer surveys conducted at the moment of signing from 2007 through the date of this offering memorandum). With 15 years of experience, our Chief Financial Officer Jaime Churruca Azqueta has previously served as Head of Corporate Development and Investor Relations at the Issuer. Our Head of Build-to-Sell Miguel Ángel González has over 17 years of experience in the sector and together with rest of the management team leads our network of regional managers and in-house development specialists with decades of experience and strong relationships with key partners at each stage of the process.

With a fully operational integrated platform that employs a mixed model combining activities undertaken in-house with other activities being outsourced to selected external service providers, which enables us to retain control over all critical decisions in the process. Our management team, together with our skilled regional branch managers, manages all stages in the value chain of the residential development process, including land acquisition, urbanization planning, and housing development. This platform has enabled us to deliver 1,932 units during 2020, building and expanding on deliveries of 1,174 units and 334 units for 2019 and 2018, respectively. We have also expanded and stabilized high levels of units under construction with 3,408 units, 3,857 units and 2,404 units under development for the years ended 2020, 2019 and 2018, respectively. As of December 31, for the years ended 2020, 2019 and 2018, respectively, the Group had 1,383, 2,764, and 443 units that were not work in progress but were already under commercialization.

As we believe that a local presence is essential for originating land acquisition opportunities and establishing stronger relationships with clients and key local suppliers, our residential development activity is managed through our regional managers (Central, East, South, North and Portugal). Such managers are supported by experienced teams that have in-depth knowledge of their respective markets and long-term relationships with local private companies, financial entities, public administrations, suppliers and other relevant players in each region. We believe that these strong relationships with key market participants, combined with the management team's distinctive knowledge and experience, provide us with a competitive advantage in the market and a solid position with respect to opportunities presented by current and future market conditions.

We have a proactive approach to ESG

Social responsibility is an integrated strategy in our company, which allows us to become an engine of change and generate value for all our stakeholders. From our beginnings we have been committed to innovation and sustainability as the fundamental pillars of our projects, with the aim of creating a product that is fully suited to the needs of our clients and their families. Our commitment to innovation allows us to promote more sustainable construction, champion social priorities related to construction and serve as a role model for ethical and good governance in the real estate sector. All our corporate social responsibility activities have the ultimate goal of positively impacting one or more of the United Nation's Sustainable Development Goals ("*SDGs*"), with a focus on those SDGs for which we have a greater responsibility, such as creating more sustainable cities, promoting innovation in industrial sectors and fighting climate change, due to the environment in which we operate and the nature of our business as a homebuilder.

We recognize that developing housing in cities is a high impact industry with respect to environmental, social and governance factors, and have adopted a sustainable construction model that includes sound environmental features in our buildings by controlling our construction process, focusing on the environmental performance of our buildings and apartments and putting special emphasis on energy efficiency. Where possible, the Company relies on the integration of geothermal and aerothermal energy as energy management elements in its buildings. We also reduce water consumption through the implementation of thermostatic taps to promote low consumption. Approximately 88% of our developments in pre-commercialization stages have rating reports A or B, as defined under Spanish energy law. As a result of our environmental innovations, our buildings have generated energy savings up to 89% and emit 89% less CO2 emissions than what is required by Spanish law.

We account for the possible effects of climate change in our business model and are committed to studying and analyzing how our developments can affect the environment and strive for designs and plans that achieve the best possible impact. We also seek to harness the power of human capital to effect positive change in our communities and for our clients, employees, partners, stockholders, and stakeholders at large and are aware that our dedication and commitment to them are key to our success. We believe in transparency, good governance and integrity as hallmarks of our organization. Finally, we are engaged with our communities to help tackle their social and environmental challenges and collaborate with social entities, universities and foundations, linking our technical knowledge with the social priorities related to our sector. Our focus on ESG has won us numerous industry and consumer awards in recent years and we believe this is valued by our customers. We are a leader in social responsibility in the residential market in Spain due to the quality of our promotions, process innovation, incorporation of the latest technologies and advances in sustainability, all of which contribute to the satisfaction of our customers, shareholders, and employees.

Strategy

Diversification of our business model of land management and BTS by expanding into BTR housing product

Our principal business is the procurement of land, its transformation into buildable land through necessary permitting and urban planning and the development on that land of residential properties for sale. While historically most of our cash flow has come from our traditional business lines, BTS and land management, we are further diversifying our business strategy by adding a BTR business line, in which we are aiming to expand our operations benefiting from the increasing demand for rental homes as we focus on the development and divestment upon (or shortly after) completion of the units, with no intention to operate the units in the long term.

Capitalize on well-established and profitable operations in BTS business line

We will continue to establish our position as a leader in the Spanish build-to-sell market, focusing on the mid to mid-high segments. We aim to maintain our current production levels by delivering units currently under construction and launching new developments from our large land bank.

The average selling price of our homes was €316,000 as of December 31, 2020 which, based on the GAV of homes acquired at optimal prices during 2015-2018, we will target margins in line with historical levels of approximately 20% per year for the two years ended December 31, 2020. We target average development timing of 6 to 12 months for the pre-sales phase and 21 to 24 months for the construction phase. We seek to fund construction and certain associated costs through with development debt after a pre-sales threshold of approximately 30-50% has been secured in contracts.

We continue to de-risk our BTS operations by using equity to fund most land purchases, commercialization expenses, related interest and certain other items, generally only relying on lines of credit for major construction costs and, depending on the project, certain soft costs. We use customer pre-sales deposits of 20% (including 10% at signing and 10% at monthly installments) to fund development capital expenditure. This strategy is further de-risked by initiating construction works and incurring a related development loan debt only once a certain pre-sales threshold has been secured in contracts with a high client commitment promoting very low cancellation rates with minimal sales activity required after construction works are completed. See "*—Limit development risks in BTS by pre-selling units through our well located sales network*."

The average maturity of our Development Loans is approximately 30 years, which combined with our pre-sales strategy, significantly reduces the risk of the loan maturing before we complete the project and collect cash flows to pay the loan.

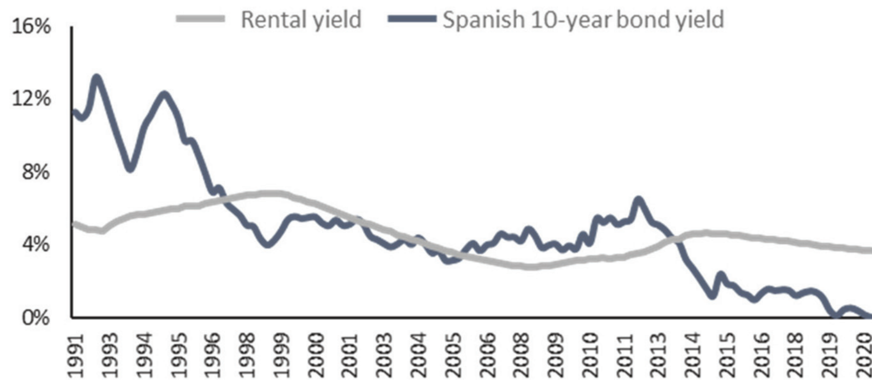
For more information on our BTS operations, see "*Business*."

Expand margins expanding into BTR and diversify our business

Our principal business is the procurement of land, its transformation into buildable land through necessary permitting and urban planning and the development on that land of residential properties for sale. While historically most of our cash flow has come from our traditional business lines, BTS and land management, we are further diversifying our business strategy by adding a BTR business line, in which we are aiming to expand our operations benefiting from the increasing demand for rental homes as we focus on the development and divestment upon (or shortly after) completion of the units, with no intention to operate the units in the long term.

Demand for rental residential properties has been consistently increasing in Spain, particularly among younger generations due to their consumption preferences and various systemic constraints to becoming homeowners compared to prior generations. We believe that the impact of the COVID-19 may further accelerate this trend. The current rental market in Spain comprises dated stock on average and lessors are generally fragmented, unprofessional property owners who hold a limited number of properties. In a continued low interest world of compressing yields, we believe that rental yield will attract institutional investors, consolidating and increasing demand for BTR.

The following chart sets forth the historical comparison of average rental yield against the Spanish 10-year bond yield:



Source: Bank of Spain

Thanks to our high-quality land bank, located in regions of high demand for new homes and high household creation, we believe we are in a unique position to capture the expected continued increase in BTR demand. As of December 31, 2020, we identify that approximately 25% of our land bank would be suitable for BTR development. We intend to combine our traditional activities (BTS and Land management) with the development and subsequent divestment of BTR portfolios in the long run. We are focused on the development and divestment on (or shortly after) completion of the units, and do not intend to undertake the asset management and rental of these units in the long term. We target institutional investors as purchasers of rental property developments who will operate the units as these rental properties.

In the near term, we have applied for licenses to commence construction on 2,431 potential units in our BTR business line, 25% of which we have secured as of the date of this offering memorandum, enabling us to commence construction as early as the second half of 2021. Building licenses are generally obtained within six to twelve months from application and once received are valid for an average of six months, during which period construction must begin, and are followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter, with similar margins and construction costs as our BTS division. On average, each BTR unit is expected to be approximately one third below the average size of each BTS unit. Leverage on BTR assets is similar to BTS assets but requires us to put up approximately 20% (of selling price) from cash for the development capex to replace the upfront payment from BTS customers.

At least 90% of the construction tender process has been initiated and we expect to initiate construction on these units in 2021. Leveraging on our large land bank, we intend to develop subsequent portfolios of similar size and characteristics on a recurring basis to complement our traditional business lines.

While many aspects of land transition, permitting and construction are similar for our BTR and BTS business lines, unlike our BTS business line, the BTR developments are generally developed without pre-sales, as our strategy is to create a rental platform and to only sell these assets once all of the units in a development are under construction. By avoiding forward purchase agreements, we can maximize value creation by capturing the yield compression, preserving optionality to divest BTR assets at any point during construction, which enables us to target an expected sales price per square meter, construction costs and margins in line with our BTS division. We are comfortable taking this risk given our selective approach to the assets developed under the BTR business line. If needed, we have the optionality to increase pre-sales materially by selling portions of our BTR portfolio as we have tested the market and there is strong appetite for it from institutional investors who require higher margins. Rather than being a rental operator, our strategy is to develop BTR portfolios and maximize our return by increasing the sales price through yield compression as the development process advances.

In the coming years, we are planning to expand our BTR activities given the clear opportunity in the market in terms of rental yield and spread vs reference official rates and investor appetite for these sort of assets. We have clearly identified a portfolio of 2,431 units out of which 468 have already construction permits in place as of the date of this offering memorandum:

Asset	City	Plots	Units	License status(1)	Square meters	Current GAV (*in millions of euros*)	Current GDV (*in millions of euros*)
Barajas	Madrid	4	494	Pending	33,955	39	117
Montecillos	Rivas	1	150	Pending	11,050	10	29
Torrejon	Torrejon	2	122	Pending	8,962	6	19
Canaveral	Madrid	1	121	Pending	9,385	8	27
Valdemoro	Valdemoro	1	110	Granted	7,560	5	16
H. Cabello	Málaga	1	179	Pending	13,125	10	32
Adif	Málaga	1	144	Pending	5,800	16	40
Mislata	Mislata	2	288	Pending	22,487	11	48
Patraix	Valencia	1	131	Granted	11,068	8	24
Torrent	Torrent	2	114	Granted(2)	9,744	5	19
Sevilla Este	Seville	4	419	Granted(3)	38,567	15	69
Barakaldo	Barakaldo	2	159	Pending	10,650	7	26
Total		**22**	**2,431**		**182,353**	**140**	**466**

(1) Status of the date of this offering memorandum.

(2) License granted for 1/2 plots.

(3) License granted for 2/4 plots.

For more information on our BTR operations, see "*Business*."

Leverage our land bank to support BTR and BTS and maximize value through active land management and asset rotation

Our business model is structured to maximize value creation through land transformation and asset rotation. Our existing rich and attractively-located land bank enables us to execute our business plan and operate for over 10 years without needing to acquire additional land, and only undertake acquisitions on an opportunistic basis to achieve margins in line with historic levels.

We leverage our in-house land management expertise across the planning and urban planning systems to generate value through conversion of Strategic Land to Fully Permitted Land, while feeding our BTS and BTR lines of business for future deliveries. Compared to a purely Fully Permitted Land strategy pursued by competitors, we are able to diversify the variety of target assets for acquisition and boost value creation by taking sites through the planning system in-house, locking in additional value and expanding our margins, leveraging our strong track record in the land permitting process evidenced by several successful transactions.

Our land bank representing 21,189 potential units, of which 6,195 potential units and 9,155 potential units are represented by Strategic Land and Fully-Permitted Land, respectively and excludes BTR, WIP and completed units, positions us to fully execute our business plan without the need to acquire any additional land. We also take advantage of opportunities to sell selected land plots in places where there is overlap with other developments, the number of units is too small, the asset is located in non-strategic areas or if asset rotation improves returns, while aiming to replenish land. The flexibility to liquidate land assets based on the depth of our land bank enables us to deleverage as we do not need to buy land and have a prudent financial policy with limited leakage, without significantly impacting our results of operations. We expect to deleverage and generate revenue by maintaining land sales of non-core plots broadly in line with those achieved in the year ended December 31, 2020 if market continues to be supportive. In addition, we intend to spend approximately 90% of its urbanization pending capex in the coming years to mainly achieve conversion of our Strategic Land portfolio into Fully-Permitted Land.

We do, however, recognize that land prices in the key regions where we operate might fluctuate across the cycle, therefore we constantly seek and assess growth through land acquisition opportunities in our core locations with strong demand and healthy economic prospects, which have historically led the demand for new housing. We believe that we are well positioned to acquire land on attractive terms and with increased margin potential as a

result of, among other reasons, our financial strength and flexibility that enable us to concentrate land acquisitions during the most attractive years of the cycle, our disciplined acquisition strategy, our in-depth, on-the-ground knowledge of local market dynamics acquired by our management team during their decades of experience in the industry, and our wide range of land sourcing opportunities. Our strategic goal is to have a land bank in the largest cities to guarantee approximately 6 to 7 years of activity, well-balanced between Full Permitted and Strategic Land bank which enables us to source land at attractive prices and margins in our key markets.

Capitalize on macro and micro trends in residential development by consolidating our market leadership in terms of deliveries per annum

We believe that the Spanish residential real estate market is highly attractive. Post-COVID-19, Spain's resilient economy and certain macro and micro economic trends are expected to lead to further sustainable growth in the residential real estate development sector. We designate our priority investment areas based on an ongoing analysis of socio-economic trends, micro-market analyses, historical development records, selected key indicators (including land-use plans, ownership profiles and competitors' activity), our local knowledge (derived from long-term relationships with real estate agents, architects, advisors, local private companies, financial entities, public administrations and suppliers) and feedback from customers. This approach allows us to identify opportunities that may offer increased margin potential.

We believe that the expected increased rate of population growth, household creation, large purchase power and a shortage of new homes in our key provinces provide highly attractive micro-economic conditions for real estate development. The Spanish residential property market is expected to continue to show sound structural growth driven by net household growth of 6% across Spain over the 2020-35 period. In addition our top five regions are the key areas of household creation (representing approximately 54% of the net household creation in Spain based on Instituto Nacional de Estadistica).

In addition, Spanish residents are well-positioned to access the residential property sector, with household savings at an eight-year high and the effort ratio of homes (average home price over household income) down from 9.0x in 2008 to 7.3x in 2020.

In response to trends in customization, we have a deployed strong client-centric business model focused on creating innovative spaces adapted to customer needs. This includes the construction of energy efficient buildings with renewable energy solutions that result in differentiated cost savings to our customers and smart units equipped with sophisticated home automation systems that enhance our clients' living experience. We believe that such technology responds both to customers' needs and to new social trends and that it provides us with a competitive advantage with respect to our peers.

We believe that we will be able to capitalize on these trends due to our strong foothold in key provinces in Spain. These provinces consistently show the strongest profile based on various economic and social factors, including residential prices, residential rents, the trend index and the demography. Our commitment to understanding and anticipating the key market trends enables us to deploy resources and target geographies and housing solutions that meet macro and micro demands and support our estimated rate of deliveries year on year. We aim to capitalize on the strong demand for new homes fueled by these factors especially while the rate of house building permits continues to hover around levels not seen since before the 1990s, 106,000 home building permits were granted for the year ended 2019 compared to 806,000 in 2006.

Focus on affordable sustainable residential housing in the most attractive and growing Spanish markets

We are constantly exploring opportunities to use our land bank, one of the largest in Spain, which represents 21,189 potential units, to develop affordable and sustainable residential housing in areas where we believe that there is clear demand for new housing. We are focused primarily on the Madrid, Barcelona, Málaga, Seville and Valencia markets. Affordability of house prices and mortgage payments are attractive in these target regions. Average mortgage payments as a percentage of household incomes were 31.3% in the three months ended September 30, 2020 compared to 52.4% at peak in 2008 (Source: Bank of Spain). We believe that these metrics suggest that average selling prices could continue to rise without negatively impacting demand in our regional locations in a significant way. Home buyers in our target regional markets are generally owner-occupiers, as opposed to investors, purchasing new houses when they need to move homes due to family or job

circumstances, a trend which further underpins long-term demand for our homes. Our target regional markets currently display a number of other supportive trends. Such positive trends in our regional target markets include shorter timeframes for obtaining planning permissions and reduced subcontractor labor cost and availability pressures. As a result, we can be selective in evaluating sites for purchase and maintain our hurdle rates. In addition to our historical build-to-sell business, through recent acquisitions we also benefit from a deep land bank in metropolitan areas in the largest cities in Spain, resources we are leveraging to access the growing residential rental market. See *"—Diversification of our business model of land management and BTS by expanding into BTR housing product."*

As a result of these favorable affordability dynamics, the ongoing resilience of owner-occupier and rental demand, as well as our commitment to meet the demand for sustainable housing solutions, we believe that our continuing focus on and understanding of specific regional markets, positions us to benefit from further growth in our target regional markets.

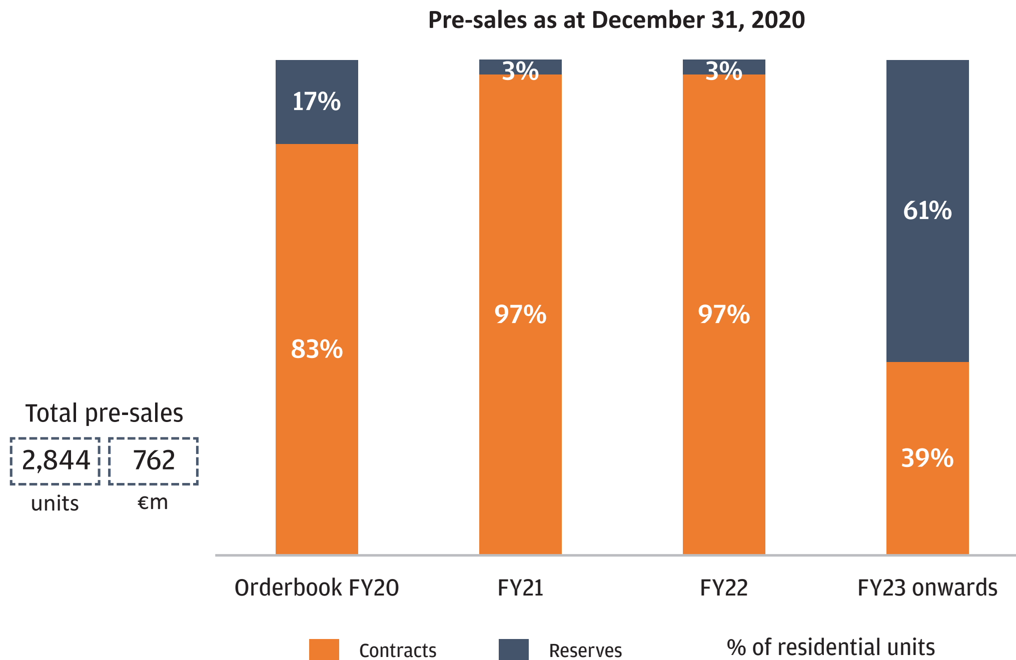
Limit development risks in BTS by pre-selling units through our well located sales network

We look to de-risk our cash flow from our BTS business line through pre-sales that we achieve through our well located sales network. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023, respectively.

Upon receipt of a positive indication from local authorities with respect to necessary permits, our marketing actions seek to actively create awareness of potential customers through online and offline channels. From January 1 to December 31, 2020, we identified over 69,850 leads through these online and offline channels, approximately 23% of which led to visits by potential customers to our points of sale and approximately 18% of such visits concluded in the pre-sale of a home. We generally start construction of a development project only when we have obtained the relevant target level of pre-sales of the homes to be built in the development needed to obtain the development loan to fund project costs (typically 30%-50% of the homes to be built, with the specific threshold determined on a case-by-case basis depending on the characteristics of each project). At this stage, buyers must typically pay a deposit of approximately €3,000 as a reserve amount and enter into a reserve contract. Once this deposit is made the relevant unit is considered to be "pre-sold." Once we obtain the underlying building license, prior to construction works start, we revert the reserve agreements with our customers by the signing of a sale and purchase agreement. In that milestone, customers must pay an additional 10% of the aggregate sale price. An additional 10% is paid through monthly installments, with the remaining amount (80%) to be paid at delivery of the units to the customer. In the case of second residence projects these percentages are generally 15% at sale and purchase agreements, 15% through monthly installments and the remaining 70% at delivery. Proceeds from customers are deposited in special accounts, secured by a financial institution and can be used only to fund project costs within each development. Our Development Loans are secured with mortgages on the financed project, including the land being developed, at the time of entering the development loan and generally have a 24-36 month amortization grace period, during which we only pay interest, plus a maturity of 30 years, which can be lower in certain cases. Construction on our development projects typically completes within 21-24 months from inception, which means we are typically in a position to fully pay down the related mortgage only once we receive the cash inflow from our clients. If any units remain unsold after the grace period, we would have to pay the monthly mortgage installments for the outstanding debt corresponding to the unsold units.

Sales continue throughout the construction phase. Customers are entitled to terminate the sale and purchase agreement under limited circumstances, which include those in which the building permit is not obtained on a timely basis. If a customer walks away from its commitment under any other circumstances, such customer forfeits the deposit and any monthly installments paid to date. Pre-sales levels have been very stable in the past, and cancellation rates during COVID-19 crisis have remained in line with pre-pandemic rates, with only 18 contract cancellations in 2020.

The following chart sets forth our order book breakdown for the forthcoming financial years.

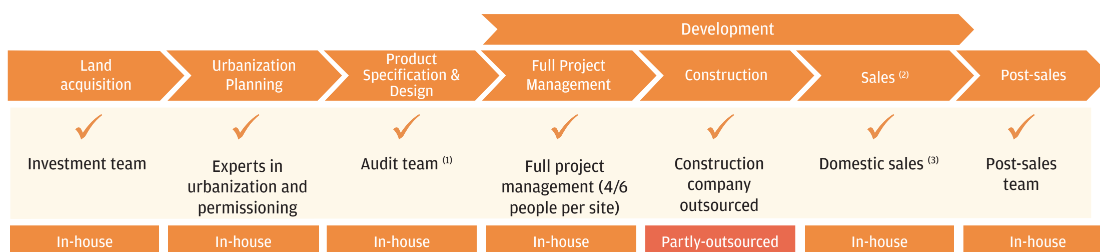


Leverage economies of scale across our platform to drive operational efficiencies and deliver significant positive free cash flow

We believe that our operating model sets us apart from our competitors as demonstrated by our results in the last 24 months. We employ a mixed operating model combining an extensive range of activities undertaken in-house with outsourcing. Activities undertaken in-house include all land acquisition analysis and decisions, urbanization planning management, audit of product specification and design, full project management, supervision project management, construction management sales to domestic customers and post-sales support. In terms of outsourcing, we work with selected external suppliers, such as architects, contractors and sub-contractors and, real estate agents. The performance of these external suppliers and the progress of the development activity is closely monitored at an individual project level by our supervision project management.

While this combined model ultimately enables us to retain control over all critical decisions in the process, it also allows us to reduce our fixed costs through outsourcing and to scale our business upwards and downwards with relative ease. Moreover, we take advantage of our fully integrated project management and have the capacity to act as a general contractor, providing operational flexibility, minimizing interruption of our activity with respect to certain services and closely monitoring deliveries of the projects. This allows us to decrease cost overruns, increase timeline discipline, maintain a stronger negotiating position, increase visibility on contractor pricing and guarantee the supervision of sub-contractors. All of these factors contribute significantly to our positive free cash flow.

The following graphic sets forth the development activities that we undertake in-house and the development activities that we outsource:



(1) Architectural design outsourced; (2) Process of pre-sales starts even before the construction phase and is typically only after a 30-50% pre-sales level is achieved that Via Célere starts construction; (3) International sales are outsourced

Our History

We are a leading homebuilder in Spain by units delivered, which is in part the result of the acquisition of various companies. The Issuer was originally formed as Confecciones Udra, S.A. in 1989. Following a series of name changes, spin-offs and acquisitions over in the ensuing decades, as described below, in 2015 Maplesville Invest, S.L.U., an entity controlled by certain funds managed by Värde Partners, as well as other investors, acquired a majority stake in the Issuer. Under the sponsorship of funds managed by Värde, we acquired several land plots and in February 2017, we acquired and successfully integrated Vía Célere's Spanish Business (as defined below), and Maywood Invest, S.L.U., thus deepening our exposure to the Spanish residential development market. In such year, we also undertook a corporate reorganization to spin-off our former commercial real estate sales and leasing business into Dospuntos Asset Management, S.L., a newly incorporated company, which shares were subsequently distributed to our shareholders, and, therefore, we focus solely on residential real estate development.

In September 2018, the Issuer signed certain agreements with Myjoja Inversiones, S.L. some vehicles of the Sponsor and Aelca for which the parties agreed to carry out: (i) the acquisition by the Issuer of shares held by Myjoja (around 10-20%) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Invamy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (the parent companies); (ii) the acquisition by the Issuer of 100% of the ownership of some subsidiaries of Aelca; and (iii) the merger by absorption of the Issuer (as absorbing entity) with the parent companies and its subsidiaries (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation, that took place in January, 2019, majority shareholders of the parent companies received shares of the Issuer equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution. As a result of the acquisition, we increased our volume of assets under development by 53% allowing us to become a leading pure-play residential housebuilder in Spain with 21,189 residential potential units, a land bank of approximate GDV of €5,523 million and a GAV of €1,770 million.

We have a highly experienced management team with an extensive track-record in the homebuilding sector in Spain who continue to expand our growth in deliverables and construction. Our management team has worked together across multiple cycles with José Ignacio Morales Plaza as our current Chief Executive Officer, previously acting as our Chief Financial Officer. With 25 years of experience, Mr. Morales' leadership and knowledge of our industry enables our team to work together in an efficient and well-coordinated manner, has led us to optimize and fully control our value chain, where our expertise in land transformation, project auditing, construction management and customer care granting us high client recognition, all of which has contributed to our excellent customer satisfaction rating with 93% of buyers saying they would recommend us, (based on our post-sales customer surveys conducted at the moment of signing from 2007 through the date of this offering memorandum). With 15 years of experience, our Chief Financial Officer Jaime Churruca Azqueta has previously served as Head of Corporate Development and Investor Relations at the Issuer. Our Head of Build-to-Sell Miguel Ángel González has over 17 years of experience in the sector and together with rest of the management team leads our network of regional managers and in-house development specialists with decades of experience and strong relationships with key partners at each stage of the process.

Since the Group's consolidation in 2017, we have continued to expand our geographic reach across Spain. During this time we expanded our capabilities in the land permissioning process and built our strong platform which we believe well positions us for future growth. Despite the negative impact COVID-19 had on the real estate industry in Spain, we lead the Spanish homebuilding market, surpassing our top competitors in 2020. We were the top ranked Spanish residential property developers by deliveries for 2020 with 1,932 units delivered, which demonstrates the continued demand for our homes in the new post-COVID-19 environment. We currently have high visibility that we believe will enable us to continue outranking our competitors due to work-in-progress units and high pre-sales. We outrank our competitors in pre-sales and as of December 31, 2020 we have pre-sold approximately 2,844 units, comprising an order book value of nearly €762 million. As of December 31, 2020, we had 3,408 units under construction with an average progress of 49%. Additionally, as of December 31, 2020, we had 1,383 additional units already under commercialization. We have 21,189 potential units in the Spanish market spread over 23 provinces (including Portugal). We are planning for our next growth phase by entering into the build to rent space and expect to start construction in 2021.

Our proven and successful track record —across multiple cycles, including experience in heritage companies, along with our historical performance— led us to optimize and fully control our value chain, where our expertise in land transformation, project auditing, construction management and customer care grant us the best client recognition.

Corporate structure

The following table shows the Issuer's main subsidiaries and joint venture as of the date of this offering memorandum:

Subsidiary/Group company:	Country of incorporation	Ownership interest
		(%)
Udralar, S.L.U.	Spain	100
Udrasur Inmobiliaria, S.L.U.	Spain	100
Torok Investments 2015, S.L.U.	Spain	100
Maywood Invest, S.L.U.	Spain	100
Vía Célere, S.L.U.	Spain	100
Vía Célere 1, S.L.U.	Spain	100
Vía Célere 2, S.L.U.	Spain	100
Conspace, S.L.U.	Spain	100
Copaga, S.A.U.	Spain	100
Vía Célere Gestión de Proyectos, S.L.U.	Spain	100
Vía Célere Catalunya, S.L.U.	Spain	100
Célere Forum Barcelona, S.L.	Spain	50
Parquesoles Inmobiliaria y Proyectos Investimentos Imobiliarios, S.A.	Portugal	100
Douro Atlantico Sociedade Inmobiliaria, S.A.	Portugal	100

Experience and Innovation

Our business model combines experience and innovation in residential construction. We are highly knowledgeable through all stages in the value chain of our residential development process, including land acquisition, urbanization planning, and housing development. This enables us to determine which processes of our operating model to outsource and over which we must maintain control in order to support our margin and scalability.

At the sales level we work with model homes in virtual reality. While these are not a substitute for the real experience of our model homes, they are complementary and help us to improve our clients' experience. In addition, we have innovated with respect to our communal areas, redesigning the spaces to gain in utility, elegance, design and comfort.

At the process level, we have coined the terminology "*Lean Thinking*" to express the critical importance of innovating in the execution process in order to increase the long-term profitability of the Group. This has involved implementing a series of lines of work including our building information modeling ("*BIM*"), last planner system ("*LPS*") and industrialization.

We were pioneers in working with BIM in the realization and management of three-dimensional building projects, which we have been using in our projects during the past eight years. This tool allows us to build in a more efficient way, reducing contingencies in the execution of our projects.

We also were pioneers in working with and in positively rating subcontractors that work with LPS. This system changes the traditional way of executing a building by facilitating the coordination among service providers. As a result of LPS, we have improved safety on site and the quality of the final product without increasing costs.

We are fully committed to environmental sustainability. Our buildings integrate innovations that generally surpass required emissions standards. Specifically, the innovations in our buildings have saved over 8,210 tons of $CO2$ and more than 30 million kilowatt hours of electricity through December 31, 2020 compared to if our buildings had only been built to meet the minimum energy rating required by Spanish building codes for new builds. Thanks to the energy ratings obtained, our buildings generate energy savings of up to 89% and emit

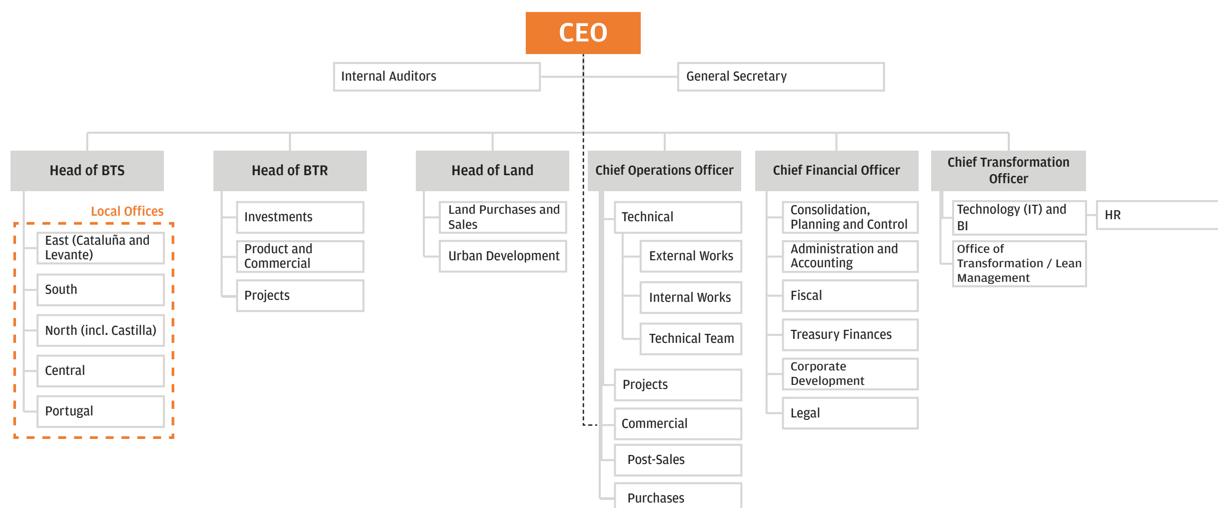
around 89% less CO2 emissions. Our management team focuses on innovation and sustainability, and our client-centric approach has been consistently recognized. Our current management has won numerous industry and consumer awards in recent years, such as the Ecofin Award for Titan of Finance (2012), Asprima-Sima Awards (2012, 2013, 2015, 2016, 2017 and 2019), the Vía Award for Best Real Estate Developer (2013), Suelo Award (2016), Porcelanosa Award for Best Energy Efficient Project (2016), Cinco Días Award for Most CSR Business Innovation (2017), the OCARE Award for CSR Communication (2018 and 2019), the Capital Radio Award for the Most Innovative Company in the Real Estate Sector (2018), the Actualidad Económica Award to the 100 best ideas of the economical actuality for the Magic House and the La Razón Award for leadership and innovation in real estate development.

Organizational Structure

The chart below reflects our organizational structure as of the date of this offering memorandum, through which we organize our fully operational platform of over 340 employees. From an organizational perspective, our top management, financial, procurement and administrative functions are centralized in Madrid, where our management team has an extensive experience across various economic cycles.

Our residential development activity is jointly led by our central office in Madrid in collaboration with our five regional branches: Central, East, South, North and Portugal. Our Central branch covers the autonomous communities of Guadalajara, Madrid, Tenerife and Zaragoza. Our East branch covers the autonomous communities of Alicante, Barcelona, Castellón, Girona and Ibiza. Our South branch covers the autonomous communities of Cádiz, Córdoba, Málaga, Murcia and Seville. Our North branch covers the autonomous communities of Coruña, León, Navarra, Valladolid and Vizcaya. Our Portugal branch covers the Lisbon, Vila Nova de Gaia and Porto regions in Portugal.

This organizational structure enables us to industrialize production and maintain control over the quality and implementation of our business model, while keeping our residential development activities close to their roots so that we obtain the local knowledge necessary for the success of our developments. Each of our regional branches is headed by an experienced regional branch manager, and staffed with development managers, technical managers and back office personnel and receives support from our Madrid headquarters.



For information on our corporate governance structure, see "*Management and Board of Directors*."

Detailed Business Overview

We are the leading homebuilder in Spain by units delivered. Our core activity is the acquisition and development of land for the purposes of residential development, with a focus on primary residences in areas with high demand for new homes. In particular, our activities are concentrated in Madrid, Barcelona, Málaga, Seville, Valladolid, A Coruña and the Balearic Islands, as well as, to a lesser extent, in Lisbon and Porto in Portugal and managed through our Central, East, South and North and Portugal branches. Our main product is multi-family developments targeted at the mid- to mid-high segment of the Spanish housing market for use as primary residences, but we also develop, to a lesser extent, vacation homes. Based on the end of year

financials, the GDV per unit of around 71% of our potential residential units ranges from €150 thousand to €300 thousand, the GDV per unit of around 19% of our potential residential units ranges from €300 thousand to €450 thousand, the GDV per unit of around 3% of our potential residential units is lower than €150 thousand and the GDV per unit of around 7% of our potential residential units is higher than €450 thousand. Furthermore, while we are focused on building primary residences, we estimate that around 15% of the residential units in our portfolio could be used as second homes for vacation or holiday use. The related projects or land are mainly located in the provinces of Málaga 87% of total second homes and, to a lesser extent, Cadiz, Castellon and the Balearic Islands.

Operating Model

We employ a vertically-integrated operating model that ensures a high degree of coordination among areas and an enhanced ability to incorporate clients' feedback and maintain a relationship with our clients throughout the project lifecycle. An extensive range of activities are undertaken in-house to ensure consistent and high-quality results for clients, differentiating us from our competitors.

Our core in-house capabilities include all land acquisition analysis and decisions, urbanization planning management (obtaining land and project permits), audit of product specification and design (including architect supervision), project management, construction management and post-sales support. Our internal project team allows for scaling of our design efficiencies across projects and has received high recognition for their excellence. We take advantage of our fully integrated project management to act as a general contractor providing operational flexibility, minimizing interruption of our activity with respect to certain services and closely monitoring deliveries of the projects. This allows us to decrease cost overruns, increase timeline discipline, maintain a stronger negotiating position, increase visibility on contractor pricing and guarantee the supervision of sub-contractors. We believe our experienced in-house construction team, which has delivered more than 3,152 units since the Aelca Acquisition and additional 3,000 plus units since inception, provides us with a competitive advantage.

While we have an extensive range of in-house capabilities, we also look to guarantee scalability through outsourcing to selected external service providers such as architects, sub-contractors, construction companies, and to a degree sales agents. When we hire an external construction company for a project, we employ our supervision project management to oversee the construction process. While our vertically-integrated business model ultimately enables us to retain control over all critical decisions in the process, our flexibility also allows us to reduce our fixed costs through outsourcing and to scale our business upwards and downwards with relative ease.

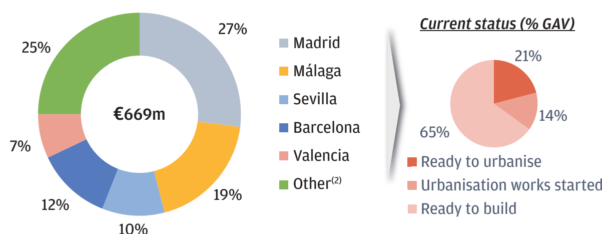
Portfolio

As of December 31, 2020, our portfolio has an aggregate GAV of €1,770 million, of which approximately 86% is Fully Permitted Land, approximately 59% is Ready to Build Land and approximately 14% is Strategic Land (in each case measured as a percentage of aggregate GAV). In addition, as of December 31, 2020, we have 36 ongoing developments (as described herein) where we expect to build 2,978 units. We estimate that our portfolio would enable the construction of approximately 21,189 potential residential units.

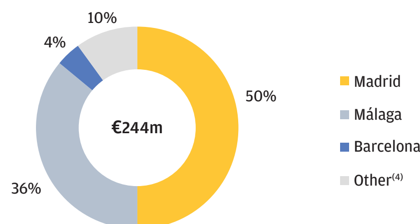
Based on the aggregate GAV of our Fully Permitted Land and the further items referred to below, our estimated NAV as of December 31, 2020 would be approximately €1,267 million. This does not reflect, except as indicated below, events that have occurred since December 31, 2020.

The graphic below shows the geographic breakdown of our land bank by GAV and GDV as of December 31, 2020. As shown in the below graphic, our land bank is concentrated in those Spanish regions with the largest projected average annual net household creation. Madrid, Barcelona, Málaga, Valencia and Seville together make up 81% of our land bank, and the remaining 19% are in solid secondary markets where we have a successful track-record of pre-sales and deliveries. Together the five provinces represent approximately 81% of our total GAV. The fully permitted land included in the graphic below excludes WIP and the Build-to-Rent portfolio.

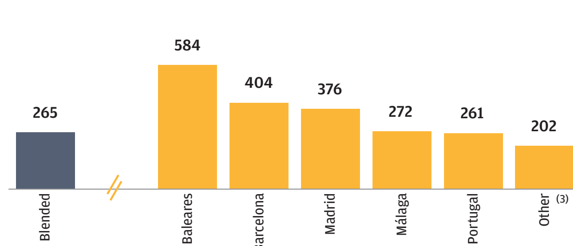
Fully permitted land GAV distribution by geography[(1)] (€m)



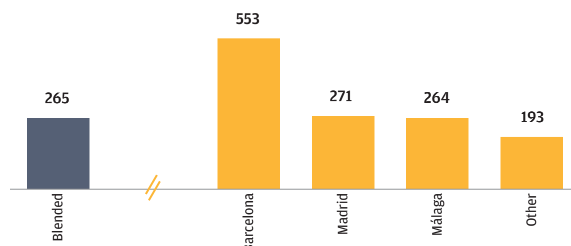
Strategic land GAV distribution by geography (€m)



Fully permitted land GDV per unit by geography[(1)] (€k)



Strategic land GDV per unit by geography (€k)



(1) This does note include WIP and Build-to-Rent portfolio.

Source: Issuer information

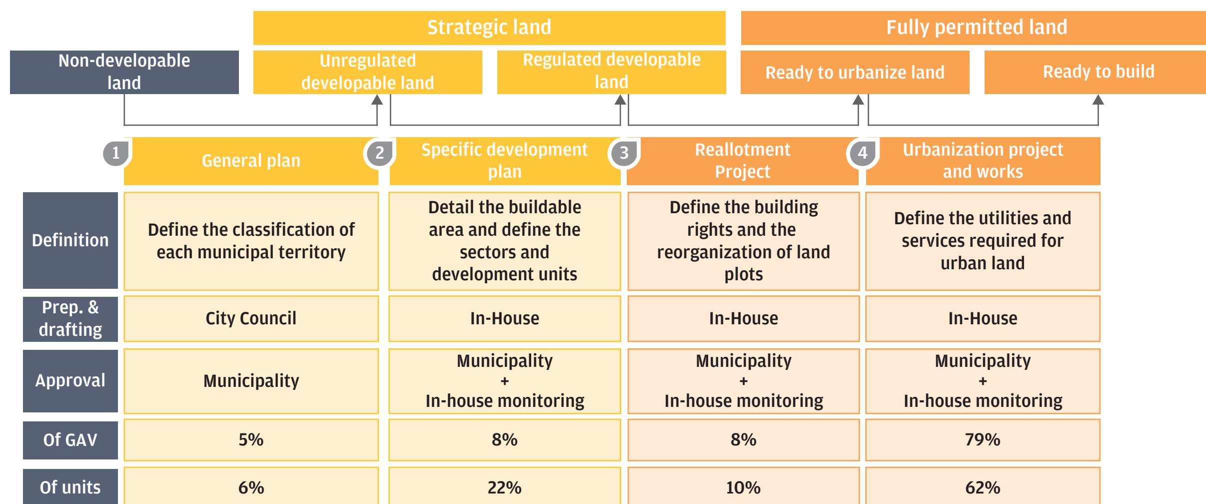
We estimate that our portfolio would allow the construction of approximately 21,189 potential residential units. We estimate the potential number of residential units based on the current regulation and demand on each site. The number of final units for a project could change based on our definitive development design at the time development is finally undertaken.

Land Management, Build-to-Sell and Build-to-Rent

Our core business is the acquisition and development of land in Spain for residential purposes, we accomplish this through our land management, build-to-sell ("BTS") and build-to-rent ("BTR") business lines. We are the leading homebuilding company in the BTS segment in Spain by number of units delivered during 2020.

Under our land management business line we acquire land, prepare our land bank for transformation into developable land through the process of urban permitting and select assets to acquire and those to divest.

The graphic below sets forth our land permitting process.



	1 General plan	2 Specific development plan	3 Reallotment Project	4 Urbanization project and works
Definition	Define the classification of each municipal territory	Detail the buildable area and define the sectors and development units	Define the building rights and the reorganization of land plots	Define the utilities and services required for urban land
Prep. & drafting	City Council	In-House	In-House	In-House
Approval	Municipality	Municipality + In-house monitoring	Municipality + In-house monitoring	Municipality + In-house monitoring
Of GAV	5%	8%	8%	79%
Of units	6%	22%	10%	62%

Upon permitting, our new fully permitted land plots feed into either our BTS or BTR division, with the optionality of selling the land plots with a value maximization and capital turn approach. We have a land bank portfolio that would enable us to deliver units for over 10 years at the average annual production level achieved in the last two years ended December 31, 2020 and December 31, 2019 (average of 1,553 units per annum at €316 thousand each). Accordingly, we are positioned to fully execute our business plan for both our BTS and BTR business lines without the need to acquire any additional land, freeing us to undertake only opportunistic and highly attractive land acquisitions, while continuing to complete non-core land sales, in each case, in line with our reinvestment policy. For the year ended December 31, 2020, revenue from non-core plot land sales amounted to €47 million.

Through our BTS business line we permit, construct and sell residential units for purchase by end consumers. Currently, we have under our BTS segment 3,408 units under construction with a GDV of €995 million, with a construction progress of 90% and 43% for the units expected to be delivered in 2021 and 2022, respectively. Additionally, we have 1,553 units that were not work in progress but were already under commercialization. As part of our strategy to mitigate risk and maintain our very low cancellation rate, we initiate construction and incur development loan debt only once a certain pre-sales threshold has been secured. As of December 31, 2020, 2,844 total units were pre-sold with a GDV of €762 million. On average, the timeline of our BTS developments is the initiation of pre-sales 6-12 months prior to the development license being obtained, then 21-24 months for the construction of the development with development capex in the region of 45-50% over sales. Our land is already financed by equity and our development capex is financed with debt and proceeds from clients (10% at signing and 10% monthly installments). Over the next three years, taking into account the effects of COVID-19, we expect to broadly maintain our average level of deliveries achieved for the two years ended December 31, 2020 for our BTS division, during which we delivered on average 1,533 units annually with an average gross margin across the BTS division of approximately 20% per year. We will continue to leverage this favorable market well into the future with healthy pre-sales levels which gives us very high visibility of performance in the next few years based on our historical levels of negligible cancellation rates. As of December 31, 2020 our BTS business line had pre-sales of €762 million (in respect of 2,844 units) representing pre-sales of 78%, 67% and 41% of potential units expected to be delivered in 2021, 2022 and 2023. We expect our selling, general and administrative costs to gradually decrease in the next two years so as to achieve a level closer to selling, general and administrative costs in 2018.

While historically most of our cash flow has come from our traditional business lines, BTS and land management, we aim to benefit from the increasing demand of rental homes and further diversify our business by adding a BTR business line. Our new BTR business line focuses on permit, construct and sale of residential units in developments to institutional investors who will operate the units as rental properties. We have an agreement in place with a local listed rental player that will advise on the operation and design of developments and our first rental portfolio. We have also applied for licenses to commence construction on 2,431 potential units in our BTR business line, 25% of which we have secured as of the date of this offering memorandum. Building licenses are generally obtained within six to twelve months from application and are

followed by a period of construction ranging from 21-24 months. Taking into account the effects of COVID-19, units in the BTR division are expected to follow similar build times to BTS units, sell for similar prices per square meter although units tend to be a third smaller, with similar margins and construction costs as our BTS division. The average size of our rental homes are designed to be a third less than the average size of BTS units. We expect the selling price per square meter, construction costs and margins to be aligned with our BTS division with the average size of every rental unit expected to be approximately a third below the average size of our BTS units. Lastly, we aim to consolidate BTS leadership together with a scale up of operations in BTR. In doing this, we shall implement a conservative financing approach involving 100% BTS capex financing, 60% BTR capex financing, targeted land investments based on delivery targets and land price, as well as prudent leverage ratios of up to 30-35% LTV.

Detailed Value Chain

We have implemented a disciplined value chain throughout the development process, starting from land acquisition through to delivery of our homes and post-sale service.

Land Acquisition

The land acquisition process comprises opportunity identification; in depth business analysis, due diligence, Management Committee decision, Board of Directors or Executive Committee decision and closing. Our selective approach to investment enables us to pursue only those investments that fit within our criteria.

We aim to leverage our local market knowledge with centralized functions such as research, negotiation, due diligence and transaction closing processes from our head office in Madrid. Moreover, we believe our interest in the acquisition of Strategic Land, in addition to Fully Permitted Land, provides us with a wider range of future opportunities.

For a presentation of Strategic Land by asset as of December 31, 2020, see "*—Other Key Business Information—Our Ongoing Developments*."

Urbanization Planning

The urbanization planning management and land permissioning process comprises both the legal aspect of obtaining urbanization planning permission to build, and the construction of urban infrastructure required by the applicable approved planning permission. We only undertake urbanization planning management for our Strategic Land and focus such attention on Regulated Developable Land. See "*Regulation—Urban Planning.*" We generally focus on Strategic Land that is land suitable for development, and do not undertake the transformation of rural land into urban land. Within such urban Strategic Land, we generally focus on plots the meeting the criteria of the General Plan, whose elaboration and processing is the exclusive competence of the municipality, and whose urbanization planning has been approved by the relevant planning authorities, and for which only urban management processes, including the construction of urban infrastructure, remain to be defined and undertaken. Our longstanding relationship with the local municipalities give us the ability to effectively source and manage Strategic Land on the back of our solid track record. Throughout the urbanization planning management and land permissioning process, we maintain strict in-house control and supervision, allowing us to meet timely deliveries of seven months from license to build to grant of a license.

The approval process for the urbanization project is jointly managed by our urbanization planning management department, which handles legal matters, and our operations department, which handles technical documentation.

As of December 31, 2020, our internal urban planning team held relevant, decision-taking positions in a number of sites where we are present, including (but not limited to):

Compensation Board	Province	Vía Célere Position in the Compensation Board	Vía Célere Units	Vía Célere GAV
Los Cerros	Madrid	Chairman,	2,500	34
Huerta Grande	Madrid	Chairman and Secretary	380	34
ARPO	Madrid	Member	488	49
Ensanche de la Cala	Málaga	Chairman and Secretary	544	68

Housing Development

The housing development process comprises five main phases: (i) Market Analysis; (ii) Product Design and Building Permits; (iii) Sales; (iv) Construction; and (v) After-Sales. Each of these phases is explained in further detail below. The estimated timing of the entire housing development process typically ranges from 24 to 36 months, with delivery typically occurring two to four months following completion of construction, and the average duration of our Post-Sales service is 12 months following delivery of the housing unit.

As further explained below, we aim to retain control over all critical decisions in the process. We work closely with third-party service providers to help us develop our residential projects. These outsourced services include urban planning assistance (for the drafting of specific urbanization planning instruments), architectural design, construction and to some degree sale of our units. Activities undertaken in-house include land acquisition analysis and decisions, urbanization planning management, audit of product specification and design, project management, sales (we employ a mixed model of both internal and external sales teams) and after-sales support. When we hire an external construction company for a project, we employ our supervision project management model to oversee the construction process. In order to optimize the efficiency of our land development processes, we have industrialized our operations and implemented competitive procurement processes to always select best third party service providers.

Many aspects of land transition, permitting and construction are similar for our BTR and BTS business lines, with the exception that unlike our BTS business line, the BTR developments are generally developed without pre-sales, as our strategy is to create a rental platform and to only sell these assets once all of the units in a development are under construction or have even been completed and rented.

Market Analysis

As a preliminary step in our housing development process, land plots need to be selected for development. The selection of plots to be developed under BTS or BTR projects is led by our Executive Committee and the analysis from our Head of BTS and Head of BTR, and is mainly driven by local demand and supply analysis conducted with assistance from the relevant regional branch and the commercial department.

The demand analysis is focused on economic variables, project size and type preferences, customer acquisition potential and common areas requirements, among other factors. To gather first-hand information from potential customers, we typically launch marketing actions, which provide us with in-depth information about our potential clients' needs. Occasionally our commercial department commissions external market analysis reports as well. This feedback is then taken into account in the product specification and design process.

The local supply analysis focuses on the existing residential units in the immediate area, price range and type of residential units, sales pace of similar developments, target clients and financing conditions, among other factors.

Product Design and Building Permits

Once a land plot has been selected for development on the basis of our Market Analysis, we carry out a feasibility analysis, determine the type of development to be built, and prepare a detailed product specification proposal. This detailed product specification proposal includes the relevant preliminary development plan which details the size, materials and other key elements of the design of the planned residential units, the attributes of common areas, energy efficiency, demand prospects, the expected development costs, our marketing and selling objectives, the commercial strategy that will be used, and the estimated development timing. Our internal project team applies guidelines for design efficiencies that will be used by external architects developing individual projects. This is a result of learnings from past projects and efficient processes employed.

In this phase we also begin the construction permitting process, which includes: selecting external architects who will design the development, providing various firms with a copy of the preliminary development plan and assessing their proposals on economic, aesthetic and technical grounds; developing the basic design with the selected architects to include customized and signatures elements including communal spaces and sustainable principles; execution and elaboration on the basic design by the architects under the supervision of our project

team to work up the full technical details that cater to the requirements of receiving a Health and Safety Seal and bring our development project managers up to speed; and up to a six month process of applying for the permit with meetings held with local government technical departments to ensure an efficient process.

Sales (applicable to BTS only)

We typically initiate various processes relating to our sales functions, which generally start prior to construction works in order to achieve target pre-sales thresholds and then run in parallel with construction. These processes include:

- *Commercial strategy*. Prior to initiating marketing of a project, we carefully consider the *commercial* strategy to be employed for a given project. Our sales strategy is launched by our *commercial* department in coordination with the relevant regional manager. Our sales efforts are supported by third-party advertising agencies that create marketing materials and brochures and prepare presentations for our website and social media. While we rely on these third-party advertisement agencies, we are closely involved in selecting the marketing materials based on our carefully controlled standards and specifications. These specifications and our close monitoring of third-party advertisement agencies facilitate the homogenization of our marketing efforts for all of our projects. We offer a consultative sales process in which our sales representative acts as an adviser rather than as a salesperson, in order to be able to understand our customers' circumstances and identify their needs. Our in-house sales personnel helps us to ensure we offer a product that meets customer expectations and guarantees customer satisfaction.

- *Selection of the sales model*. Our commercial team uses a mixed strategy between in-house sales representatives and external real estate agencies. General rule we apply is to have internal sales teams in regions where we have higher quantity of developments. In regions where the geographic dispersion of developments is larger or where there are less developments we use a mix of our internal sales representatives and external real estate agencies. For second home products aimed at foreign buyers we always use external real estate agencies. For all situations where we use external real estate agencies to submit their proposals detailing their analysis of the market and their proposed marketing strategy, price ranges and targeted sales pace, among other matters. Such analyses allow us to significantly increase our knowledge in order to reduce the risk of our marketing strategy.

- *Commencement of the sales process and achievement of pre-sales target*. Upon receipt of a positive indication from local authorities with respect to necessary permits, we prepare the relevant marketing materials to begin with the marketing of the project, such as brochures and computer graphics, and our sales team commences the sales process of the development. Our marketing actions seek to actively create awareness of potential customers through online and offline channels. In 2020, we had pre-sales of 2,844 units or €762 million. We generally start construction of a development project only when we have obtained the relevant target level of pre-sales of the homes to be built in the development needed to obtain the development loan to fund project costs (typically 30%-50% of the homes to be built, with the specific threshold determined on a case-by-case basis depending on the characteristics of each project). At this stage, buyers must typically pay a deposit of approximately €3,000 as a reserve amount and enter into a reserve contract. Once this deposit is made the relevant unit is considered to be "*pre-sold*." Once we obtain the underlying building license, prior to construction works start, we revert the reserve agreements with our customers by the signing of a sale and purchase agreement. In that milestone, customers must pay an additional 10% of the aggregate sales price. An additional 10% is paid through monthly installments, with the remaining amount (76%) to be paid at delivery of the units to the customer. In the case of second residence projects these percentages are generally 15% at reserve agreements upfront, and 15% through monthly installments and the remaining 70% at delivery. Proceeds from customers are deposited in special accounts, secured by a financial institution and can be used only to fund project costs within each development.

- *Customer experience*. Following each pre-sale, and throughout the construction process, our marketing and customer-care team set up an information and communication channel with the relevant customer in order to strengthen the relationship through personalized care, providing the customer with information on the progress of the development and any assistance the customer may require, in a timely manner. We provide a buyer's guide to each customer following a pre-sale, which explains the full process through delivery of their new home, as well as aspects of being a new homeowner, such as the payment of property taxes.

Communications with customers include newsletters with tips on a variety of topics, such as decoration, energy efficiency and the functioning of certain installations such as radiant floor heating systems. We also offer our customers various pre-determined customization options by which they can choose paint and kitchen finishes, colors, flooring options or home automation systems, some of which are offered at no additional cost and others with separate associated costs. These options are offered to our customers through a proprietary app that allows them to visualize various different options as well as any associated additional costs. We are currently developing an all-encompassing platform which would help us communicate with the client through different channels throughout their customer journey with us. This will help us understand our clients and their needs even better and allow us to provide a more agile and efficient response to their needs. In the end this should lead to even higher client satisfaction translating into higher NPS, further sales and maximization of revenue.

- *Development financing*. We generally seek to obtain bank financing (through mortgage on both land and development) for all of the hard and some of the soft costs incurred in housing development, which we are generally able to obtain upon reaching of the pre-sales threshold required for each specific development (typically within 30%-50% range). In order to best serve our final clients, we typically work with banks with local operations in the area of the development site. Moreover, we generally obtain offers from at least two of such banks and select the most competitive offer received. We are typically able to draw on our loan for a project when we can present construction certificates to the lender as evidence of our expenses. In addition, with respect to certain prime locations meeting bank requirements, we occasionally may be able to obtain additional amounts under our Development Loans to fund up to 50% of the land purchase cost during the development stage (part of which we typically receive upon signing, and the rest of which we receive when we have pre-sold an agreed percentage of the units in the relevant development or reached certain construction milestones). We generally do not begin construction until development financing for the relevant project has been secured. For additional information, see "*Operating and Financial Review—Liquidity and Capital Resources*."

- *Financing for customers*. We work with financing entities that are present in the location of our developments in order for them to provide financing to our homebuyers. Typically, potential customers are referred to the office of the relevant financing entity that is closest to a given development to discuss their financing options.

- *Development launch report and feasibility study*. Upon selection of the construction company, we prepare this report and submit it to the Executive Committee, which must approve it before construction can begin. It includes the final project design, revised sales prices, final construction budget and the construction company proposal. It also includes an updated feasibility analysis completed based on the definitive expected construction costs. The selection of the construction company must be approved by the Purchasing Committee.

Construction

After achieving the aforementioned milestones, we are in a position to start construction on the development. During this stage, which typically ranges from 18 to 24 months, we initiate the following processes:

- *Selection of operating model*. As we have discussed before, depending on the complexity, location of the project and market knowledge, we either use our full project management model (in which we act as general contractors) or we use our supervision project management model (in which we hire a construction company and supervise the construction works). In-house full project management teams comprise between four and six employees per project. Our full project management is currently acting as a general contractor in a select number of our ongoing developments. In majority of cases when we use external construction companies we employ our supervision project management model. We typically employ one in-house supervision project manager to control two to four projects depending on complexity of the project and geographical distribution. Regardless of the model, we implement lean construction techniques for construction of our developments.

- *Construction Selection Process*. The selection process of external construction companies and sub-contractors is carried out by the purchasing committee with the assistance of the services department and the relevant branch. Several construction companies, typically between six and eight, are invited to submit their

proposals after being previously selected based on their experience, size and solvency, among other criteria. Construction companies are provided with a copy of the relevant execution design and the selected companies are expected to enter into turn-key construction contracts on the basis thereof. Construction companies are selected after three bidding rounds. Selection is not only based on price, but also on other factors, such as their experience in similar developments, the proposed delivery plan, client references, their financial strength and their presence in the target location. We also conduct site visits of their completed projects in order to verify the quality of their work. When hiring general contractors, we typically prefer mid-sized contractors which are specialized in the construction of residential housing and have a proven track-record, and in respect of which our relevant regional branch has first-hand knowledge. Occasionally we also hire large construction companies. Our selection process is designed to ensure that the selected contractors get a complete understanding of the development that needs to be executed and any deviation risk is minimized (especially with respect to the planned construction completion date).

- *Construction monitoring*. In order to avoid deviations from the agreed timetable and other specifications, we enter into turn-key contracts with construction companies and/or sub-contractors, as appropriate, establishing guarantees and penalties to ensure the fulfilment of the agreed upon milestones and final completion date.

- *Monitoring by our supervision project managers*. Our supervision project management team is in charge of continuously monitoring the construction of our developments at the development sites in order to ensure that they meet our criteria and the agreed calendar and that they do not deviate materially on quality or costs. Our in-house supervision project managers meet at least once a week with the construction companies to closely monitor the construction and they issue regular reports (such as on quality and cost compliance) to anticipate and correct any potential deviations. Together with our in-house technical managers (which focus on technical aspects of the developments), they will formally accept the finished development after a detailed review to verify that all works have been properly carried out according to our standards and requirements.

- *Full Project Management*. Under the full project management model we have an all-day presence at the building site, which enables us to have readily available information regarding all aspects of the construction work. Not only we are able to closely monitor every detail, but we are also able to introduce changes quickly and economically.

- During the construction phase of a project, we continuously monitor the following four aspects of a project: (1) quality, which is monitored by our dedicated inspection team; (2) price, which is monitored through review of invoices and certifications of construction companies and/or sub-contractors; (3) time, through which we monitor the speed of construction in order to maintain the intended schedules; and (4) health and safety, which is monitored by a dedicated team committed to the safety of all those working on our projects, with the goal of zero accidents.

- *First occupancy licenses and delivery*. First occupancy licenses must be obtained once construction has been concluded. In evaluating a request for first occupancy licenses, local authorities examine whether the construction has been completed, and whether it was carried out in conformity with the construction permit previously granted and other applicable regulations. The process for granting first occupancy licenses generally takes around two or three months following completion of construction. Some regional and local regulations have substituted the need of licenses by sworn statements. Once first occupancy licenses are received, the public deed of sale and purchase is entered into, and we deliver the relevant units to our customers.

For a presentation of developments in the Construction phase as of December 31, 2020, see " *—Other Key Business Information—Our Ongoing Developments*."

After-Sales

Once the construction process is completed, and prior to payment of the outstanding portion of the price by our clients and entry into the public deed of sale and purchase, our after-sales team, together with our marketing and customer-care team, conducts a walk-through of each new home with our clients during which they are able to inspect the home and any modifications contracted. Although it is not the primary purpose of such

visits, our teams also note any potential deficiencies during these walk-throughs for later resolution. These visits mark a transition for our clients from interacting primarily with our marketing and customer-care team to our after-sales team.

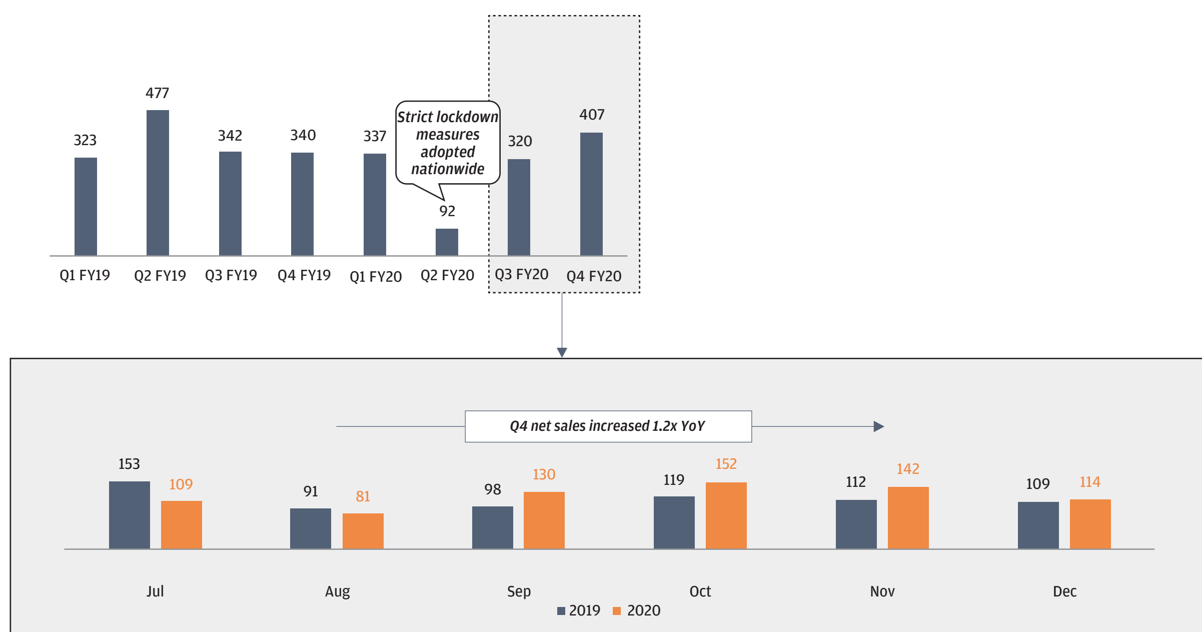
After delivery of a home, our clients benefit from our customer care program during a certain period of time, typically one year. As part of such program, we assist our customers with their concerns regarding their recently delivered homes and help them adjust to their new homes and communities, explaining facilities and features of their new homes, providing interior design consultation services and offering solutions to most any issues that may arise at no additional cost. In addition, we put our customers in touch with suppliers of different products and services and offer discounts on furniture, accessories, curtains, and similar furnishings. We also provide special offers related to their homes such as for moving, cleaning, refurbishments, home insurance and personal trainers. We are focused on delivering customer satisfaction and currently 93% of our BTS buyers/customers respond that they would recommend us, based on our post-sales customer surveys conducted at delivery.

COVID-19

COVID-19 interruption in Spain in the first months of 2020 and safety and lockdown measures taken accordingly, led us to a temporary closing of our sales offices, from mid-March to mid-May. During the months of April and May our net pre-sales rates for each month was zero units (i.e. new sales offsetting the cancellations recorded). After the reopening of sales offices, during the second semester of the year we have recorded a strong recovery in monthly pre-sales rates, with the fourth quarter rates being superior to 2019 equivalent. Cancellation rates remain in line with pre-COVID-19 levels.

Regarding construction works, except for the 8-day total lockdown for non-essential activities decreed by Spanish Government (from March 30 to April 9), construction monthly progress remained in line with pre-COVID-19 levels, and as of the date of this offering memorandum, is back to normal, with very limited delays from lockdown periods.

The below graphic sets forth our net sales evolution, in number of units, for the years ended December 31, 2019 and 2020.



As part of measures taken to fight against the impact of COVID-19 on our operations, we drew €12 million of ICO Loans. Despite some limitations suffered during lockdown months, we have continued delivering homes to our clients, with 1,932 units delivered during the year ended December 31, 2020 and securing our orderbook by converting reserves into formal share and purchase agreements, with 1,170 conversions during 2020.

Our Regional Markets

The following table sets forth features of our land bank in each of the regions in which we operate.

	Units	GDV	GAV	% GAV
Madrid	7,795	2,252	619	35%
Barcelona	750	320	158	9%
Málaga	4,040	1,086	381	22%
Seville	2,881	519	146	8%
Valencia	1,656	336	126	7%
Portugal	541	167	59	3%
Other	3,536	844	282	16%
Total	**21, 189**	**5,523**	**1,770**	**100%**

Other Key Business Information

Employees

The tables below show our employees, divided by department and professional category, as of December 31, 2020:

Department	December 31, 2020
Business	110
Operations	164
Finance	46
Corporate (technical, legal and administrative)	28
Total	348

Professional category	December 31, 2020
Management team	5
Middle management	88
Technical and clerical staff	255
Total	348

Health and Safety

Much of our operations occur in high risk environments. Construction activities involve high accident rates, ranking third in non-fatal accidents and first in fatal accidents in all industries in the EU. Furthermore, within the EU, Spain is among the countries with the highest incident rates of non-fatal accidents and was ranked the fourteenth in fatal accidents. We are committed to protect and continually improve health and safety within our corporate ecosystem, as this is the only way to ensure that we improve the well-being of our employees and our partners, while generating production efficiencies and maintaining a leadership position within our sector.

We are committed to continuous improvement and are building a culture of zero tolerance for workplace accidents. At Vía Célere we look to ensure a healthy work environment for our personnel by adopting the following measures:

- *External Audit*: We employ a third-party prevention service at the national level, which carries out periodic health and safety audits in our different offices, points of sale for promotions and construction sites. These annual audits have been consistently favorable and demonstrate our compliance with current regulations with respect to the prevention of occupational risks.

- *Health & Safety Training*: Our employees receive different training depending on which group company employs them. The following health and safety trainings were given during 2020 to employees by Vía Célere group company:
    - *Vía Célere Desarrollos Inmobiliarios (VCDI)*: Training on the prevention of occupational hazards (POH), comprising 6 hours of online training for office personnel who do not have any type of training in PRL (6h) and PRL basic level for 60 hours for all construction personnel.
    - *Vía Célere Project Management (VCGP)*: Construction company employees receive training according to the construction agreement, including 20-hour trades courses, 60-hour basic level courses, training courses use of machinery according to Royal Decree 1215/97, tubular scaffolding assembly courses, etc., as well as a course for joining our third party prevention service as a prevention delegates in the construction sector (60h).
    - *CONSPACE*: Employees receive training according to the specific construction agreement, which may include a specific 6-hour course on "Production and assembly officer of industrialized toilets" given by our third party prevention service, as well as courses on the use of machinery according to Royal Decree 1215 / 97 and fire and emergency extinguishing (6h). This year no courses could be held for this company.
- *Health Surveillance Service*: All of our employee who join our third party prevention service's as a prevention delegate must undergo a medical examination in their specialty of health surveillance. Annual medical examinations are planned for all company personnel, being mandatory for those employees of the Vía Célere Gestión de Proyectos and Conspace companies.
- *Nalanda—Obralia Platform:* Use of the Nalanda—Obralia platform in all construction works, both internal and external (for external, there is also the option of a similar platform so long as supervised and approved by the person in charge of the PRL department). This document management platform is used for an adequate and rigorous control of the labor, commercial and prevention documentation of our companies and the workers involved in our projects, both contractors and subcontractors.
- *Defibrillators*: All our construction sites have defibrillators as well as most of our offices. The installation of defibrillators is coupled with a 6-hour training courses for all of the staff at a site or office and is given by the company that installs the defibrillators. In 2020, no training was possible due to COVID-19.
- *Insurance*: We have received recognition from mutual accident insurance companies for our compliance with health and safety as evidenced by our low annual accident rates and have received a contribution bonus for our three group companies. This incentive is regulated by Royal Decree 231/2017 of March 10, which establishes a system to reduce contributions for professional contingencies for companies that have considerably reduced their occupational accident rate. This bonus can only be requested by companies that have complied with the required accident rate quotas established by Social Security (*Seguridad Social*) each year. In recent years, our three group companies achieved this recognition, which represents a reimbursement to us of between 5% and 10% of said accident rate quotas, depending on the investments in prevention made and included in the Royal Decree. These investments comprise our human resources dedicated to the prevention of accidents and our team or individual protection equipment that is available to our personnel and contributes to the improvement of health and safety conditions.

Claims Rates (by group company) for 2020

Nº Accidents	VCDI	VCGP	CONSPACE
With leave	1	7	1
Without leave	0	8	0

Claims Rates (breakdown between employees and subcontractors)

The main accident rate that we calculate that can be compared with any official data, such as that of the National Observatory of Labor Conditions of the Ministry of Labor and Social Economy, is the incidence rate. The incidence rate is calculated as follows:

$$\text{Incidence rate} = \frac{\text{Accidents with leave x 10.000}}{\text{Average number of workers}};$$

The incidence rate for our group companies are as follows:

Vía Célere Desarrollos Inmobiliarios:

Incidence rate: $\frac{1 \times 10.000}{272{,}71} = 36{,}67$

Vía Célere Gestión de Proyectos:

Incidence rate (own employees): $\frac{7 \times 10.000}{146{,}71} = 477{,}13$

Conspace:

Incidence rate (own employees): $\frac{1 \times 10.000}{9} = 1.111{,}11$

According to the Occupational Accident Observatory of the Ministry of Labor, Migration and Social Security, during the period from December 2019 to November 2020, the incidence rate in the construction sector at the national level was 5,497, which means that all Vía Célere group companies were considerably below this national average.

With respect to subcontractor companies, during 2020 the number of accidents at our sites affecting subcontractor companies were 9 accidents with leave and 36 without leave in aggregate with respect to 17 developments that have been in operation during this period, each with an average of 150 workers per development. This is a low incidence rate, considering that the volume of external workers who can work on a site ranges between 150-200 workers, compared to our work teams, which are usually made up of 10-12 people.

Protocols in response to COVID-19

We have established two protocols in response to COVID-19: one for our office personnel and one for construction personnel.

These protocols implement safety measures, such as PPE, safety distances, as well as hygiene measures and response protocol in case of anyone presenting any symptoms, whether such symptoms present while at work or at home.

Material Contracts

The contracts set out below have (i) been entered into by us or any entity within our Group within the two years immediately preceding the date of this offering memorandum and are, or may be, material to our Group; or (ii) been entered into at any time by any entity within our Group and contain provisions under which any entity within our Group has an obligation or entitlement which is, or may be, material to our Group as of the date of this offering memorandum.

Construction Contracts

In the ordinary course of our housing development activities, we and other Group entities involved in development activities formalize project construction agreements either with third parties or with the Group members that are engaged in such construction activities.

The services rendered through such construction agreements mainly consist of professional construction of real estate projects owned by us or our subsidiaries.

The table below reflects our most significant construction agreements for projects under construction as of December 31, 2020.

Project	Contractor	Targeted termination date
5322 I-NOVARIVAS II (RIVAS S4 P20)	Ferrovial Agroman, S.A.	2021
5423 - N-R. BREMEN (T. CANTOS 9A)	Construye Capital S.L.U.	2021
Sevilla Este - Fase I - 5AH5AI Subfase I y II	Vía Célere Gestión de Proyectos, S.L.U.	2021
5421 - NI-R. VEGA (H. CABELLO I)	Cartuja Inmobiliaria, S.A.U.	2021
5920 - NI-EDIFICIO MT 22 (MANOLO TABERNER)	Grupo Bertolín, S.A.U.	2021
Casares (Doña Julia)	Construcciones Ruesma, S.A.	2021
5422 - NM-VITTA NATURE (MIJAS C. EL CHAPARRAL I)	Acciona Construcción, S.A.	2021
6222 - NCN- ENTRENUCLEOS BC 11.1	Constructora San José, S.A.	2021
5426 - N-URBAM RIVAS (RM 22)	Vía Célere Gestión de Proyectos, S.L.U.	2021
6122 - NM-RES. AURA (MALILLA 12.2.2)	Coanfi, S.L.	2021
Oeiras - Fase I. Parc. 1,2,3 y 4	Constructora San José, S.A.	2021
6231 - NCN- REBOUL 19 MÁLAGA (ADIF II)	Construcciones Serrot, S.A.	2021
5424 - N-R. BREMEN II (T. CANTOS RC 9B)	Vía Célere Gestión de Proyectos, S.L.U.	2021
6240 - NCN-MATARO R3	Vía Célere Gestión de Proyectos, S.L.U.	2022
Parcela 101-L PP Laderas Sur - Parquesol	Vía Célere Gestión de Proyectos, S.L.U.	2021
5329 I-NOVARIVAS II (RIVAS S4 P18)	Urbanizaciones y Medio Ambiente, S.L.U.	2022
5520 - NI-TORROX II SAREB	Vía Célere Gestión de Proyectos, S.L.U.	2022
2041 - CRUCES RES. (BARAKALDO I UNIF.)	Ferrovial Agroman, S.A	2021
5437—NI- SUELO PATRAIX III Patraix VPP 27.1.4	Torrescamara y Cia de Obras, S.A.	2022
Lote 9	Telhabel Construçoes, S.A.	2021
6129 - NM-RES. GRACE (VALDEMARIN II)	Asentis Plus, S.L.	2021
5420 - N-PORT AVENUE (MARBELLA E. HOSTELERIA)	Acciona Construcción, S.A.	2021
Tabacalera Coruña M2	Constructora San José, S.A.	2021
6123 - NM-VALDEMORO IV (15.1.2)	Avintia, Proyectos y Construcciones, S.L.	2021
5221 - M-RES. AUSTRAL (MOSTOLES II)	Arpada, S.A.	2021
6242 - NCN-TORRENT 10	Edificaciones y Construcciones Verdoy, S.L.	2021
5226 - M-PATRAIX II PARC.15.1	Ferrovial Agroman, S.A.	2022
2016 - TERR. DEL ENSANCHE II (VALLECAS IV)	Asentis Plus, S.L.	2021
Finestrelles Unifamiliar (Parcela 105)	Vía Célere Gestión de Proyectos, S.L.U.	2021
5124 - P-RIVAS FASE III	Vía Célere Gestión de Proyectos, S.L.U.	2021
Mairena De Aljarafe - Fase II	Heliopol, S.A.U.	2022

All of our construction agreements generally have similar terms and conditions and do not entail any rights of first refusal in respect of any real estate project. However, a right of first refusal is granted in favor of Obravanza, S.L.U. under the advisory services agreement executed by the Issuer and this entity on October 1, 2019, which may be exercised within 30 calendar days from the date when the Issuer communicates its intention to transfer plots EDA B, C and D of Sector Quint II of the Mislata PGOU (properties 33,825, 33,826 and 33,827 of Land Registry of Valencia number 13). We have determined the fees for construction services rendered by intra-group contractors according to market value.

Regardless of whether the contractor is a third party or one of our subsidiaries, under most of our construction agreements the contractor shall: (i) be responsible for the construction of the project, (ii) issue monthly certifications of the executed work from which, according to certain agreements, we will withhold 5% of the amount to be paid, (iii) arrange civil liability insurance during the term of the agreement covering damages to third parties, sub-contractors and us, and (iv) comply with tax, health, safety and labor obligations, policies and legislation that is applicable. Most of our construction agreements also establish that quality controls are undertaken by qualified entities.

As of the date of this offering memorandum, we believe that all of our hired contractors have the necessary resources to comply with their respective construction projects and material obligations deriving thereof, including human, technical and material resources. See "*—Risks Relating to our Business and Industry—We*

undertake certain of our acquisitions and development projects with a business partner, and are therefore subject to the risks associated with joint ownership".

Co-Investment Agreement–Jardinana Transaction

On May 6, 2016 we entered into a co-investment agreement (the "*Co-Investment Agreement*") with CTH Capital Limited ("*CTH*") for the purposes of acquiring eight building plots and three building roofs (techos edificables) located in Mijas, Málaga, over which the Ensanche de la Cala residential complex is to be built (the "*Jardinana Assets*").

The purchase of the Jardinana Assets was made through two special purpose vehicles named Sulos Investments 2015, S.L.U. ("*Sulos*") and Torok Investments 2015, S.L.U. ("*Torok*"), which are wholly owned by CTH and by us, respectively. As set forth in the Co-Investment Agreement, Torok agreed to contribute 50% of the funds required for the purchase price and VAT of the Jardinana Assets mentioned below, through drawdowns under the credit agreement dated July 14, 2016 and entered into by and between us, as lender, and Torok, as borrower.

On July 14, 2016, Sulos and Torok, as purchasers, entered into a deed of land purchase agreement with Mijas Sol Resort, S.L.U., as seller, by virtue of which Sulos and Torok became joint owners (50% each) of the Jardinana Assets for a total price of €40 million plus VAT in an amount of €8.4 million. Each of the purchasers paid 50% of the price on the closing date.

Upon acquisition of the Jardinana Assets, Sulos and Torok formed a community of property (*comunidad de bienes*) named Cala Mijas Resort C.B. ("*Cala Mijas Resort*"), whose purpose is to promote over the Jardinana Assets the residential property named "*Cala de Mijas*". The Co-Investment Agreement and the deed of establishment of the community of property sets out the rules for the governance of Cala Mijas Resort, including special majorities to pass material resolutions. In addition, the Co-Investment Agreement establishes pre-emption rights in favor of Sulos and Torok.

Pursuant to the terms of the Co-Investment Agreement, Sulos, Torok and Cala Mijas Resort entered into a management agreement, on an exclusivity basis, with CTH for the provision by the latter of certain management services related to the construction of a residential complex over the Jardinana Assets and the subsequent sale of property units to third parties, as well as the provision of services related to the management of Cala Mijas Resort itself (the "*Management Agreement*"). In accordance with the Management Agreement, CTH received a structuring and intermediation fee amounting to €0.75 million on July 14, 2016. The Management Agreement will be terminated as a result of the dissolution of the Cala Mijas Resort community of property in the terms indicated below.

Having elapsed the deadline agreed under the Co-Investment Agreement to obtain the approval by the relevant municipalities to certain amendments to the applicable zoning regulation (Plan General de Ordenación Urbana) without such approval having been obtained, on March 20, 2018 Sulos, Torok, CTH and us entered into an agreement for the divestment in the Jardinana Assets and the dissolution of the Cala Mijas Resort community of property (the "*Divestment Agreement*").

In accordance with the Divestment Agreement, some of the Jardinana Assets, plot R-11 and plot R-8A, were distributed between Torok and Sulos, respectively, by virtue of a property exchange deed (*escritura de permuta*) executed on March 20, 2018 and the Cala Mijas Resort community of property was dissolved in relation to such assets. Furthermore, we agreed that in a second phase the remaining Jardinana Assets will be also allocated between Sulos and Torok and the Cala Mijas Resort community of property will be definitively dissolved. This second phase will be executed in the earlier date between (i) the date of approval of the required amendments to the relevant zoning regulation, or (ii) January 31, 2019. In respect of the Management Agreement, it was agreed that it will remain in force until the second phase of the divestment is made effective but no fees will accrue to CTH. On the date of execution of the second phase, the Management Agreement will be terminated.

In addition, the parties agreed that each of Sulos and Torok will be liable for 50% of any claims made by any third parties in respect of the Cala Mijas Resort before the dissolution of the community property, as well as 50% of any legal defence expenses incurred in relation to such a claim.

Joint Venture – Célere Forum

As a result of the sale and purchase agreement entered into with Vía Ágora, S.L.U., on March 29, 2017, we hold a 50% stake in the share capital of Célere Forum Barcelona, S.L. (formerly known as Global Dorcas, S.L.), together with AREO, which holds the remainder 50%. Célere Forum Barcelona, S.L. owns the residential project Célere Forum, a housing development in the city of Barcelona. As of December 31, 2020, all units from the Célere Forum have been completed, with a small number of them pending to be sold and delivered. We are not required to make any additional contributions to Célere Forum Barcelona, S.L., which will be dissolved upon the sale of the last units.

Acquisition of Maywood Invest, S.L.U.

In February 2017 we acquired the shares representing all of the share capital of Maywood Invest, S.L.U., by virtue of a deed of sale and purchase of shares entered into by us with BPLP, S.à r.l., a company owned by certain investment funds managed by Värde Partners, as seller, and for a total consideration of €12.1 million paid in full on February 24, 2017. Maywood Invest, S.L.U. is a residential developer with real estate assets in different locations in Spain. See Note 7.1.1 to the 2018 Group Consolidated Financial Statements.

Non-Performing Loans (NPLs)

We occasionally purchase non-performing loans secured by land with the objective of acquiring the collateral assets through enforcement.

As of the date of this offering memorandum, we have two non-performing loans secured by land which were assigned to us by certain financial institutions under the terms described below.

Tres Cantos RU11

Nirbe Sierra, S.L.U. (as of the date of this offering memorandum, the Issuer), initiated foreclosure proceedings against AM 70, S.A., Can Tamarindo, S.A., ("**AM 70**") and La Dehesilla de Valdebebas VPPB 107-B, Sociedad Cooperativa Madrileña ("**La Dehesilla**").

The foreclosure proceedings was initiated before the Court of First Instance of Colmenar Viejo on February 26, 2016 by CaixaBank, against AM 70 and La Dehesilla, in relation to a mortgage loan of €4,733,160.60 granted to AM-70, which was secured with, among others, the plot number 20,890 of Tres Cantos, registered with the Land Registry number 1 of Colmenar Viejo. The total amount claimed is €1,959,544.16 plus a provision of €587,836 regarding the interests which may accrue during the execution and the judicial costs.

On May 30, 2016 the foreclosure proceedings were executed however, the properties were not tendered. Prior to the tender of the property, the mortgage loan was transferred to Castile Acquisitions LTD on September 21, 2016 and subsequently acquired by Nirbe Sierra, S.L.U ("**Nirbe**"), on November 30, 2017.

In light of the above, Nirbe submitted a statement to the Court of First Instance of Colmenar Viejo no. 5 in order to adopt the position of executing party, a position which was actually held since February 27, 2018.

The last resolution from the court was on November 25, 2020 when the court resolved that it is considered that the ownership and liens certification ("*certificado de dominio y cargas*") order duly completed for the appropriate purposes. After this last resolution the court shall open the auction to execute the foreclosure proceedings.

Boadilla RM6.3

The Issuer is the lender of six loans (three mortgage loans and three unsecured loans). The debtor is Proidei Promociones y Desarrollo Inmobiliario, S.L. ("**Proidei**"), a real estate company.

As of the date of this offering memorandum, there is a foreclosure proceedings (foreclosure proceedings 165/2018) followed before the First Instance Court no. 2 of Móstoles against Proidei which was suspended due to the declaration of insolvency of Proidei by the Commercial Court no. 7 of Madrid on October 15, 2019 (Compulsory Insolvency Proceedings 1279/2018). The outstanding balance of the loans at the date of

declaration of insolvency was of €10,076,018.10 which coincides with the credits recognized by the insolvency receiver in the insolvency proceedings. On January 11, 2021, in the framework of the compulsory insolvency proceedings which were initiated by the Issuer, the Commercial Court no. 7 of Madrid declared that the property no. 27723 registered in the Land Registry of Boadilla del Monte is not necessary for the continuity of the business activity of Proidei, which would allow the Issuer to request the continuation of the foreclosure proceedings.

On December 17, 2019, Proidei filed a claim against the list of creditors questioning the inclusion of the Issuer's credits in the list of creditors (insolvency procedural plea 164/2020 (incidente concursal)) which the Court dismissed reconfirming the Issuer as creditor of Proidei.

Proidei additionally filed a claim against CaixaBank, S.A., Pirineos Investment, S.à.r.l. to Invamy Urbana V, S.L. (as of the date of this offering memorandum, the Issuer) requesting the annulment of the assignment of loans. The pre-trial hearing (audiencia previa) was held on September 24, 2020 and after filing the relevant conclusions the proceedings are currently pending the Court resolution resolving the matter.

It is also relevant to note that there is an additional mortgage foreclosure proceeding (foreclosure proceedings 1097/2013) initiated before the First Instance Court of Móstoles no. 1 over the first ranking mortgage over property no. 27723 registered in the Land Registry of Boadilla del Monte, however it is necessary to note that this mortgage is only over 60.9% of the 74.8% property of Proidei. These proceedings are also currently suspended.

Aelca Acquisition

In September 2018, the Issuer signed certain agreements with Myjoja Inversiones, S.L. some vehicles of the Sponsor and Aelca for which the parties agreed to carry out: (i) the acquisition by the Issuer of shares held by Myjoja (around 10-20%) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Invamy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (the parent companies); (ii) the acquisition by the Issuer of 100% of the ownership of some subsidiaries of Aelca; and (iii) the merger by absorption of the Issuer (as absorbing entity) with the parent companies and its subsidiaries (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation, that took place in January, 2019, majority shareholders of the parent companies received shares of the Issuer equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution. As a result of the acquisition, we increased our volume of assets under development by 53% allowing us to become a leading pure-play residential housebuilder in Spain with 21,189 residential units, a land bank of approximate GDV of €5,523 million and a GAV of €1,770 million.

Land Purchase Deferred Payments

Some of our land purchase agreements include deferred payments, which are sometimes secured by conditions subsequent (as in Barrio Jarama-Coslada) or mortgages (as in Arpo II) over the relevant land plots, bank guarantees (as in Barajas and Terram) or surety insurance (as in Terram). Such security is released once the deferred payments are satisfied, pursuant to the terms and conditions of the relevant acquisition agreements. Some of these deferred payments are also paid through promissory notes.

Litigation

We are subject to legal, administrative and regulatory proceedings in the ordinary course of our business. We believe that none of the legal, administrative or regulatory proceedings pending against us or with which we are threatened, individually or collectively, will have a material adverse effect on our consolidated financial position, results of operations or cash flow, although the Issuer is a party to the legal proceeding described below, which is material due to its quantum.

Certain construction company initiated a monetary claim proceeding against the Issuer (judicial proceedings no. 1275/2020), followed before the First Instance Court of Madrid no. 64, claiming the total amount of

€6,104,507.59, as a consequence of the supposedly unjustified unilateral contract termination carried out by the Issuer, based solely on certain construction company's petition for insolvency, which would be a null and void clause. The total quantum of the lawsuit includes different concepts such as unpaid work certifications, withholdings, indirect costs, increases in the price of some materials, compensation for loss of profits due to the unilateral termination of the contract and improperly executed guarantees.

We have not filed the statement of defense. However, both parties have exchanged out-of-court communications where the Issuer states that the contract with certain construction company was terminated based on multiple contractual breaches by the certain construction company (and not because of its insolvency). Due to the amount of the claim, we have deemed it prudent to provision the total amount claimed by the certain construction company.

Insurance

We maintain insurance of the type and in amounts that we believe are commercially reasonable in line with business practice in our industry. In particular, we have insurance policies in place covering risks related to construction, property damage, general and decennial liability, directors and officers (D&O) liability and life.

Intellectual property

We own the EU trademarks "Vía Célere" (017041294), "Célere Compromiso" (017370412), "Célere Innova" (017370677), "Célere Lifestyle" (017370561), "Célere Shop" (017871637) and "MagicHouse" (017970476), as well as the national trademarks "Casas que innovan tu vida" (M3677436(7)), "Opal" (M3717115) and "Onyx" (M3716590), as well as the website "*www.viacelere.com*" and equivalent domains with different country extensions. We have also registered or applied for registration of trademarks and internet domains relating to some of our Properties.

Sustainability

Developing housing is a high impact industry with respect to environmental, social and governance factors. As such, we have integrated sustainability at our core. We believe sustainability is a catalyst for innovation to drive long-term growth and manage our risk. Sustainability is managed and monitored by our senior management and supervised by our Board of Directors. Our sustainability model is based on the three pillars of sustainable building, social impact and being a fair player.

We recognize that developing housing in cities is a high impact industry with respect to environmental, social and governance factors, and that these matters are of principal importance in the communities in which we operate. It is estimated that half of humanity currently lives in cities, and this number is expected to increase to 5 billion by 2030. In Spain, more than 80% of the population resides in our urban centers (Statista, 2021). We have identified three major challenges in terms of sustainability comprising consumption of energy and emission of CO2, water management and urban planning to decrease congestion and pollution. In response to these challenges we have adopted our sustainable construction model. We strive to include sound environmental features in our buildings by controlling our construction process, focusing on the environmental performance of our buildings and apartments and putting special emphasis on energy efficiency. We incorporate thermal insulation, condensing boilers and solar thermal energy, among other innovations in our developments in pursuit of the highest possible energy rating which translates into reduced CO2 emissions and significant energy and economic savings. Our homes are environmentally friendly, where comfort and lifestyle are assured thanks to our ability to incorporate the latest technologies. Our innovations in our buildings have resulted in the significant reduction of 8,210 tons of CO2 emissions as of December 31, 2020.

We account for the possible effects of climate change in our business model and are committed to studying and analyzing how our developments can affect the environment and strive for designs and plans that achieve the best possible impact. We integrate environmental considerations into our selection processes when identifying potential candidates for acquisition. Our land management framework includes forecasting to prevent environmentally detrimental outcomes, carrying out the corresponding studies and implementing corrective or palliative measures in relation to the soil (including evaluation of potentially polluting activities, erosion control, waste prevention and other environmental impacts). In addition to investing in studies that prevent and foresee risks, environmental monitoring is carried out in urbanization works.

We seek to harness the power of human capital to effect positive change in our communities and for our clients, employees, partners, stockholders, and stakeholders at large and are aware that our dedication and commitment to them are key to our success. To promote health and safety, we maintain a zero-tolerance culture for accidents in the workplace and in our construction sites by closely monitoring the incidence rates throughout our business operations, particularly when we act as a general contractor and performing audits and inspections for our contract granting process. Recognizing that the value of our diverse pool of employees from across the industry are our most valuable capital, we apply advanced policies to monitor employee sentiment and provide technology to support productivity and work-life-balance. Progressively we are implementing the Last Planner System (LPS), the first step in Lean Construction. LPS improves the coordination between the different tradespeople at a site, increasing the safety and efficiency of construction, and improving the quality of the final product.

Finally, we are engaged with our communities to help tackle their social and environmental challenges. We collaborate with social entities, universities and foundations, linking our technical knowledge with the social priorities related to our sector. To promote employability, we participate in initiatives that support the training of unemployed people and help provide technical training and scholarships for students and young entrepreneurs. With a focus on the most vulnerable groups in society, we are helping to address some of society's most important problems such as poverty, social exclusion and accessibility. For the year ended December 31, 2020, we committed approximately €150,000 to improve the communities in which we are developing housing, including training to reduce on the job injuries, providing educational programs to local students on the future of sustainable building and facilitating spaces and developments to promote accessibility for the disabled.

Our focus on ESG has won us numerous industry and consumer awards in recent years, such as the Ecofin Award for Titan of Finance (2012), Asprima-Sima Awards (2012, 2013, 2015, 2016 and 2017), the Vía Award for Best Real Estate Developer (2013), the Land Award (2016), the Porcelanosa Award for Best Energy Efficient Project (2016), Cinco Días Award for Most CSR Business Innovation (2017), the OCARE Award for CSR Communication (2018 and 2019) and the Capital Radio Award for the Most Innovative Company in the Real Estate Sector (2018). We believe this focus in certain key aspects is appreciated by our clients, who value the green credentials of our developments, and is a key message in securing sales. We are leader in the residential market in Spain due to the quality of our promotions, process innovation, incorporation of the latest technologies and advances in sustainability, all of which contribute to the satisfaction of our customers, shareholders, and employees.

Information Technology Systems

IT lines of work range from the definition of the technological roadmap and the assurance of budgetary compliance to helping the employees in the adoption of new technologies and change management, through business needs analysis, technology update assurance, definition of IT operating procedures, cybersecurity management, maintenance of hardware and software infrastructure, management of the on-premises and cloud server environment, management of communications and telephony infrastructure, or management of software development projects to deploy corporate applications that meet our business needs.

Our server infrastructure, is based both on a CPD hosted in an external data center with a 24/7 monitoring system that hosts the virtual servers where multiple systems and applications run and on cloud applications hosted on different platforms such as Microsoft Azure or Amazon Web Services.

All critical services and major applications are hosted in decentralized cloud environments, ensuring the persistence of information and service availability even after a possible incident at any of the locations or not allowing the use of employees' usual computing equipment.

We have an external CISO and Security Operations Management (OpSec) service, which works with the IT team to ensure compliance with the controls set out in the Security Master Plan and applicable regulations. In addition, the IT team has an internal Cybersecurity Technician and works with various third-party cybersecurity providers to deploy and optimize the latest tools from the Microsoft 365 environment (EMS, MFA, ATP, Cloud App Security, etc.) that ensure security in both cloud environments and physical computers.

Our Ongoing Developments

The following table sets forth our portfolio of Strategic Land by region as of December 30, 2020:

Site	Town	Units	GDV *(in millions of euros)*	GAV *(in millions of euros)*	% SL GAV	Year of acquisition
Huerta Grande	Pozuelo de Alarcón	380	128	34	14%	2007
Los Cerros	Madrid	2,505	631	34	14%	2018
Campomanes	Pozuelo de Alarcón	104	60	18	7%	2002
Los Berrocales	Madrid	531	166	17	7%	2019
Barrio Jarama	Coslada	526	116	13	5%	2019
Guadarrama	Guadarrama	154	35	6	2%	2000
Other	–	79	24	2	1%	
Madrid		**4,279**	**1,160**	**122**	**50%**	
Jardinana	Mijas	387	121	34	14%	2017
Marbella	Marbella	194	67	21	9%	2020
Baviera Golf	Vélez-Málaga	404	83	18	7%	2017
Torrox	Torrox	153	45	9	4%	2017
Rincón de la Victoria	Rincón de la Victoria	169	30	5	2%	2018
Málaga		**1,307**	**346**	**87**	**36%**	
Parquesol	Valladolid	448	96	24	10%	1990
Other	–	116	13	2	1%	
Valladolid		**564**	**109**	**25**	**10%**	
Sant Cugat	Sant Cugat	45	25	9	4%	2016
Other	–	–	–	0	0%	
Other		**45**	**25**	**10**	**4%**	
Total		**6,195**	**1,639**	**244**	**100%**	

The following table sets forth our portfolio of Fully Permitted Land by region as of December 30, 2020:

Site	Town	Units	GDV *(in millions of euros)*	GAV *(in millions of euros)*	% FP GAV	Year of acquisition
ARPO	Pozuelo de Alarcón	488	189	49	7%	2016
Rivas	Rivas	311	101	28	4%	2018
Villaviciosa de Odón	Villaviciosa de Odón	164	78	27	4%	2018
Tres Cantos . . .	Tres Cantos	305	113	43	6%	2017
Boadilla del Monte	Boadilla del Monte	92	45	20	3%	2016
Valdemoro	Valdemoro	155	29	8	1%	2018
Other	Pozuelo de Alarcón	–	14	1	0%	
Madrid		**1,515**	**570**	**177**	**26%**	
El Chaparral . . .	Mijas	324	102	32	5%	2017
El Pizarrillo . . .	Málaga	361	95	18	3%	2018
Jardinana	Mijas	110	43	14	2%	2017
Hacienda Cabello	Málaga	171	38	12	2%	2017
Cancelada	Estepona	95	31	11	2%	2017
Málaga	Málaga	130	37	9	1%	2017
Benalmádena . .	Benalmádena	175	43	12	2%	2016
Other	–	355	79	19	3%	
Málaga		**1,721**	**468**	**128**	**19%**	
Finestrelles . . .	Esplugues de Llobregat	167	110	56	8%	2019
Vilanova i la Geltru	Vilanova i la Geltru	125	33	10	2%	2017
Montcada	Montcada i Reixac	108	30	10	1%	2018
Other		63	14	5	1%	
Barcelona		**463**	**187**	**81**	**12%**	
Entrenúcleos . .	Dos Hermanas	1,838	330	62	9%	2017
San Juan De Aznalfarache	San Juan De Aznalfarache	112	19	3	1%	2017
Dos Hermanas . . .	Dos Hermanas	16	5	1	0%	2005
Other	–	–	2	0	0%	
Sevilla		**1,966**	**356**	**67**	**10%**	
Patraix	Valencia	384	85	27	4%	2016
Mislata	Mislata	200	45	12	2%	2017
Malilla	Valencia	50	13	12	1%	2018
Moreras	Valencia	58	10	3	0%	2017
Valencia		**692**	**153**	**46**	**7%**	
Other(1)	–	**2,798**	**690**	**170**	**26%**	
Total		**9,155**	**2,424**	**669**	**100%**	

(1) Includes sites in Alicante, Cádiz, Castellón, Córdoba, Coruña, Girona, Guadalajara, Ibiza, León, Murcia, Navarra, Tenerife, Valladolid, Vila Nova de Gaia, Vizcaya and Zaragoza

The following table sets forth our Build to Rent portfolio as of December 31, 2020.

Site	Town	Units	sqm	GDV *(in millions of euros)*	GAV *(in millions of euros)*	License status
Cañaveral	Madrid	121	9,385	27	8	Pending
Torrejón	Torrejón	62	4,962	12	4	Pending
Torrejón	Torrejón	60	4,000	7	2	Pending
Valdemoro	Valdemoro	110	7,560	16	5	Granted
Rivas	Rivas	150	11,050	29	10	Pending
Barajas	Madrid	117	8,250	30	10	Pending
Barajas	Madrid	77	4,700	13	4	Pending
Barajas	Madrid	168	11,585	42	14	Pending
Barajas	Madrid	32	9,420	33	11	Pending
Madrid		**997**	**70,912**	**208**	**67**	
Málaga	Málaga	144	5,800	40	16	Pending
Hacienda Cabello	Málaga	179	13,125	32	10	Pending
Málaga		**323**	**18,925**	**72**	**26**	
Sevilla Este	Sevilla	141	13,158	24	54	Pending
Sevilla Este	Sevilla	89	8,310	15	3	Granted
Sevilla Este	Sevilla	89	7,596	14	3	Granted
Sevilla Este	Sevilla	100	9,503	16	4	Pending
Sevilla		**419**	**38,567**	**69**	**15**	
Torrent	Torrent	65	5,846	11	3	Pending
Torrent	Torrent	49	3,898	8	2	Granted
Mislata	Mislata	144	11,243	23	5	Pending
Mislata	Mislata	144	11,243	25	6	Pending
Patraix	Valencia	131	11,068	24	8	Granted
Valencia		**533**	**43,299**	**90**	**24**	
Barakaldo	Barakaldo	141	9,435	23	6	Pending
Barakaldo	Barakaldo	18	1,215	3	1	Pending
Vizcaya		**159**	**10,650**	**26**	**7**	
Total		**2,431**	**182,353**	**466**	**140**	

The following table sets forth our WIP developments as of December 31, 2020:

Asset	Province	Total Project Units	Units Remaining (1)	% sold (2)	% WIP	CFO (3)	LPO (4)
Célere Cortijo Norte (Fase IV)	Madrid	80	80	99%	100%	YES	NO
Célere Domeny (Fase I)	Girona	70	70	69%	100%	YES	NO
Célere Bremen	Madrid	37	37	100%	97%	NO	NO
Célere Ciencias 17	Sevilla	225	225	95%	97%	NO	NO
Célere Nova Rivas	Madrid	46	46	100%	93%	NO	NO
Célere Grace	Madrid	10	10	20%	92%	NO	NO
Célere Arnott	Valencia	58	58	47%	89%	NO	NO
Célere Vega	Málaga	128	128	90%	78%	NO	NO
Célere Elva	Madrid	36	36	100%	68%	NO	NO
Célere MT22	Valencia	70	70	53%	80%	NO	NO
Célere Urbam	Madrid	184	184	74%	55%	NO	NO
Célere Miraflores	Lisboa	100	100	63%	87%	NO	NO
Célere Doña	Málaga	104	104	71%	86%	NO	NO
Célere Cubic III	Madrid	134	134	63%	73%	NO	NO
Célere Portodouro	Oporto	60	60	48%	57%	NO	NO
Célere Austral	Madrid	97	97	98%	48%	NO	NO
Célere Aura Malilla	Valencia	44	44	59%	49%	NO	NO
Célere ParqueLuz	Valladolid	84	84	61%	30%	NO	NO
Célere Cruces (Unifamiliares)	Vizcaya	22	22	86%	36%	NO	NO
Célere Bazán	Coruña	68	68	72%	20%	NO	NO
Célere Ensanche de Vallecas	Madrid	55	55	60%	29%	NO	NO
Célere Montesori	Madrid	90	90	100%	36%	NO	NO
Célere Vitta Nature (Fase I)	Málaga	80	80	51%	34%	NO	NO
Célere Port Avenue	Málaga	88	88	77%	33%	NO	NO
Célere Alegria Garden	Málaga	56	56	91%	34%	NO	NO
Célere Finestrelles	Barcelona	33	33	39%	23%	NO	NO
Célere Citrus	Sevilla	160	160	66%	24%	NO	NO
Célere Nox Patraix	Valencia	77	77	56%	24%	NO	NO
Célere Duna Beach II	Málaga	108	108	44%	7%	NO	NO
Célere Nova Rivas II	Madrid	48	48	90%	15%	NO	NO
Célere Alocs	Barcelona	130	130	45%	8%	NO	NO
Célere Nicet Patraix	Valencia	147	147	68%	18%	NO	NO
Célere Mairena (Fase II)	Sevilla	72	72	57%	1%	NO	NO
Total		**2,801**	**2,801**	**72%**	**52%**		

(1) Units remaining on books and not delivered.

(2) As percentage of units remaining.

(3) CFO refers to the final construction certificate marking completion of the construction stage.

(4) LPO refers to first occupation license certifying the units can be delivered to buyers.

The following table sets forth our finished stock as of December 31, 2020, representing units for which construction has completed and which have not been delivered to buyers:

Asset	Province	Total Project Units	Units Remaining (1)	% sold (2)	% WIP	CFO (3)	LPO (4)
Célere Diagonal Port	Barcelona	72	4	13%	100%	YES	YES
Célere Mostoles	Madrid	78	1	100%	100%	YES	YES
Célere Casa Banderas (Fase I)	Málaga	100	1	100%	100%	YES	YES
Célere Infanta II	Madrid	45	1	100%	100%	YES	YES
Célere Ponce de León	Valladolid	48	–	–	100%	YES	YES
Célere Amat	Madrid	35	–	–	100%	YES	YES
Célere Méndez Álvaro	Madrid	148	1	–	100%	YES	YES
Célere Aviació	Barcelona	42	1	–	100%	YES	YES
Célere Duna Beach	Málaga	111	11	–	100%	YES	YES
Célere Nacari	Madrid	96	2	–	100%	YES	YES
Célere Harmony	Madrid	17	5	–	100%	YES	YES
Célere Arco	Valladolid	35	12	8%	100%	YES	YES
Célere Castelo	Coruña	44	11	–	100%	YES	YES
Célere Mairena (Fase I)	Sevilla	92	2	–	100%	YES	YES
Célere Monet	Madrid	60	–	–	100%	YES	YES
Célere Terram	Barcelona	85	20	5%	100%	YES	YES
Célere Navis	Málaga	67	8	75%	100%	YES	YES
Célere Casa Banderas (Fase II)	Málaga	100	1	–	100%	YES	YES
Célere Jalón	Valladolid	46	3	–	100%	YES	YES
Célere Sant Feliu	Barcelona	86	7	71%	100%	YES	YES
Célere Lemos	Sevilla	78	37	22%	100%	YES	YES
Célere Las Rosas	Madrid	173	16	69%	100%	YES	YES
Célere Llum Patraix	Valencia	120	35	54%	100%	YES	YES
Célere Cortijo Norte (Fase I)	Madrid	106	3	33%	100%	YES	YES
Célere Perales	Madrid	158	34	65%	100%	YES	YES
Célere Els Ametllers	Barcelona	86	47	36%	100%	YES	YES
Célere Serenity	Málaga	133	57	47%	100%	YES	YES
Célere Cala Serena	Málaga	93	47	62%	100%	YES	YES
Célere Cubic II	Madrid	129	52	71%	100%	YES	YES
Célere Cruces (Pisos)	Vizcaya	90	90	82%	100%	YES	YES
Célere Cortijo Norte (Fase II-III)	Madrid	126	28	100%	100%	YES	YES
Célere Jarama	Madrid	35	35	100%	100%	YES	YES
Célere River	Madrid	59	9	56%	100%	YES	YES
Célere Cuatro Caminos	Coruña	64	26	100%	100%	YES	YES
Total		**2,857**	**607**	**59%**	**100%**		

(1) Units remaining on books and not delivered.

(2) As percentage of units remaining.

(3) CFO refers to the final construction certificate marking completion of the construction stage.

(4) LPO refers to first occupation license certifying the units can be delivered to buyers.

Management

The Issuer

The Issuer is a public limited liability company (*sociedad anónima*), formed under the laws of Spain on August 16, 1989 having its registered office at Calle de Carlos y Guillermo Fernández Shaw 1, 28007, Madrid, Spain and registered with the Commercial Register of Madrid, under volume 34645, sheet 111, page number M-623073, and Tax Identification Number A-36111391.

The following table sets out the names, ages and positions of the members of the Board of Directors of the Issuer, as of the date of this offering memorandum:

Name	Age	Position
Jorge Morán Sánchez	56	Chairman
José Ignacio Morales Plaza . .	46	Chief Executive Officer
Anthony Clifford Iannazzo . .	44	Director
Héctor Serrat Sanz	43	Director
Álvaro Travesedo Julia	38	Director

Jorge Morán Sánchez

Mr. Jorge Morán has thirty years of experience in the financial sector and has held the position of General Manager of Banco Santander, Chairman and CEO of Sovereign Bank in the US. Previously he was Chairman of Santander Seguros and Santander Assets Manager. Likewise, he was CEO of Morgan Stanley in Spain and is a Senior Fellow at Harvard University.

José Ignacio Morales Plaza

Mr. José Ignacio Morales has obtained a Doctorate in Economics from the Complutense University of Madrid, MBA from IESE Business School and a Certificate in Strategy & Scenario Planning from the University of Oxford. He held the positions of General Director of Corporate Finance and General Director of Strategy, Corporate Development & Affiliates at SENER. Previously, he had held different positions of responsibility in companies such as PricewaterhouseCoopers, F. Hoffman-La Roche or BBVA.

Anthony Iannazzo

Mr. Anthony Iannazzo is Global Chief Operating Officer of Real Estate of Värde. Based in London, he joined Värde in 2008. Prior to joining Värde, Anthony was an Associate at Lazard, focusing on middle-market M&A advisory work. Prior to Lazard, he practiced securities and M&A law at Skadden, Arps, Slate, Meagher & Flom LLP in their Chicago office, and corporate law at Sullivan & Cromwell LLP in New York. Anthony graduated from St. John's University in Minnesota with a B.A. in Political Science and received a J.D. from Harvard Law School.

Héctor Serrat

Mr. Héctor Serrat is a Managing Director of Värde responsible for real estate investments in Spain. He has over 25 years of experience in finance. Based in Madrid, he joined Värde in 2013. Prior to joining Värde, Héctor worked for seven years at Patron Capital Partners, where he was involved in the acquisition and asset management of the firm's Spanish investments. Prior to that, he worked in the Investment Banking division of Merrill Lynch in Madrid and London. Héctor earned a degree in Civil Engineering from Universidad Politécnica de Cataluña and an MSc from HEC Business School, Paris.

Álvaro Travesedo Julia

Mr. Álvaro Travesedo is a director in the European real estate group at Marathon Asset Management (London). He has experience in commercial and residential real estate investments either through direct asset acquisitions, corporate restructurings, non-performing loans and direct lending. He previously worked at Deutsche Bank RREEF (London) and as an associate M&A Lawyer at Clifford Chance (Madrid). Álvaro holds a joint degree in law and finance from the I.E.B. Universidad Complutense (Madrid), a LL.M. in European Law from the University of Amsterdam and an MBA from Columbia Business School (New York).

Senior Management of the Issuer

The following table sets out the names, ages and titles of our senior management, as of the date of this offering memorandum:

Name	Age	Position
José Ignacio Morales Plaza	46	Chief Executive Officer
Jaime Churruca Azqueta	38	Chief Financial Officer
Miguel Ángel González	52	Chief Business Officer
Rosa María Peña Alonso	52	Chief Services Officer
Drazen Primorac	44	Chief Transformation Officer
Aurelio Díez Ramos	45	Chief Land Officer
Aurora Mata Toboso	36	Head of Legal, Risk and Compliance

Senior Management biographical information

Biographical information for each of the current members of our Senior Management team, including a brief description of each of their business experience and education, is presented below.

José Ignacio Morales Plaza (Chief Executive Officer)

Mr. José Ignacio Morales has obtained a Doctorate in Economics from the Complutense University of Madrid, MBA from IESE Business School and a Certificate in Strategy & Scenario Planning from the University of Oxford. He held the positions of General Director of Corporate Finance and General Director of Strategy, Corporate Development & Affiliates at SENER. Previously, he had held different positions of responsibility in companies such as PricewaterhouseCoopers, F. Hoffman-La Roche or BBVA.

Jaime Churruca Azqueta (Chief Financial Officer)

Jaime Churruca Azqueta joined us in April 2016. Jaime has over 15 years of experience in finance. Before joining Vía Célere as Head of Corporate Development and Investors Relations, he was Senior Manager at the Deals division in PwC where he gained experience on over 30 deals in 5 countries. He advised some of the most renowned Private Equity houses such as Värde, TPG, Bain Capital, Cinven, CVC and Permira among others. Jaime holds a Business Administration Degree from the Autonomous University of Madrid and the Copenhagen Business School.

Miguel Ángel González (Chief Business Officer)

Miguel Ángel González joined us after having directed the residential area of Grupo Lar for more than 4 years, a position that he combined during a phase with that of Managing Director of the company in Brazil. Before that, he held various positions of responsibility at ING Real Estate Development Spain, as director of development, operations and investments, both in the residential area, as well as in the commercial and industrial area. In the same way, he has also held positions of responsibility in companies such as Sacyr, Riofisa and Comylsa. He is a civil engineer with a degree from the Polytechnic University of Madrid, which he complemented with an MBA from IE Business School.

Rosa María Peña Alonso (Chief Operations Officer)

Rosa María Peña Alonso began her professional career in 1992 at Agofer as Site Manager Assistant in construction works before being appointed as Chief Officer of the group's construction company. In 2007, she joined Vía Agora Group as Technical Director, being responsible for the execution of all construction works. She joined our team in September 2017. Currently our Chief Operations Officer, she heads the following areas: Project Management; Industrialized Systems; Technical Area; Post-sales; Quality and Environmental; and Health & Safety. She holds a bachelor's degree in Civil Engineering from the Polytechnic University of Madrid (1992).

Drazen Primorac (Chief Transformation Officer)

Drazen Primorac has been Vía Célere's General Director of Transformation since June 2020. A native of Croatia, Mr. Primorac has more than 20 years of professional experience, including more than 15 years in Spain. He has developed his career working in industry, consulting and private equity across a range of business areas, including finance, strategy and operations. Mr. Primorac joined Vía Célere from Värde Partners where for 6 years he had served in the portfolio operations group helping Värde's portfolio companies transform to fulfill their potential and capture value. Mr. Primorac's role at Värde covered portfolio companies across Europe including Spain, Portugal, Italy, the United Kingdom, France, Greece and Germany. Prior to Värde Partners, Mr. Primorac held different positions of responsibility in consulting and within the pharmaceutical industry in Spain, Belgium and Croatia. Mr. Primorac has a degree in Finance from the University of Zagreb and an MBA from INSEAD.

Aurelio Díez Ramos (Chief Land Officer)

Aurelio Díez Ramos has more than 20 years of experience in the real estate sector, including taking responsibility for investment strategy, urban management and asset value enhancement for operations with turnover greater than €10,000 million. Before joining Vía Célere in 2017 as Chief Land Officer, Aurelio held positions in well-known real estate companies and financial institutions such as BBVA RE. Aurelio has a degree in Law from the University of Salamanca and a Masters in Urban Planning and Land Management from the CEU San Pablo University Business School.

Aurora Mata Toboso (Head of Legal, Risk and Compliance)

Aurora Mata Toboso joined us in March 2016. Aurora has over 13 years of experience in the real estate sector. Prior to joining us, she worked at PwC for more than eight years advising national and international clients on real estate and town planning law. During those eight years she advised on several real estate transactions and real estate company refinancing projects and on the management of real estate portfolios. She holds a Bachelor's Degree in Law from the University of Castilla La Mancha, an MBA from ESADE (L'Escola Superior d'Administració i Direcció d'Empreses or the Superior School for the Administration and Direction of Companies) and a Master's Degree in Town Planning and Spatial Planning from San Pablo CEU Business School.

Executive Committee

Although we are not obliged by any mandatory legal provision in this respect, in accordance with the Bylaws and the Board of Directors Regulations, approved by us, an executive committee (the "*Executive Committee*") was created by the Board of Directors by virtue of the resolutions adopted on December 22, 2020. The Executive Committee is governed by the referred Bylaws and the Board of Directors Regulations.

Our Executive Committee has been established and shall comprise a minimum of three and a maximum of five directors (both inclusive) appointed by the Board of Directors. To the extent possible, the percentage represented by the different categories of directors in the composition of the Executive Committee shall be similar to that of the Board of Directors. The Chairman of the Executive Committee shall be the Chairman of the Board of Directors and the Committee secretary shall be the Secretary of the Board of Directors.

The membership of the Executive Committee as of the date of this offering memorandum are as follows:

Name	Age	Position
Jorge Morán Sánchez	56	Chairman
José Ignacio Morales Plaza . .	46	Member
Héctor Serrat Sanz	43	Member
Aurora Mata Toboso	36	Secretary

In particular, the objective of the Executive Committee is to guarantee, together with the Board of Directors, the viability and growth of our business. Some responsibilities include analysis and approval of decisions regarding our financing outside the ordinary course of business, decision of the commercial launch of the housing development, and analysis and approval of investments and divestment opportunities.

Nominations and Remuneration Committee

Although we are not obliged by any mandatory legal provision in this respect, a nominations and remuneration committee (the "*Nominations and Remuneration Committee*") was created by the Board of Directors by virtue of the resolutions adopted on February 17, 2021. The Nominations and Remuneration Committee is governed by the Bylaws and the Board of Directors Regulations.

Our remuneration and nominations committee has been established and shall comprise a minimum of two and a maximum of five Directors appointed by the Board of Directors. The Board of Directors Regulations require that each member have the knowledge, skills and experience necessary to carry out their function.

Further, the Board of Directors will appoint the Chairman from among the independent Directors forming part of the Nominations and Remunerations Committee. The Nominations and Remuneration Committee shall appoint its Secretary, who need not be a Director or a member of the Nominations and Remuneration Committee.

The Nominations and Remuneration Committee currently comprises two members appointed by the Board of Directors as detailed in the table below:

Name	Age	Position
Jorge Morán Sánchez	56	Chairman
Héctor Serrat Sanz	43	Member
Aurora Mata Toboso	36	Secretary

Some of the responsibilities of the Nominations and Remuneration Committee include, amongst other: (i) to evaluate the skills, knowledge and experience needed on the Board of Directors, defining the functions and skills required of the candidates who are to fill any particular vacancy; (ii) to report to the Board of Directors on gender diversity issues and to establish a target for the representation of the underrepresented gender on the Board of Directors and prepare guidelines on how to achieve such target; (iii) to submit to the Board of Directors proposed appointments of independent directors for their designation by co-option or for submission to the decision of the shareholders' meetings; (iv) to monitor compliance with the compensation policy; (v) to run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report; (vi) to report on proposals for appointment or removal of offices on the Board of Directors, including the Secretary and the Deputy Secretary, and propose to the Board of Directors the members that are to form each of the Board Committees; (vii) to examine and organize the process for succession of the Chairman of the Board of Directors and of the chief executive of the Issuer and, if appropriate, to make proposals to the Board so that the handover takes place in a planned and orderly fashion; (viii) to report on situations of conflict of interest relating to directors and, in general, on the matters falling under its remit pursuant to the provisions of title IX of the Board of Directors Regulations and (ix) to ensure that conflicts of interest do not jeopardize the independence of any external advice provided to the Committee.

Audit Committee

Although we are not obliged by any mandatory legal provision in this respect, the Board of Directors is, as of the date of this offering memorandum, in the process of forming an audit committee (the "*Audit Committee*") organized and with such duties as set forth be law. Our Audit Committee, will comprise a minimum of two Directors and a maximum of five Directors appointed by the Board of Directors. The Audit Committee is governed by the Bylaws and the Board of Directors Regulations.

In accordance with the Board of Directors Regulations, the majority of members of the Audit Committee shall be independent Directors, appointed in light of their knowledge and experience in accounting or audit matters. In appointing the majority of its members, and particularly its Chairman, the Board of Directors shall take into account their knowledge and experience in accounting, auditing, as well as in risk management. Likewise, at least one of the independent Directors shall be appointed taking into account his/her knowledge and experience in accounting, auditing or both. As a group, the members of the Committee shall have relevant technical knowledge relating to the industry to which we belong. The Board of Directors will appoint the Chairman from among the independent Directors forming part of the Audit Committee. The Audit Committee shall appoint its Secretary, who not need to be a Director or a member of the Audit Committee.

The Audit Committee will comprise a minimum of two and a maximum of five members appointed by the Board of Directors.

Our Audit Committee will have, amongst other, the following responsibilities: (i) To report to the Shareholders' Meeting on questions raised in relation to the matters falling under the remit of the Committee; (ii) to present to the Board of Directors proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as for the hiring conditions; (iii) to supervise the internal audit and, in particular, to ensure the independence and efficacy of the internal audit function,; (iv) to supervise the effectiveness of our internal control and risk management systems,; (v) to analyze and report on the economic conditions, the accounting impact and, where applicable, the proposed exchange ratio of our planned structural or corporate modifications, before they are submitted to the Board of Directors; (vi) to review prospectuses and any other relevant information that the Board of Directors must provide to the markets and to their supervisory bodies; (vii) to periodically evaluate the effectiveness of our corporate governance system; (viii) to supervise the communication and relations strategy with shareholders and investors; (ix) to review the our corporate social responsibility policy and monitor the corporate social responsibility strategy and practices; (x) to report on related-party transactions; (x) and reviewing and overseeing our economic and financial information and any other information that the Board of Directors deems relevant.

Senior Management Committee

Our senior management committee has been established as an internal management body, and its composition, responsibilities and rules are governed pursuant to its internal regulations.

The members of the senior management committee following the Offering will be as follows:

Name	Age	Position
Jose Ignacio Morales Plaza	46	Chief Executive Officer
Miguel Ángel González	52	Chief Business Officer
Rosa María Peña Alonso	52	Chief Services Officer
Jaime Churruca Azqueta	38	Chief Financial Officer
Drazen Primorac	44	Chief Transformation Officer
Aurelio José Díez Ramos	45	Chief Land Officer
Aurora Mata Toboso	36	Secretary

In particular, the objective of the senior management committee is to guarantee, together with the Board of Directors and the senior management, the viability and growth of the Group's business.

Purchasing Committee

Our Purchasing Committee has been established as an internal control to manage the purchase of goods and hiring services to third parties in accordance with our purchase policy. Its composition, responsibilities and rules are governed pursuant to purchase policy.

The members of the senior management committee following the Offering will be as follows:

Name	Age	Position
Jose Ignacio Morales Plaza	46	Member
Miguel Ángel González	52	Member
Rosa María Peña Alonso	52	Member
Jaime Churruca Azqueta	38	Member
Drazen Primorac	44	Member
Aurelio José Díez Ramos	45	Member
Aurora Mata Toboso	36	Secretary

Internal Control Body for the Prevention of Money Laundering and Financing of Terrorism

Our internal control body for the prevention of money laundering and financing of terrorism has been established as an internal management body, and its composition, responsibilities and rules are governed pursuant to its internal regulations.

The members of the internal control body for the prevention of money laundering and financing of terrorism as of the date of this offering memorandum is as follows:

Name	Age	Position
José Ignacio Morales Plaza	46	Member
Miguel Ángel González	52	Member
Jaime Churruca Azqueta	38	Member
José Ortiz Pereira	47	Member
Francisco Pinto Carmona	41	Member
Laura Casanueva Mateos	44	Member
Aurora Mata Toboso	36	Member
Roberto Blanco García	59	Member
Almudena Guerra Semprún	51	Member
Terese Torre	44	Member
Luis Albillos	45	Member

Compensation of Directors and Senior Management

Our executive directors and senior management are compensated by way of a fixed annual salary and performance-related incentives. The performance-related incentives can be a significant percentage of the remuneration of our remuneration committee the individual and the performance of the Group for the respective financial period.

Principal Shareholder

The Issuer, Vía Célere Desarrollos Inmobiliarios, S.A., is a public limited company (*sociedad anónima*), formed under the laws of Spain on August 16, 1989. As of the date of this offering memorandum, the Sponsor indirectly owns 76% of the outstanding shares of the Issuer. The issued share capital of Vía Célere Desarrollos Inmobiliarios, S.A. amounts to €411,161,118 divided into 68,526,853 fully paid-up shares of face value of €6 each. The following table sets forth information regarding each entity that the Issuer believes beneficially holds more than 5% of the outstanding shares of the Issuer as of December 31, 2020.

Shareholder >5%	Number of Shares	% Participation
Maplesville Invest, S.L.U. (Värde)	17,828,983	26.02%
Windham Spain, S.L.U. (Värde)	10,170,558	14.84%
Lewinstown Invest, S.L.U. (Värde)	10,042,179	14.65%
Glenwock Invest, S.L.U. (Värde)	8,258,332	12.05%
Rimbey Spain, S.L.U. (Värde)	6,024,597	8.79%
Greencoat, B.V. (Marathon)	5,513,934	8.05%
Trinity Investments Designated Activity Company (Attestor)	5,112,989	7.46%

The Sponsor

The Issuer is directly, and, after the Parent Guarantor Reorganization, will be indirectly, majority owned by the Sponsor. Värde Partners is a leading global alternative investment firm with roots in credit and distressed. Founded in 1993, the firm has invested $75 billion since inception and manages more than $14 billion on behalf of a global investor base. The firm's investments span corporate and traded credit, real estate and mortgages, private equity, and direct lending. Värde Partners employs more than 300 professionals worldwide with offices in Minneapolis, New York, London, Singapore and other cities in Asia and Europe.

Related Party Transactions

We have in the past from time to time entered into transactions with certain of our officers, directors, managers and shareholders and other entities in which certain of our officers, directors, managers and shareholders hold ownership interests. These transactions include, among others, financing arrangements, shareholder arrangements and commercial arrangements. We also have in the past entered into transactions with entities that may be deemed to be affiliates because the Group holds a minority stake in such entities. The following discussion is a brief summary of certain of the significant arrangements, agreements and transactions we have with such related parties.

In the ordinary course of business, we may enter into transactions with portfolio companies or affiliates of the Sponsor. We do not consider these transactions to be material to us, either individually or in the aggregate.

Description of Certain Financing Arrangements

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture, after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective agreements.

Revolving Credit Facility

On March 6, 2021, the Issuer and certain other members of the Group entered into a new revolving credit facility agreement (the "*Revolving Credit Facility Agreement*" and the facility thereunder the "*Revolving Credit Facility*"), between, *inter alios*, the Issuer as original borrower, and J.P. Morgan AG, Deutsche Bank Aktiengesellschaft, Banco Santander S.A., Banco Bilbao Vizcaya Argentaria, S.A. and Credit Suisse (Deutschland) Aktiengesellschaft as mandated lead arrangers and lenders thereunder. The Revolving Credit Facility provides for total commitments of up to €30.0 million, the availability of which are conditional on the completion of the Offering, and will mature 4.5 years after the Issue Date (or, if earlier, the date falling six months prior to the earliest maturity date of the Notes). Amounts are available to be drawn under the Revolving Credit Facility from the Issue Date up to one month prior to maturity. Borrowings under the Revolving Credit Facility (and any letters of credit or ancillary facilities made available thereunder) must be made in Euros and will be available to finance or refinance, among other things, the Group's general corporate purposes and working capital facilities (including certain acquisitions, capital expenditures and fees, costs and expenses incurred in connection with the Transactions).

Repayments and prepayments

Repayments of loans drawn under the Revolving Credit Facility and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period will be selected in the relevant utilization request and will either be one, three or six months. There is no clean down requirement.

If it becomes unlawful in any jurisdiction for a lender to perform its obligations under the Revolving Credit Facility Agreement (or it becomes unlawful for any affiliate of a lender for that lender affiliate to do so) such lender under the Revolving Credit Facility will have the right to cancel its commitments. Each borrower under the Revolving Credit Facility Agreement shall repay (to the extent necessary to cure the relevant illegality) the relevant lender's participation in any utilizations made to that borrower on the last day of the interest period after the Issuer has been notified or if earlier, the date specified by the relevant lender (being no earlier than the last day of any applicable grace period).

On a change of control or sale of all or substantially all of the assets of the Group (pursuant to the terms of the Revolving Credit Facility Agreement), the lenders may request, by not less than ten business days' notice to the Issuer, cancellation of its commitments and may declare all outstanding amounts owed to it due and payable provided that such request is made within 45 days of the occurrence of the applicable event. The Revolving Credit Facility is not portable.

Additionally, if any member of the Group repays, prepays, purchases, defeases, redeems, acquires or retires (the "*Notes Repurchase*") any Notes and certain other replacement debt ("*Notes Repurchase Debt*") other than to the extent funded with new equity or subordinated shareholder debt, the proceeds of any listing, any permitted refinancing or amounts which would otherwise be permitted to be returned to investors and, as a result of such Notes Repurchase (the "*Specified Notes Repurchase*") when taken together with any other Notes Repurchase previously effected or which will be effected on the same date as such Specified Notes Repurchase, the aggregate principal amount of the Notes Repurchase Debt outstanding immediately following such Specified Notes Repurchase is not in excess of or equal to 50% of the aggregate principal amount of the Notes Repurchase Debt as at the Issue Date (the "*Prepayment Threshold*"), commitments are required to be cancelled and outstanding loans prepaid in an amount equal to the proportion that the amount by which the Prepayment Threshold exceeds the principal amount of the Notes Repurchase Debt immediately following such Specified Notes Repurchase bears to the amount of the Prepayment Threshold.

Interest and fees

Loans under the Revolving Credit Facility will bear interest at a rate equal to the aggregate of EURIBOR (subject to a 0% floor) and a margin of 3.50% per annum. The interest rate is subject to a margin ratchet whereby the margin decreases in increments of 30 or 40 basis points per step-down to a minimum of 2.50% per annum on the occurrence of reductions in the Net Secured Loan-to-Value Ratio beneath agreed levels.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Issue Date to the end of the availability period applicable to the Revolving Credit Facility at a rate of 30% of the applicable margin per annum for the Revolving Credit Facility.

The Issuer is also required to pay (or procure payment of) customary agency and arrangement fees in connection with the Revolving Credit Facility.

Incremental facilities

The Revolving Credit Facility Agreement contemplates, subject to certain conditions thereof, the incurrence of additional incremental uncommitted revolving or term facilities ("*Incremental Facilities*") in a maximum aggregate amount not to exceed (after taking account of the commitments under the Revolving Credit Facility and any prior Incremental Facilities) the amount able to be incurred under the second paragraph of the covenant described under "*Description of Notes—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*." Furthermore, to the extent such Incremental Facilities are to constitute Credit Facilities, the maximum aggregate amount of such Incremental Facilities shall not exceed the amount able to be incurred under clause (1) of the second paragraph of the covenant described under "*Description of Notes—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*." To the extent such Incremental Facilities constitute Credit Facilities, they will be secured and guaranteed on a *pari passu* basis with the Revolving Credit Facility and rank *pari passu* in right of payment and security with the Revolving Credit Facility (including with respect to mandatory prepayments), and otherwise will be secured and guaranteed on a *pari passu* basis with the Notes and rank *pari passu* in the right of payment and security with the Notes.

The availability, maturity, pricing and other terms of any Incremental Facility will be those agreed between the Issuer and the relevant lenders of that Incremental Facility, provided that no secured Incremental Facility may have a maturity date that is earlier than the maturity date of the Revolving Credit Facility.

Guarantees and security

The Revolving Credit Facility is (subject to certain Agreed Security Principles set forth in the Revolving Facility Agreement) guaranteed by the Guarantors and secured on a *pari passu* basis by the same collateral that will secure the Notes as further described in the section entitled "*Description of Notes—Security*."

Subject to the Agreed Security Principles, the Issuer will be required to ensure that, on each date which is 30 days after (and excluding) (i) the Issue Date and (ii) thereafter, each test date in respect of which financial statements and the Valuation for each financial quarter ending on 30 June and 31 December in each financial year of the Issuer are required to be delivered to the agent under the Revolving Credit Facility Agreement, if the guarantors represent less than 85% (calculated on an unconsolidated basis and excluding all intra-group and certain other items and without double counting) of (a) the Consolidated EBITDA for the twelve month period ending on the last day of such financial quarter or financial year, and/or (b) the aggregate Value of the Group as of the last day of such financial quarter or financial year (the "*Guarantor Coverage Test*"), such other subsidiaries of the Issuer as the Issuer may so elect in its sole discretion become guarantors and provide security in accordance with the Agreed Security Principles to the extent required to satisfy the Guarantor Coverage Test (to be calculated as if such additional guarantors had been guarantors on such test date).

The Parent Guarantor is required to accede to the Revolving Credit Facility as a Guarantor and to provide security in accordance with the Agreed Security Principles within 30 days of the Issue Date.

Further, subject to the Agreed Security Principles, the Issuer will be required to ensure that, on each date which is 30 days after (and excluding) each test date in respect of which financial statements and the Valuation for each financial quarter ending on 30 June and 31 December in each financial year of the Issuer are required to

be delivered to the agent under the Revolving Facility Agreement, each material member of the Group which represents more than 5% (calculated on an unconsolidated basis and excluding all intra-group and certain other items and without double counting) of (a) the Consolidated EBITDA for the twelve month period ending on the last day of such financial quarter or financial year, and/or (b) the aggregate Value of the Group as of the last day of such financial quarter or financial year, becomes a guarantor and provides security in accordance with the Agreed Security Principles.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications and exceptions, and with certain representations and warranties being repeated, including, among others: (i) status; (ii) power and authority; (iii) binding obligations; (iv) no conflict; (v) validity and admissibility in evidence; (vi) choice of law and enforcement; (vii) insolvency; (vii) no filing or stamp taxes; (ix) no default; (x) no misleading information and accuracy of financial statements; (xi) no litigation; (xii) compliance with laws; (xiii) *pari passu* ranking; (xiv) legal ownership; (xv) holding companies activities; (xvi) COMI; (xvii) anti-corruption law and sanctions; (xviii) no deduction of tax; and (xix) compliance with environmental laws.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes (which are only effective from the Issue Date), including with respect to restricted payments. In addition, the Revolving Credit Facility also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative covenants

The affirmative covenants will include, among others, certain of the same affirmative covenants, including information undertakings, and related definitions (with certain adjustments) that apply to the Notes, as well as certain additional affirmative covenants, such as: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorizations, (iii) compliance with laws; (iv) Guarantor Coverage Test and material companies; (v) anti-corruption laws and sanctions; (x) further assurances and certain conditions subsequent; (xi) no change of COMI; (xii) Notes Purchase Condition; (xiii) pari passu ranking; and (xiv) no change in business.

Negative covenants

The negative covenants in the Revolving Credit Facility Agreement will be substantially the same as the negative covenants contained in the Indenture.

Financial covenant

The Revolving Credit Facility Agreement will contain a springing Net Secured Loan-to-Value Ratio covenant of no more than 45%. The financial covenant is tested quarterly on a last-twelve month basis, but only if the sum of outstanding amounts drawn under the Revolving Credit Facility (excluding any utilizations of letters of credit, bank guarantees, ancillary facilities and amounts drawn to fund the payment of any original issue discount and other payments, fees, costs or expenses), exceeds 40.0% of the total commitments under the Revolving Credit Facility and any Incremental Facilities on an applicable quarter date (adjusted to disregard any reduction or cancellation of such total commitments at any time after the Issue Date). The financial covenant, if breached, will trigger a default or an event of default under the Revolving Credit Facility Agreement. The financial covenant is also subject to certain equity cure rights which can be applied to prevent the satisfaction of the springing test condition or reduce debt to cure a breach of the financial covenant.

Events of default

The Revolving Credit Facility will provide for some of the same events of default (including in relation to insolvency), with certain adjustments, as the Indenture. In addition, the Revolving Credit Facility will contain

certain customary events of default, the occurrence of which would allow a majority of the lenders to cancel commitments, accelerate all outstanding loans, accrued interest and other amounts and declare them immediately due and payable and to enforce the lenders' rights under the Revolving Credit Facility and certain other related documents. These events of default will include, among other events and subject in certain cases to materiality, grace periods, thresholds and/or other qualifications: (i) non-payment of amounts due under the applicable finance documents; (ii) breach of the financial covenant described above (iii) failure to satisfy certain covenants, undertakings and other obligations under the applicable finance documents; (iv) inaccuracy of a representation or statement when made or deemed to be made; (v) unlawfulness and invalidity of any member of the Group, (vi) failure of any party (other than a secured party) to comply with its obligations under the Intercreditor Agreement (as defined below); and(vii) repudiation or rescission of any applicable finance document or any transaction security.

Governing law

The Revolving Credit Facility will be governed by English law, with the exception that the covenants and events of default following the equivalent covenants and events of default in the Indenture shall be interpreted in accordance with the laws of the State of New York.

Intercreditor Agreement

To establish the relative rights of certain of the Group's creditors under the Group's financing arrangements, the Issuer, the Guarantors, and any obligor in respect of the Revolving Credit Facility, any Other Credit Facility Debt, any Future *Pari Passu* Debt and any Future Senior Subordinated Debt (each as defined below) (collectively, the "*Debtors*"), third party chargors (collectively, the "*Third Party Chargors*"), the lenders under the Revolving Credit Facility, J.P. Morgan AG as agent for the Revolving Credit Facility (the "*Senior Agent*"), Bondholders, S.L. as security agent for the Revolving Credit Facility and the Notes and certain hedging arrangements (the "*Security Agent*"), and as trustee for holders of the Notes (the "Trustee"), among others, will enter into an intercreditor agreement on or around the Issue Date, to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility and any Other Credit Facility Debt which is permitted under the terms of the Revolving Credit Facility, any existing Other Credit Facility Debt, the Notes and Future *Pari Passu* Debt to share in the proceeds of enforcement of Security on a super senior basis to the Notes; (ii) the holders of senior secured notes that may be issued from time to time, including the Notes, and those party to any indentures or other documents governing such senior secured notes; (iii) the lenders or other creditors under any other loan, credit or debt facility, notes, indentures or other debt instrument which are permitted under the terms of the Revolving Credit Facility, any existing Other Credit Facility Debt and the Notes to share in the Security on a *pari passu* basis with the Notes; (iv) the hedge counterparties to the Group's hedging arrangements (each a "*Hedging Bank*"); (v) the lenders or other creditors under any loan, credit or debt facility, notes, indentures or other debt instrument which are permitted under the terms of the Revolving Credit Facility, any existing Other Credit Facility Debt and the Notes to share in the Security on a senior subordinated basis to the Notes; and (vi) the creditors of certain subordinated shareholder debt and certain intragroup debt. The lenders, holders, hedge counterparties and other creditors referred to in (i) to (iv) above being the "*Priority Creditors*" and the indebtedness owing to those Priority Creditors under the documents referred to in (i) to (iv) above, being the "*Priority Debt*" and the lenders, holders, hedge counterparties and other creditors referred to in (ii) to (iv) (inclusive) (in the case of (iv), only to the extent such hedging arrangements (x) do not constitute Super Senior Hedging Liabilities (as defined below) or, (y) following the full and final discharge of all Super Senior Lending Liabilities (as defined below), are being taken into account for the purpose of determining the relevant creditor instructing group (as detailed in "*Security Enforcement*" below)) being the "*Senior Secured Creditors*".

General

By accepting a Note, the holder thereof will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement that relate to the rights and obligations of the holders of the Notes and the other creditors party thereto. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to all classes of debt. As such, you are urged to read the Intercreditor

Agreement because it, and not the discussion that follows, defines certain rights of the holders of the Notes and certain other creditors. In this discussion, capitalized terms have the meaning given to them in the Intercreditor Agreement unless the contrary is otherwise stated or the context otherwise requires.

Ranking and priority

The Intercreditor Agreement provides that the Group's liabilities under the Group's indebtedness shall rank in right and priority of payment in the following order:

- *first*, liabilities under and in respect of (i) the Revolving Credit Facility (the "*RCF Liabilities*"); (ii) any other super senior credit facility or super senior hedging (the "*Other Credit Facility Liabilities*" or the "*Other Credit Facility Debt*" and together with the RCF Liabilities, the "*Super Senior Lending Liabilities*"); (iii) the Group's senior secured notes (including the Notes) (the "*Senior Secured Notes Liabilities*" or the "*Senior Secured Notes*"); (iv) any *pari passu* loan, credit or debt facility, notes, indentures or other debt instrument (the "*Future Pari Passu Liabilities*" or the "*Future Pari Passu Debt*"); (v) hedging arrangements (the "*Hedging Liabilities*"); (vi) amounts owing to the Trustee (the "*Trustee Liabilities*"); and (vii) amounts owing to the Security Agent *pari passu* without any preference among them (collectively, the "*Priority Liabilities*");

- *second*, liabilities under and in respect of any senior subordinated loan, credit or debt facility, notes, indentures or other debt instrument, including any guarantee provided by a member of the Group with respect to any notes of an issuer that is not a member of the Group and the proceeds of which are down-streamed to a member of the Group ("*Future Senior Subordinated Liabilities*" or "*Future Senior Subordinated Debt*" and together with the Priority Liabilities, the "*Secured Debt*");

- *third*, liabilities under and in respect of certain intragroup debt (the "*Intra-Group Liabilities*"); and

- *fourth*, liabilities under and in respect of certain shareholder debt (the "*Shareholder Liabilities*").

The Intercreditor Agreement permits any obligor party to a hedging agreement and the relevant hedge counterparty to agree that any amount (subject to a cap) of the Hedging Liabilities incurred under that hedging agreement will be treated on a super senior basis upon the distribution of proceeds arising from the enforcement of any Transaction Security, as defined below (the "*Super Senior Hedging Liabilities*" and together with the Super Senior Lending Liabilities, the "*Super Senior Liabilities*").

The Intercreditor Agreement provides that Transaction Security created pursuant to the Transaction Security Documents (as defined below) will rank and secure (to the extent Transaction Security is expressed to secure such liabilities):

- *first*, the Priority Liabilities *pari passu* and without any preference between them; and

- *second*, the Future Senior Subordinated Liabilities *pari passu* and without any preference between them.

The Intra-Group Liabilities and the Shareholder Liabilities are and will remain unguaranteed and unsecured.

Permitted payments

The Intercreditor Agreement provides that prior to a Secured Acceleration Event that is continuing (as defined below), the members of the Group and Third Party Chargors, as applicable, may make payments in relation to the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities and any Future *Pari Passu* Liabilities, in each case in accordance with their respective governing documents and subject to, in the case of payments of the Senior Secured Notes Liabilities, such payments being in accordance with the Revolving Credit Facility and, in the case of payments of Future *Pari Passu* Liabilities, any restrictions contained in the documents governing the Super Senior Lending Liabilities and the Senior Secured Notes Liabilities. Following the occurrence of an acceleration event with respect to the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities or the Future *Pari Passu* Liabilities (a "*Secured Acceleration Event*" and together with the occurrence of an acceleration event with respect to the Future Senior Subordinated Liabilities, an "*Acceleration Event*"), no Debtor, Third Party Chargor or any member of the Group may, subject to certain exceptions, make any payment in respect of Super Senior Lending Liabilities, Senior Secured Notes Liabilities or Future *Pari Passu* Liabilities except from enforcement proceeds or recoveries distributed in accordance with the payment waterfall

described in "—*Application of Amounts Recovered*" below. The restriction in the foregoing sentence shall not apply where: (a) the Majority Super Senior Creditors and the Majority Senior Secured Creditors agree otherwise or (b) the relevant distribution or dividend is out of any Debtor or Third Party Chargor's unsecured assets (*pro rata* to each unsecured creditor's claim) and is made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or Third Party Chargor or any of its assets.

Prior to a Secured Acceleration Event members of the Group and Third Party Chargors may make payments in respect of the Hedging Liabilities, as agreed under the governing documents of those arrangements so long as those payments are not otherwise prohibited by the Intercreditor Agreement. Following the occurrence of a Secured Acceleration Event no Third Party Chargor, Debtor or any member of the Group may, subject to certain exceptions, make any payment in respect of Hedging Liabilities except from enforcement proceeds or recoveries distributed in accordance with the payment waterfall described in "—*Application of Amounts Recovered*" below. The restriction in the foregoing sentence shall not apply where: (a) the Majority Super Senior Creditors and the Majority Senior Secured Creditors agree otherwise or (b) the relevant distribution or dividend is out of any Debtor or Third Party Chargor's unsecured assets (*pro rata* to each unsecured creditor's claim) and is made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or Third Party Chargor or any of its assets.

Members of the Group may make payments in respect of certain Intra-Group Liabilities, as agreed under the governing documents of the relevant Intra-Group Liabilities, so long as: (i) no Secured Acceleration Event has occurred and is continuing and those payments are not otherwise prohibited by the Intercreditor Agreement; or (ii) the relevant creditor instructing group at that time (or following the discharge of all the Priority Debt, a majority of the Future Senior Subordinated Creditors) has given written consent to the payment being made if a Secured Acceleration Event has occurred and is continuing.

Members of the Group may make payments in respect of certain Shareholder Liabilities, as agreed under the governing documents of the relevant Shareholder Liabilities, so long as:

(i) the payment is not prohibited by the terms of any document governing the Super Senior Lending Liabilities, the Senior Secured Notes Liabilities, the Future *Pari Passu* Liabilities or the Future Senior Subordinated Liabilities; or

(ii) the relevant creditor instructing group at that time (or following the discharge of all the Priority Debt, a majority of the Future Senior Subordinated Creditors) has given written consent to the payment being made.

Prior to the discharge of all Priority Debt, neither the Issuer nor any Debtor or Third Party Chargor may make payments in respect of the Future Senior Subordinated Liabilities without the consent of the Majority Super Senior Secured Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) except for the following:

1. if:

    (a) the payment is of:

    - any of the principal or capitalized interest of the Future Senior Subordinated Liabilities which is either (1) not prohibited from being paid by the Revolving Credit Facility or any other super senior credit facility, the Indenture or any Future *Pari Passu* Debt finance document or (2) is paid on or after the final maturity of the Future Senior Subordinated Liabilities (provided such maturity date is no earlier than that contained in the relevant Future Senior Subordinated Debt Documents as of the first day of incurrence of any Future Senior Subordinated Debt); or

    - any other amount which is not an amount of principal or capitalized interest and default interest on the Future Senior Subordinated Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Senior Subordinated Debt, additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Subordinated Debt Liabilities or amounts in respect of currency indemnities in the relevant debt documents for the Future Senior Subordinated Debt;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Subordinated Liabilities (a "*Payment Blockage Notice*") is outstanding; and

(c) no payment default under the Revolving Credit Facility and no payment default of €500,000 or more in respect of the Senior Secured Notes Liabilities or Future *Pari Passu* Liabilities is continuing (a "*Senior Payment Default*"); or

2. costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Subordinated Debt documents (including in relation to any reporting or listing requirements under the Future Senior Subordinated Debt documents);

3. costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Senior Subordinated Debt in compliance with the Intercreditor Agreement, the Revolving Credit Facility, the Indenture and any Future *Pari Passu* Debt document; or

4. in respect of any Future Senior Subordinated Debt issued in the form of notes, certain customary costs and expenses payable to the Future Senior Subordinated Debt Representative.

Prior to the discharge of all the Priority Debt, if a Senior Payment Default has occurred and is continuing, all payments in respect of the Future Senior Subordinated Liabilities (other than certain very limited exceptions) are suspended.

Prior to the discharge of all the Priority Debt, if an event of default (other than a Senior Payment Default) under the finance documents in respect of the Priority Debt (a "*Senior Default*") has occurred and is continuing and the Future Senior Subordinated Debt Representative (as defined below) has received a Payment Blockage Notice from the Senior Agent, the Trustee or the representative of the Future *Pari Passu* Debt representing Future *Pari Passu* Debt (as the case may be) (the "*Relevant Representative*") confirming that it is a Senior Default and specifying the relevant Senior Default; all payments in respect of the Future Senior Subordinated Liabilities (other than those consented to by the Majority Super Senior Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default in accordance with the relevant finance documents;

(ii) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt;

(iii) the first business day 179 days after the receipt by the Future Senior Subordinated Debt Representative of the Payment Blockage Notice;

(iv) the repayment and discharge of all obligations in respect of the Priority Debt;

(v) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time an event of default is continuing in relation to the Priority Debt (other than the debt in respect of which the notice was given), the Relevant Representative(s) in respect of that other debt) notify/ies the Future Senior Subordinated Debt Representative that the Payment Blockage Notice is cancelled;

(vi) the date on which the Security Agent or Future Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in respect of the Future Senior Subordinated Debt in accordance with the Intercreditor Agreement;

(vii) the date on which the relevant event of default is no longer continuing and, if the Priority Debt has been accelerated, such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt); or

(viii) if a Standstill Period (as defined below) is in effect at any time after delivery of a Payment Blockage Notice, the date on which the Standstill Period expires.

No Payment Blockage Notice may be served by a Relevant Representative unless 365 days have elapsed since the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Senior Default or Senior Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied) the relevant Debtor or Third Party Chargor may then make those payments it would have otherwise been entitled to pay under the Future Senior Subordinated Debt and if it does so promptly any event of default under the Future Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may have been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Following the discharge of all the Priority Debt, payments in respect of Future Senior Subordinated Liabilities may be made in accordance with their terms.

Hedging

Pursuant to the Intercreditor Agreement, persons entering into any hedging transaction with certain members of the Group will be entitled to share in the Transaction Security provided that they have acceded to the Intercreditor Agreement as a hedge counterparty.

Non-security enforcement

No creditor of Shareholder Liabilities shall take any enforcement action until after the date on which all Priority Liabilities and Future Senior Subordinated Liabilities have been fully discharged and there is no obligation to provide further financial accommodation to any Debtor (the "*Final Discharge Date*") unless it is following the occurrence of an insolvency event in relation to any Debtor or a Third Party Chargor and such enforcement action is permitted by the Intercreditor Agreement.

No creditor of Intra-Group Liabilities shall take any enforcement action (other than rights of set off to enable permitted intra-group payments) prior to the Final Discharge Date unless it is following the occurrence of an insolvency event in relation to any Debtor or Third Party Chargor and such enforcement action is permitted by the Intercreditor Agreement.

With respect to Hedging Liabilities, the Intercreditor Agreement provides that a hedge counterparty may, to the extent is able to under the relevant hedging agreement, terminate, reduce or close-out hedging prior to its stated maturity if any of the following has occurred: (i) any of the Secured Debt (other than the Hedging Liabilities and the Trustee Liabilities) has been accelerated or the Transaction Security has been enforced; (ii) an illegality, tax event, tax event upon merger or *force majeure* event; (iii) occurrence of an insolvency event that is continuing in relation to any Debtor that is party to a hedging agreement; (iv) the Majority Super Senior Creditors and the Majority Senior Secured Creditors (in each case, excluding the Hedging Banks) give their prior written consent; (v) if the hedge counterparty and the relevant Debtor agree and no default is continuing, or would result from such action, under any document governing the Secured Debt (other than the Hedging Liabilities); (vi) there is an interest rate or exchange rate hedge excess; (vii) if the hedge counterparties cease to be secured under the Transaction Security without their consent; or (viii) a payment default has been continuing under the relevant hedging agreement for more than 14 days.

Security enforcement

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security unless the Security Agent receives enforcement instructions from the relevant creditor instructing group. Any instructions provided by a relevant creditor instructing group must be in accordance with the security enforcement principles provided in the Intercreditor Agreement.

Instructions in relation to the enforcement of the Transaction Security may be delivered to the Security Agent by any of (i) the creditors representing in aggregate more than 50% of the aggregate super senior credit participations of the creditors of the Super Senior Liabilities (the "*Majority Super Senior Creditors*"), or (ii) the

creditors representing more than 50% of (A) the aggregate senior secured credit participations of the creditors of the Senior Secured Notes Liabilities and the Future *Pari Passu* Liabilities and (B) the aggregate senior secured credit participations of the creditors of the Hedging Liabilities that are not Super Senior Hedging Liabilities (the "*Majority Senior Secured Creditors*"). If the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Transaction Security, the creditor representative(s) (each a "*Creditor Representative*") of the relevant creditor instructing group shall notify the Security Agent and the creditor representative of each other creditor of the Priority Liabilities.

Following delivery of proposed enforcement instructions, the Creditor Representatives of the Majority Super Senior Creditors and the Majority Senior Secured Creditors will consult with each other in good faith as to the manner of enforcement for a period of 10 business days with a view to coordinating the instructions to be given by the relevant creditor instructing group and agreeing the strategy for enforcement unless: (i) the Majority Super Senior Creditors and the Majority Senior Secured Creditors otherwise agree; (ii) an insolvency event has occurred in relation to any Third Party Chargor, Debtor or other member of the Group and the Transaction Security has become enforceable as a result; (iii) the Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith that no consultation period or, as the case may be, a shorter consultation period, is necessary in order to avoid (a) impairing the value which would be realized on enforcement of the Transaction Security to an extent that would prevent the discharge of the Super Senior Liabilities in full, or (b) having a material adverse effect on the Security Agent's ability to enforce the Transaction Security (the "*Consultation Period*"). In circumstances where (iii)(a) above applies, any instructions delivered by a Creditor Representative must be limited to those necessary to protect or preserve the interests of the relevant creditor instructing group on behalf of which it acts as a Creditor Representative and the Security Agent will act in accordance with the instructions first received.

After the expiry of the Consultation Period:

- If the Majority Super Senior Creditors and the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

- If the Security Agent has received conflicting security enforcement instructions, the Security Agent, subject to certain exceptions, will act on the instructions of the Majority Senior Secured Creditors and the Majority Senior Secured Creditors shall ensure such instructions are in accordance with the security enforcement principles.

- If the Security Agent is required to act on the instructions of the Majority Senior Secured Creditors and Majority Super Senior Creditors and either (i) enforcement has not commenced within three months of the end of the Consultation Period; (ii) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period; or (iii) at any time (whether before or after the expiry of the Consultation Period) an insolvency event has occurred in relation to any Third Party Chargor, Debtor or other member of the Group and the Security Agent has not commenced enforcement of the Transaction Security, then the Security Agent shall act on the enforcement instructions of the Majority Super Senior Creditors (to the exclusion of those given by the Majority Senior Secured Creditors, to the extent inconsistent) and the Majority Super Senior Creditors shall ensure that such instructions are consistent with the security enforcement principles.

If the Majority Super Senior Creditors or Majority Senior Secured Creditors (acting reasonably) consider at any time that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with the security enforcement principles, the Creditor Representatives of the other Super Senior Creditors and Senior Secured Creditors shall consult with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of enforcement, provided that the Creditor Representatives are not obliged to consult in this circumstance more than once in relation to each enforcement.

Restrictions on enforcement by the future senior subordinated debt; standstill

Prior to the discharge of all the Priority Debt, neither the creditors of any Future Senior Subordinated Debt (the "*Future Senior Subordinated Creditors*") nor the creditor representative of the Future Senior Subordinated Creditors (the "*Future Senior Subordinated Debt Representative*") may take enforcement action with respect to

the Future Senior Subordinated Debt (including any action against the Issuer or the guarantors of the Future Senior Subordinated Debt (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security document without the prior consent of or as required by the relevant creditor instructing group (as detailed in "*—Security enforcement*" above), except if (1) an event of default has occurred under the Future Senior Subordinated Debt resulting from failure to pay principal at its original scheduled maturity or (2):

(a) an event of default under the debt documents for the Future Senior Subordinated Debt is continuing;

(b) the Senior Agent, the Trustee and the other representatives of the Priority Debt have received notice of the specified event of default from the Future Senior Subordinated Debt Representative;

(c) a Standstill Period (as defined below) has expired; and

(d) the relevant event of default is continuing at the end of the Standstill Period,

provided that in the case of (2) only, no such action may be taken if the Security Agent is acting in accordance with the instructions of the relevant creditor instructing group (as detailed in "*—Security enforcement*" above) to take steps for enforcement and such action might be reasonably likely adversely affect such enforcement.

A "*Standstill Period*" shall mean the period starting on the date that the Future Senior Subordinated Debt Representative serves an enforcement notice on the Senior Agent, the Trustee and the representative of any Future *Pari Passu* Debt until the earliest of:

(a) the first business day 179 days after such date;

(b) the date on which the Security Agent takes enforcement action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that the Future Senior Subordinated Debt Representative and holders of Future Senior Subordinated Debt may only take the same enforcement action against the same entity as is taken by the Security Agent and may not take any other action against any other member of the Group or Third Party Chargor;

(c) the date on which an insolvency event occurs in respect of any Debtor or Third Party Chargor owing Future Senior Subordinated Liabilities against whom enforcement action is to be taken (other than as a result of any action taken by a Future Senior Subordinated Creditor);

(d) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt; and

(e) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

Security enforcement principles

- The Intercreditor Agreement includes security enforcement principles with the aim of maximizing, so far as is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security, the recovery by the creditors of the Priority Liabilities and (to the extent the Transaction Security is expressed to secure the same) the Future Senior Subordinated Liabilities (the "*Security Enforcement Objective*").
- The Transaction Security will be enforced and other action as to enforcement will be taken such that either:
  - to the extent the instructing group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash or cash equivalent investments (or substantially all in cash or cash investments); or
  - to the extent the instructing group is the Majority Senior Secured Creditors, sufficient proceeds from enforcement will be received by the Security Agent in cash or cash equivalent investments to ensure that

when the proceeds are applied in accordance with the order of application set forth below under "—*Application of amounts recovered*," the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).

- Enforcement must be prompt and expeditious and, subject to the terms of the Intercreditor Agreement, the time frame for the realization of value from the enforcement of the Transaction Security will be determined by the relevant creditor instructing group provided that it is consistent with the Security Enforcement Objective.
- Where proposed enforcement of Transaction Security is over (i) assets (other than shares in a member of the Group) with an aggregate book value exceeding €5 million (or its equivalent), or (ii) some or all of the shares in a member of the Group over which Transaction Security exists, the Security Agent shall if instructed by the Majority Super Senior Creditors or the Majority Senior Secured Creditors obtain an opinion from an independent, reputable and internationally- recognized (a) investment bank, (b) accounting firm or (c) other third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced to opine as expert: (1) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize the recovery of any such enforcement; (2) that the proceeds received from any such enforcement represent fair value from a financial point of view after taking into account all relevant circumstances; and (3) that such sale is otherwise in accordance with the Security Enforcement Objective. Such opinion save as to manifest error will be conclusive evidence that the Security Enforcement Objective has been met. If enforcement is conducted by way of a public auction, no financial adviser shall be required to be appointed.

The Security Enforcement Principals may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Security Agent.

Turnover

The Intercreditor Agreement provides that if any Primary Creditor (as defined below, but excluding any Future Senior Subordinated Creditor) receives or recovers or otherwise realizes the proceeds of any enforcement of any Transaction Security or any other amounts which should otherwise be received, recovered or realized by the Security Agent pursuant to the payment waterfall described in "—*Application of amounts recovered*" below and in addition if any creditor of Future Senior Subordinated Debt, or any Shareholder Lender or Intra-group Lender (each as defined below), receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with "—*Application of amounts recovered*" below that it shall (subject to certain prior actual knowledge qualifications in the case of the Trustees):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of amounts recovered

Subject to the rights of creditors mandatorily preferred by law applying to companies generally, proceeds of enforcement, all recoveries by the Security Agent and all other amounts paid to the Security Agent pursuant to the Intercreditor Agreement shall be applied in the following order of application:

- *first*, in or towards payment of (i) *pari passu* and *pro rata* any sum owing to the Security Agent, any receiver, any delegate and the Trustee and then (ii) *pari passu* and *pro rata* any costs and expenses owing to each Creditor Representative (other than a Creditor Representative that is a Hedging Bank) and any receiver, attorney or agent appointed by such Creditor Representative, as between themselves;

- *second*, *pari passu* and *pro rata* as between themselves in or towards payment of all costs and expenses incurred by or on behalf of creditors of the Super Senior Liabilities in connection with the realization or enforcement of the Transaction Security or any action taken at the request of the Security Agent;
- *third*, *pari passu* and *pro rata* as between themselves in or towards payment of the Super Senior Liabilities;
- *fourth*, *pari passu* and *pro rata* as between themselves in or towards payment of all costs and expenses incurred by or on behalf of creditors of the Senior Secured Notes Liabilities, the Future *Pari Passu* Liabilities and any Hedging Liabilities that are not Super Senior Hedging Liabilities, in connection with the realization or enforcement of the Transaction Security or any action taken at the request of the Security Agent;
- *fifth*, *pari passu* and *pro rata* as between themselves in or towards payment of the Senior Secured Notes Liabilities, the Future *Pari Passu* Liabilities and any Hedging Liabilities that are not Super Senior Hedging Liabilities;
- *sixth*, *pari passu* and *pro rata* (to the extent that the relevant Transaction Security is expressed to secure Future Senior Subordinated Liabilities) as between themselves in or towards payment of all costs and expenses incurred by or on behalf of creditors of the Future Senior Subordinated Liabilities in connection with the realization or enforcement of the Transaction Security or any action taken at the request of the Security Agent;
- *seventh*, *pari passu* and *pro rata* (to the extent that the relevant Transaction Security is expressed to secure Future Senior Subordinated Liabilities) as between themselves in or towards payment of the Future Senior Subordinated Liabilities; and
- *eighth*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor, Third Party Chargor or other person entitled to it.

Non-distressed disposal

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to a Distress Event being a "*Distressed Disposal*") and are otherwise permitted by the terms of the Indenture, the debt documents for the Future *Pari Passu* Debt and the Future Senior Subordinated Debt and the finance documents for the Revolving Credit Facility and any Other Credit Facility Debt, the Intercreditor Agreement provides that the Security Agent is authorized and instructed (i) to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security; (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries and (iii) execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (i) and (ii) and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

Distressed disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor or Third Party Chargor, to release (a) that Debtor, Third Party Chargor and any subsidiary of that Debtor or Third Party Chargor (as applicable) from all or any part of its liabilities to the Priority Creditors or Future Senior Subordinated Creditors or others or otherwise in connection with the Notes ("*Primary Liabilities*") or other liabilities it may have to a creditor of Shareholder Liabilities (a "*Shareholder Lender*"), a creditor of Intra-Group Liabilities (an "*Intra-group Lender*") or other Debtors and Third Party Chargors (together, "*Other Liabilities*"); (b) any Transaction Security granted by that Debtor, Third Party Chargor or any subsidiary of that Debtor or Third Party Chargor over any of its assets; and (c) any other claim of a Shareholder Lender, Intra-group Lender, or another Debtor or Third Party Chargor over that Debtor's or Third Party Chargor's assets or over the assets of any subsidiary of that Debtor or Third Party Chargor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor or Third Party Chargor, to release (a) that holding company and any subsidiary of that holding company

from all or any part of its Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by that holding company and any subsidiary of that holding company over any of its assets; and (c) any other claim of a Shareholder Lender, Intra-group Lender or another Debtor or Third Party Chargor over the assets of that holding company and any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or Third Party Chargor or a holding company of a Debtor or Third Party Chargor, to provide, for (1) the transfer of liabilities to another Debtor or Third Party Chargor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Debtor or Third Party Chargor or holding company (which may include claims against the Issuer).

Where borrowing liabilities in respect of any Priority Debt would otherwise be released pursuant to the terms of the Intercreditor Agreement (including as stated above), the Primary Creditor concerned may elect to have those borrowing liabilities transferred to the Issuer (or its immediate holding company after the relevant Distressed Disposal), in which case the Security Agent will be irrevocably authorized (at the cost of the relevant Debtor or the Issuer (or its immediate holding company after the relevant Distressed Disposal) and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Debtor or Third Party Chargor) to execute such documents as are required to so transfer those borrowing liabilities.

If a Distressed Disposal is being effected such that the claims of the holders of the Future Senior Subordinated Debt against the issuer of the relevant Future Senior Subordinated Debt, any guarantees in respect of the Future Senior Subordinated Debt and/or Transaction Security securing the Future Senior Subordinated Debt will be released, it is a condition to the release that either:

(i) the Future Senior Subordinated Debt Representative has approved the release on the instructions of the Future Senior Subordinated Debt Required Holders (as defined below); or

(ii) each of the following conditions are satisfied:

  (a) the proceeds of such sale or disposal are in cash or cash equivalent investments (or substantially in cash or cash equivalent investments);

  (b) all present or future obligations owed to the secured parties under the Priority Debt documents by a member of the Group all of whose shares pledged under the Transaction Security are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

  (c) such sale or disposal (including any sale or disposal of any claim) is made:

    (1) pursuant to a public auction in accordance with the terms of the Intercreditor Agreement; or

    (2) where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances (although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price) including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

Application of proceeds of a distressed disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "*—Application of amounts recovered*" above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Option to purchase

Following:

(a) delivery of a notice by the Majority Super Senior Creditors or the Majority Senior Secured Creditors of their intention to enforce the Transaction Security;

(b) an Acceleration Event; or

(c) the enforcement of any Transaction Security, (each event described in paragraphs (b) and (c) being a "*Distress Event*"),

the holders of the Senior Secured Notes and Future *Pari Passu* Debt shall have an option to purchase all (but not part) of the commitments of the Lenders under the Revolving Credit Facility and any Other Credit Facility Debt (or their affiliates) and all exposures of the Hedging Banks in respect of any Hedging Agreement at par plus accrued interest and all other amounts owing under the Revolving Credit Facility, Other Credit Facility Debt and Hedging Agreements, with such purchases to occur contemporaneously.

Following a Distress Event or delivery of a notice by the Majority Super Senior Creditors or the Majority Senior Secured Creditors of their intention to enforce the Transaction Security, the holders of the Future Senior Subordinated Debt shall have an option to purchase all (but not part) of the Priority Debt at par plus accrued interest and all other amounts owing in respect of such Priority Debt, with such purchases to occur contemporaneously.

Voting and amendments

Voting in respect of the Revolving Credit Facility, the Senior Secured Notes and/or Future *Pari Passu* Debt will be in accordance with the relevant documents.

Except (i) for amendments of a minor, technical or administrative nature which may be effected by the Creditor Representatives, the Issuer and the Security Agent (ii) amendments and waivers to the security enforcement principles, which may be effected as described above in "*—Security enforcement principles*", and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement shall require the written agreement of:

(a) the Majority Super Senior Creditors;

(b) the Senior Secured Notes Required Holders and the Future *Pari Passu* Debt Required Holders (each defined below);

(c) the Future Senior Subordinated Creditors whose aggregate senior subordinated credit participations represent more than 50% of the aggregate senior subordinated credit participations of all such creditors;

(d) the Security Agent; and

(e) the Issuer,

(or in each case (where applicable) the respective Creditor Representatives in accordance with the relevant debt document) provided that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to adversely affect the interests of the other classes of secured party, only written agreement from the affected class shall be required.

Notwithstanding the paragraph immediately above, an amendment or waiver relating to provisions dealing with (i) the definition of instructing group (ii) ranking and priority or subordination, (ii) turnover of Receipts, (iii) redistribution, (iv) enforcement of Transaction Security, (v) disposal proceeds, (vi) application of proceeds, (vii) amendments, (viii) certain provisions relating to the instructions to and exercise of discretion by the Security Agent, and

(ix) governing law and jurisdiction, shall not be made without the written consent of each of:

(a) the lenders under the Revolving Credit Facility and the lenders under any other super senior credit facility;

(b) the Trustee;

(c) the representative of the holders of Future *Pari Passu* Debt;

(d) each Hedging Bank (to the extent that the amendment or waiver would adversely affect such Hedging Bank);

(e) the Future Senior Subordinated Debt Representative; and

(f) the Issuer.

Prior to the discharge of all the Priority Debt, the Future Senior Subordinated Debt Representative may not without the consent of the majority lenders under the Revolving Credit Facility or Other Credit Facility Debt amend or waive the terms of the debt documents of the Future Senior Subordinated Debt to the extent that it would result in them being inconsistent with the agreed major terms for such Future Senior Subordinated Debt.

Definitions

The Intercreditor Agreement provides that:

(a) "*Future Senior Subordinated Debt Required Holders*" means, in respect of any direction, approval, consent or waiver, the holders of Future Senior Subordinated Debt holding in aggregate a principal amount of Future Senior Subordinated Debt which is not less than the principal amount of Future Senior Subordinated Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Senior Subordinated Debt;

(b) "*Future Pari Passu Debt Required Holders*" means, in respect of any direction, approval, consent or waiver, the Future *Pari Passu* Creditors holding in aggregate a principal amount of Future *Pari Passu* Debt which is not less than the principal amount of Future *Pari Passu Debt* required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding *Future Pari Passu Debt*;

(c) "*Primary Creditors*" means the creditors with respect to Super Senior Liabilities, the creditors with respect to Senior Secured Notes Liabilities, the creditors with respect to Future *Pari Passu* Liabilities and the Future Senior Subordinated Creditors;

(d) "*Senior Secured Notes Required Holders*" means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Senior Secured Notes which is not less than the principal amount of Senior Secured Notes required to vote in favor of such direction, consent or waiver under the terms of the Senior Secured Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Secured Notes (as applicable);

(e) "*Transaction Security*" means the security created or expressed to be created in favor of the Security Agent under or pursuant to the Transaction Security Documents; and

(f) "*Transaction Security Documents*" means: (i) each "Transaction Security Document" as defined (or the equivalent term used) in the Revolving Credit Facility, any other super senior credit facility and/or a document governing any Future *Pari Passu* Debt; (ii) any other document entered into at any time by any member of the Group or Third Party Chargor creating any security in favor of any of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible and subject to the Agreed Security Principles, is created in favor of (A) the Security Agent as trustee for the relevant secured parties in respect of their liabilities; or (B) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as trustee for the secured parties, the relevant secured parties in respect of their Liabilities or the Security Agent under a parallel debt structure or joint and several creditor structure for the benefit of the relevant secured parties.

Governing law

The Intercreditor Agreement is governed by English law.

Development and Land Loan Agreements

The Development Loan Agreements were entered into primarily to finance construction projects and are each secured with mortgages on the financed project.

As of December 31, 2020, the outstanding amount under all of our Development Loans with third parties was €236.2 million.

The terms and conditions of the Development Loan Agreements generally include customary non-financial undertakings vis-à-vis the lenders, such as (i) reporting obligations to the lenders; (ii) early repayment of the Development Loans triggered by, among other things, breach of payment obligations, false representation, insolvency, litigation and/or cross defaults; and (iii) limitations on use of the funds beyond the agreed purpose and activities, the creation of security over their assets, disposal in any manner of their assets or the initiation of any action related to insolvency proceedings.

Notwithstanding the above, payment of dividends is not restricted under any of the Development Loan Agreements. In addition, these Development Loans bear fixed and variable interest, being the average at, approximately, Euribor plus 2.5% at December 31, 2020.

On April 27, 2018, Novosolum Urbana, S.L.U. (now, the Issuer) executed a standstill agreement with Banco Popular Español, S.A. (now, Banco Santander, S.A.), as the loan granted by this lender to Novosolum Urbana, S.L.U. for a principal of Euro 700,000 was being enforced. Pursuant to the standstill agreement, the lender granted a standstill in connection with the aforementioned loan, and certain other loan agreements granted to Novosolum Urbana, S.L.U., under which the lender agreed not to claim the repayment of the amounts due by the borrower until April 27, 2021. On April 13, 2021, the Issuer must serve a notice to the lender notifying whether it opts to repay the loan for an amount of Euro 6,000,000, or to assign property 54,178 of land registry number 2 of Marbella to the lender in payment of the amounts due, and the relevant transaction must be formalized on April 27, 2021 (if the Issuer fails to do so, the lender could formalize the transaction unilaterally through an irrevocable power of attorney). This standstill agreement includes a restriction to the granting of any security or personal guarantees by the Issuer and to incurring additional financial indebtedness (unless such indebtedness is incurred to secure the payment of taxes), which has been waived before the date hereof.

Additional to Development Loan Agreements to fund development, we have entered into Land Loan Agreements to partially fund the acquisition of some land plots. The collateral structure of these loans is similar to Development Loans Agreements, with a mortgage on the financed land, and the maturity usually ranges from up to 36 months. Payment of dividends is not restricted under any of the Land Loan Agreements.

As of December 31, 2020, the outstanding amount under all of our loans agreements for land purchases with third parties was €37,888 thousand.

There are a number of Development Loan Agreements entered into by the Issuer and some of its subsidiaries under which the following events would trigger early repayment: (i) transfer of our Shares by any of our current shareholders, even when such transfer does not entail a change of control, (ii) grant of security or guarantees in favor of third parties, and (iii) incurring of additional financial indebtedness. However we have obtained the waivers and prior to the Issue Date will have obtained all remaining such waivers from the relevant lenders in order to complete the incorporation of the Parent Guarantor and the contribution of our Shares to it by our current shareholders, the Offering and the granting of the Collateral, without those Development Loan Agreements becoming early matured.

Description of Notes

The following is a description of the material terms of the Indenture, the Notes, the Note Guarantees and refers to the Security and Guarantee Documents and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, the Notes, the Note Guarantees, the Security and Guarantee Documents and the Intercreditor Agreement, including the definitions of certain terms therein. The Issuer urges you to read the Indenture, the Notes, the Security and Guarantee Documents and the Intercreditor Agreement as they, and not this description, govern your rights as holders of the Notes. Copies of the Indenture (including the forms of Note), the Security and Guarantee Documents and the Intercreditor Agreement will be made available as set forth under the caption "*Listing and General Information*."

You can find the definitions of certain terms used herein under the caption "*—Certain Definitions*." Certain defined terms used herein but not defined under the caption "*—Certain Definitions*" have the meanings assigned to them in the Indenture. In this description, references to "*Issuer*" refer only to Vía Célere Desarrollos Inmobiliarios, S.A., a public limited liability company (*sociedad anónima*) formed under the laws of Spain and any successor in interest thereto, and not to any of its Subsidiaries. The Indenture contains provisions that define your rights and govern the obligations of the Issuer and the Guarantors under the Notes. The terms of the Notes include those set out in the Indenture.

Unless the context requires otherwise, references in this "*Description of Notes*" to the "*Notes*" include the Notes and any Additional Notes that are issued under the Indenture. The Indenture will not be qualified under nor will it incorporate by reference, include or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended (the "*TIA*"). The Indenture will not contain any provision corresponding or similar to certain provisions of the TIA that would otherwise apply if the Indenture were so qualified.

General

Vía Célere Desarrollos Inmobiliarios, S.A., a public limited liability company (*sociedad anónima*) formed under the laws of Spain, having its registered office at Calle de Carlos y Guillermo Fernández Shaw 1, 28007, Madrid, Spain and registered with the Commercial Register of Madrid, under volume 34645, sheet 111, page number M-623073, and Tax Identification Number A-36111391 (the "*Issuer*"), will issue €300.0 million aggregate principal amount of 5.25% Senior Secured Notes due 2026 (the "*Notes*") under an indenture (the "*Indenture*"), to be dated as of the Issue Date, among, *inter alios*, the Issuer, Maywood Invest, S.L.U. and Vía Célere, S.L.U. and Bondholders, S.L. as Trustee and Security Agent, in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). In connection with the issuance of the Notes, the shareholders of the Issuer will incorporate a newly formed private limited company (*sociedad de responsabilidad limitada)* formed under the laws of Spain (the "*Parent Guarantor*") and transfer or otherwise contribute all of the Voting Stock of the Issuer to the Parent Guarantor so that the Issuer becomes a direct wholly owned Subsidiary of the Parent Guarantor within five days from the Issue Date (the "*Post-Closing Reorganization*"). In connection with the Post-Closing Reorganization but in any event no later than 30 days from the Issue Date, the Parent Guarantor will accede to the Indenture as a Guarantor of the Notes pursuant to a supplemental indenture to be signed by and between the Trustee, the Issuer and the Parent Guarantor (the "*Parent Guarantor Accession*" and, the date of consummation of the Parent Guarantor Accession, being the "*Parent Guarantor Accession Date*"). For purposes of this description, prior to the Parent Guarantor Accession Date, references to the "*Company*" refer only to the Issuer and not to any of its Subsidiaries. From the Parent Guarantor Accession Date, references to the "*Company*" refer only to the Parent Guarantor and not to any of its Subsidiaries.

In compliance with applicable Spanish law, the Issuer shall execute a public deed of issuance (escritura de emisión) regarding the Notes (the "*Spanish Deed of Issuance*") on or about the Issue Date which shall be registered with the applicable Spanish Commercial Registry.

Brief Description of the Notes and the Note Guarantees.

The gross proceeds from the Offering will be €300.0 million. The gross proceeds from the Offering will be used for general corporate purposes, including (a) for the repayment of certain existing debt, (b) to fund cash on

balance sheet and (c) to pay fees, commissions and expenses incurred in connection with the Transactions. We intend to allocate an amount equal to the net proceeds from the Offering to Eligible Green Projects (as defined in "*Green Bond Framework*").

The Notes

The Notes will:

- be senior obligations of the Issuer;
- be secured by the Issue Date Collateral on the Issue Date and by the Post-Closing Collateral within 30 days from the Issue Date, as set forth below under the caption "*—Security*," which security may be subject to the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*;"
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing or future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- be effectively subordinated in right of payment to any existing or future Indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness, including any Development Debt of the Issuer;
- be fully and unconditionally guaranteed on a senior basis by the Guarantors as set forth below under the caption "*—The Note Guarantees*," which guarantees may be subject to the guarantee limitations described in "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*;" and
- be structurally subordinated to any existing and future Indebtedness of the Parent Guarantor's Subsidiaries that are not Guarantors, including non-recourse Development Debt of a Project Finance Vehicle.

The Note Guarantees

On the Issue Date the Notes will be guaranteed by Maywood Invest, S.L.U. and Vía Célere, S.L.U. Within 30 days from the Issue Date the Notes will be guaranteed on a senior basis by the Parent Guarantor pursuant to a supplemental indenture to be signed by and between the Trustee, the Issuer and the Parent Guarantor.

The Note Guarantee of each Guarantor:

- will be a senior secured obligation of such Guarantor, secured by the by the Issue Date Collateral on the Issue Date and by the Post-Closing Collateral within 30 days of the Issue Date, as set forth below under the caption "*—Security*;"
- will rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the Note Guarantee of that Guarantor;
- will rank senior in right of payment with any existing and any future Indebtedness of such Guarantor that is subordinated in right of payment to the relevant Note;
- will be effectively subordinated in right of payment to any existing or future Indebtedness of such Guarantor that is secured by property and assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness, including any Development Debt of a Guarantor; and
- will be structurally subordinated to any existing and future Indebtedness of such Guarantor's Subsidiaries that are not Guarantors, including any non-recourse Development Debt of a Project Finance Vehicle.

Not all of the Subsidiaries of the Company will be Guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or the Guarantors.

For the year ended December 31, 2020, the Issuer and the Guarantors generated 95.9% of revenue and 109.1% of Adjusted EBITDA and, as of December 31, 2020, and held 90.9% of total assets. As of December 31, 2020, the total inventories of the Issuer and its Subsidiaries not subject to a Security Interest over the total inventories of the Issuer and its Subsidiaries was 58%.

The obligations of the Guarantors will be contractually limited under the Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance, financial assistance, thin capitalization, distributable reserves and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*." By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. In particular, the Guarantors incorporated in Spain will not secure any obligations or liabilities which, if secured, would constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. For a brief description of such limitations, see "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Claims of creditors of the non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of the Issuer's creditors, including holders of the Notes. Accordingly, the Notes and the Note Guarantees will be effectively subordinated to creditors and preferred stockholders, if any, of such non-guarantor Subsidiaries. See "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Notes will each be structurally subordinated to the liabilities of non-Guarantor subsidiaries*."

As of the Issue Date, all of the Company's Subsidiaries will be "*Restricted Subsidiaries*" for purposes of the Indenture. However, subject to compliance with the terms of the Indenture, the will be permitted to designate Restricted Subsidiaries (other than the Issuer) as "*Unrestricted Subsidiaries*." The restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries.

Principal, Maturity and Interest

The Issuer will issue €300.0 million in aggregate principal amount of Notes in this Offering. The Issuer may issue additional Notes ("*Additional Notes*") under the Indenture from time to time after this Offering. Any issuance of Additional Notes is subject to the covenants in the Indenture. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on April 1, 2026. Interest on the Notes will accrue at the rate of 5.25% per annum. Interest on the Notes will be payable in cash semi-annually in arrears on April 1 and October 1 of each year commencing on October 1, 2021. For so long as the Notes are Global Notes, the Issuer will make each interest payment to the Holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment where, "*Clearing System Business Day*" means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes (as defined below) have been issued, to the holders of record of the Notes on the immediately preceding March 15 and September 15. If a particular interest payment date is not a Business Day at the place at which such payment is to be made, then the payment date will be the next Business Day at such place and the holders of Notes will not be entitled to any further interest in the intervening period or other payment as a result of any such delays. The redemption price at maturity will be 100% of the par value of the Notes.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months. Interest on overdue principal and interest on the Notes, including Additional Amounts, if any, will accrue at a rate that is 1.0% higher than the interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in London, United Kingdom. The initial Paying Agent will be Deutsche Bank AG, London Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar and the initial Transfer Agent will be Deutsche Bank Luxembourg S.A.. The Registrar and the Transfer Agent maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change each of the Paying Agent, Registrar or Transfer Agent without prior notice to the holders of such Notes. For so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish a notice of any change of Paying Agent, Transfer Agent or Registrar in a newspaper having a general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of Euronext Dublin (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act ("*Rule 144A*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Note*"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act ("*Regulation S*") will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Regulation S Global Note*" and, together with the 144A Global Note, the "*Global Notes*").

During the "*40-day distribution compliance period*" (as such term is defined in Rule 902 of Regulation S), book-entry interests in the Regulation S Global Note may be transferred only to non-U.S. Persons under Regulation S or to persons whom the transferor reasonably believes are "*qualified institutional buyers*" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. The Notes will be subject to certain other restrictions on transfer and certification requirements, as described under the caption "*Notice to Investors*."

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream (each as defined elsewhere in this offering memorandum) or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under the caption "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests.

Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under the caption "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes (as defined herein) in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by or on behalf of the Issuer (including any successor entity) under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any of the Guarantors (including any successor entities) with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, engaged in business, organized, or otherwise resident for tax purposes or any political subdivision thereof or therein having the power to Tax or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any such Taxes imposed or levied by or on behalf of the relevant Tax Jurisdiction will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any actual or deemed (pursuant to applicable Tax law of the relevant Tax Jurisdiction, such as, if applicable, a connection of a partnership that is attributed to the partners/beneficial owners) present or former connection between the holder or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including, without limitation, the holder or beneficial owner being, or having been, a citizen, national or resident, being, or having been, engaged in a trade or business, being, or having been, physically present in or having or having had a permanent establishment in such jurisdiction for Tax purposes), other than any connection arising from the acquisition or holding of such Note, the enforcement of

rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes withheld, deducted or imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes;

(4) any Taxes that are not payable by way of deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(5) any Taxes imposed, deducted or withheld by reason of the failure of the holder or beneficial owner of Notes to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction);

(6) any Tax imposed on or with respect to any payment by the Issuer or the relevant Guarantor to the holder for the benefit of a beneficial owner if such holder or beneficial owner is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder or beneficial owner been the sole beneficial owner of such Notes;

(7) Notes held by or on behalf of a holder, if the Issuer or the relevant Guarantor, as the case may be, do not receive in a timely manner certain information concerning the Notes of such holder as may be required by the applicable Spanish tax laws and regulations, including a duly executed and completed certificate from the Paying Agent, pursuant to Law 10/2014 of 26 June, Royal Decree 1065/2007 of 27 July and any implementing legislation, regulation or interpretation eventually made by the Spanish tax authorities;

(8) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "*U.S. Internal Revenue Code*") (or any amended or successor version of such Sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the U.S. Internal Revenue Code; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance, enforcement or registration of any of the Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or enforcement of, any of the Notes or any Note Guarantee (other than, in each case, on or in connection with a transfer of the Notes other than the initial resale of the Notes by the Initial Purchasers) or the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (8) or any combination thereof).

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee and the Paying Agent on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the

Trustee and the Paying Agent promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee and the Paying Agent with documentation satisfactory to the Trustee and the Paying Agent evidencing the payment of Additional Amounts. The Trustee and the Paying Agent shall be entitled to rely solely without independent investigation on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee and the Paying Agent, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee and the Paying Agent) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee and the Paying Agent to the holders or beneficial owners of the Notes.

Whenever in the Indenture or in this "*Description of Notes*" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business or otherwise resident for Tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein having the power to Tax.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer, each Guarantor and the Trustee will be authorized (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described under the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each holder of the Notes, by accepting its Note, will be deemed to have:

1. appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;
2. agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and
3. irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

See "*Risk Factors—Risks Related to the Notes and the Guarantees—The security interests in the Collateral will be granted to the Trustee or the Security Agent (as the case may be) rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into as described under the caption "*—Certain Covenants—Additional or Amended Intercreditor Agreements*."

Note Guarantee Release

The Note Guarantee of a Guarantor will terminate and be released:

(1) other than the Note Guarantee of the Parent Guarantor, in connection with any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, assignment, transfer, conveyance or other disposition does not violate the provisions of the Indenture described under the caption "—*Asset Sales*" or the Intercreditor Agreement or any Additional Intercreditor Agreement;

(2) other than the Note Guarantee of the Parent Guarantor, in connection with any sale, assignment, transfer, conveyance or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, assignment, transfer, conveyance or other disposition does not violate the provisions of the Indenture described under the caption "—*Asset Sales*" or the Intercreditor Agreement or any Additional Intercreditor Agreement and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, assignment, transfer, conveyance or other disposition;

(3) other than the Note Guarantee of the Parent Guarantor, if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement as described under the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement*" or any Additional Intercreditor Agreement;

(5) upon release of the guarantee of Indebtedness that resulted in the creation of the Note Guarantee under the covenant described under the caption "—*Certain Covenants—Additional Guarantees*;"

(6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as described under the captions "—*Legal Defeasance and Covenant Defeasance*" and "—*Satisfaction and Discharge;*"

(7) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(8) as described under the caption "—*Amendment, Supplement and Waiver*;"

(9) as a result of a transaction permitted by the covenant described under the caption "—*Certain Covenants—Merger, Consolidation or Sale of Assets*;" or

(10) otherwise in accordance with the terms of the Indenture.

Upon any occurrence giving rise to a termination and release of a Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor and at the request and cost of the Issuer, will promptly execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. The Trustee shall be entitled to request and rely conclusively upon an Officer's Certificate and opinion of counsel, each certifying which circumstance, as described above, giving rise to a release of the Note Guarantee has occurred and that such release complies with the Indenture.

The Issuer, the Guarantors and the Trustee will not be required to make a notation on the Notes to reflect any Guarantee release, discharge or termination.

Security

General

On the Issue Date, the Notes and the Note Guarantees will be secured on a first-ranking basis by:

(1) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Issuer;

(2) a Spanish law *in rem* right of pledge over material bank accounts of the Issuer opened and maintained in Spain;

(3) a Spanish law *in rem* right of pledge over the entire issued share capital of Maywood Invest, S.L.U.;

(4) a Spanish law *in rem* right of pledge over the entire issued share capital of Vía Célere, S.L.U.;

(5) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Maywood Invest, S.L.U.;

(6) a Spanish law *in rem* right of pledge over material bank accounts of Maywood Invest, S.L.U. opened and maintained in Spain;

(7) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to Vía Célere, S.L.U.; and

(8) a Spanish law *in rem* right of pledge over material bank accounts of Vía Célere, S.L.U. opened and maintained in Spain,

(collectively, the "*Issue Date Collateral*").

Within 30 days of the Issue Date, the Notes and the Note Guarantees will be secured on a first-ranking basis by:

(1) a Spanish law *in rem* right of pledge over the entire issued share capital of the Issuer;

(2) a Spanish law *in rem* right of pledge over material bank accounts of the Parent Guarantor opened and maintained in Spain; and

(3) a Spanish law *in rem* right of pledge in respect of intercompany loan receivables (if any) owed to the Parent Guarantor,

(collectively, the "*Post-Closing Collateral*" and together with the Issue Date Collateral, the "*Collateral*").

The Collateral will also secure on substantially the same basis (but without the quantitative limit and financial assistance limitations applicable to the Notes) the liabilities under the Revolving Credit Facility Agreement and may secure on substantially the same basis (but without the quantitative limit and financial assistance limitations applicable to the Notes) certain Hedging Obligations, and certain other future indebtedness (including any Additional Notes); *provided*, that lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes as further described under the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Any proceeds received upon any enforcement over any Collateral, after all such super senior liabilities have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Relating to the Notes and the Guarantees*." Under the terms of the Intercreditor Agreement, the Security Agent will not be required to accept or act with respect to any Collateral if it is of a type or in a jurisdiction which the Security Agent determines does not meet or comply with its internal regulations or policies or with any law or regulation, or which might impose liability on the Security Agent.

The security over the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to

fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. In particular, the Collateral granted by a company incorporated under the laws of Spain will not secure any obligations or liabilities which, if secured, would constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. For a brief description of such limitations, see "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Guarantees will be limited to a specified amount, and each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Security and Guarantee Documents

The Collateral Documents will directly secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Indenture and the Notes, the Revolving Credit Facility Agreement and certain other future indebtedness as provided for in the Collateral Documents.

In the event that the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests (as defined below) created under the Security and Guarantee Documents or the rights and obligations set out in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests created under the Security and Guarantee Documents or the terms of the Intercreditor Agreement were to be successful, the Trustee and the holders of the Notes may not be able to recover any amounts under the Security and Guarantee Documents. See "*Risk Factors—Risks Relating to the Notes and the Guarantees*."

Subject to certain conditions, including compliance with the covenant described under the caption *"—Certain Covenants—Impairment of Security Interest*," the Issuer and the Guarantors are permitted to pledge the Collateral in connection with future incurrences of Indebtedness, including any Additional Notes, or Indebtedness of its Restricted Subsidiaries, in each case permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness.

Priority

The relative priority among (a) the lenders under the Revolving Credit Facility Agreement and the counterparties to certain of the Hedging Obligations secured by the Collateral, (b) the Security Agent, the Trustee and agent under the Revolving Credit Facility Agreement with respect to the security interests in the Collateral (the "*Security Interests*"); (c) the Noteholders with respect to the Security Interests; and (d) certain other holders of Indebtedness from time to time secured by the Collateral is established by the terms of the Intercreditor Agreement, the Indenture, the Security and Guarantee Documents, and may be set forth in any Additional Intercreditor Agreement and any other security documents creating security interests in the Collateral.

See the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Pursuant to the Indenture, Intercreditor Agreement or Additional Intercreditor Agreements entered into on or after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See the caption *"—Certain Covenants—Impairment of Security Interest*."

Release of Liens

The Issuer and the Guarantors will be entitled to the release of the Liens over the property and other assets constituting Collateral securing the Notes and the Note Guarantees under any one or more of the following circumstances:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition or exchange of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale assignment, transfer, conveyance or other disposition or exchange does not violate the provisions of the Indenture as described under the caption "*—Asset Sales*;"

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) if the Company designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and Discharge*;"

(5) in connection with certain enforcement actions taken by the creditors under certain of our Indebtedness in accordance with the Intercreditor Agreement as described under the caption "*—Intercreditor Agreement*;"

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(7) as described under the captions "*—Amendment, Supplement and Waiver*" and "*—Certain Covenants—Impairment of Security Interest*;"

(8) upon release of the Lien that resulted in the creation of the Lien under the covenant described under the caption "*—Certain Covenants—Liens*;"

(9) as a result of a transaction permitted by the covenant described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*;" *provided* that, in case of the Issuer, (i) all of the Capital Stock of the Issuer (or such resulting, surviving or transferee Person formed by such transaction) and (ii) any intercompany loan receivables granted by the Issuer (or such or such resulting, surviving or transferee Person formed by such transaction) to the Company, each become part of the Collateral; or

(10) otherwise in accordance with the terms of the Indenture.

At the reasonable request and cost of the Parent Guarantor or the Issuer (as applicable), the Security Agent and the Trustee, if applicable, will as soon as reasonably practicable take all necessary action required to effectuate any release of Collateral securing the Notes and the Note Guarantees, in accordance with the provisions of the Indenture, the relevant Collateral Document and the Intercreditor Agreement or any Additional Intercreditor Agreement. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes or any action on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and opinion of counsel, each certifying which circumstance, as described above, giving rise to a release of the Liens over such Collateral has occurred, and that such release complies with the Indenture.

Security Agent

Bondholders, S.L. will act as Security Agent under the Security and Guarantee Documents and the Intercreditor Agreement until such time, if any, that a new Security Agent is appointed under the relevant provisions of the Security and Guarantee Documents and/or the Intercreditor Agreement and/or any Additional Intercreditor Agreement.

Neither the Trustee nor the Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Notes or any Note Guarantee, for the legality, enforceability, effectiveness or sufficiency of the Collateral, for the creation, perfection, priority, sufficiency or protection of any Lien, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or the Security and Guarantee Documents or any delay in doing so.

Optional Redemption

At any time prior to April 1, 2023, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 10 nor more than 60 days'

notice, at a redemption price equal to 105.25% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided* that:

(1) at least 50% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering,

any redemption notice given in respect of the redemption referred to in this paragraph may be given prior to the completion of the related Equity Offering.

At any time prior to April 1, 2023, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding three paragraphs and except as described under "*—Redemption for Changes in Taxes*" the Notes will not be redeemable at the Issuer's option prior to April 1, 2023.

On or after April 1, 2023, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to, but not including, the applicable date of redemption, if redeemed during the twelve-month period beginning on April 1 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption price
	%
2023	102.625
2024	101.313
2025 and thereafter	100.00000

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption under any provision of this "*—Optional Redemption*" may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption is subject to satisfaction of one or more conditions precedent, the notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that in any case such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Post-Tender Redemption

In connection with any tender offer for the Notes (including any Change of Control Offer or Asset Sale Offer), if holders of Notes of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such purchase, at a price equal to the price offered to each

other holder of Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but not including, such redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described under the caption "—*Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Issuer or any Guarantor is or would be required to pay Additional Amounts, and the Issuer or such Guarantor cannot avoid any such payment obligation by taking reasonable measures available (but, in the case of the relevant Guarantor, only if such amount cannot be paid to the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts where this would be reasonable), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws (or any regulations or rulings promulgated thereunder) or relevant treaties of a relevant Tax Jurisdiction which change or amendment is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or position regarding the application or administration of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes or any Note Guarantee was then due, and the obligation to pay Additional Amounts must be in effect (or be scheduled to come into effect on or prior to the next date on which any amount would be payable under or in respect of the Notes or any Note Guarantee) at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that obligation to pay such Additional Amounts cannot be avoided by the Issuer or a Guarantor (as the case may be) taking reasonable measures available to it (but in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts where this would be reasonable); and (b) a written opinion of independent tax counsel to the Issuer or a Guarantor (as the case may be) of recognized standing qualified under the laws of the relevant Tax Jurisdiction to the effect that the Issuer or such Guarantor has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Issuer, applicable, is incorporated or organized, engaged in business or resident for Tax purposes or any jurisdiction from or through which any payment on the Notes is made by or on behalf of such Person and any political subdivision thereof or therein.

General

The Company and its Restricted Subsidiaries may repurchase Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under the caption "—*Selection and Notice*."

If the Issuer effects an optional redemption of Notes, so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish notices of an optional redemption in a leading newspaper of general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of Euronext Dublin (*www.ise.ie*).

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

Mandatory Redemption and Sinking Fund

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

Upon the occurrence of a Change of Control, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of €1,000; *provided* that Notes of €100,000 or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to the offer described below (the "*Change of Control Offer*"). In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 60 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under the caption "—*Selection and Notice*," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Securities Exchange Act of 1934, as amended (the "*U.S. Exchange Act*") and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent or tender agent for such Change of Control Offer an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent or tender agent for such Change of Control Offer will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of such redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Revolving Credit Facility Agreement. The future Indebtedness of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Relating to the Notes and the Guarantees—We may not be able to obtain the funds required to repurchase the Notes upon a Change of Control.*"

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described under the caption "*—Optional Redemption*," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "*all or substantially all*" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "*substantially all*," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

In addition, the definitions of "*Change of Control*" and "*Permitted Holders*" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of Euronext Dublin (*www.ise.ie*).

The Issuer or the Parent Guarantor (as the case may be) will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer or the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent (or the Registrar, as appropriate) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form, in accordance with the applicable procedures of Euroclear and Clearstream and as discussed under the caption "*Book-Entry; Delivery and Form*"), unless otherwise required by law or applicable stock exchange or depository requirements. None of the Trustee, the Paying Agent or the Registrar shall be liable for any selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be provided at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be provided more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid notice.

In addition, so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, any such notice to the holders of the relevant Notes shall also be published by the Issuer in a newspaper having a general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, posted on the official website of Euronext Dublin (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify Euronext Dublin of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or other distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its

Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary);

(2) purchase, redeem, retire or otherwise acquire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Holdco of the Company;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase, defeasance or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt (other than any payment of interest thereon in the form of additional Subordinated Shareholder Debt); or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default has occurred and is continuing or would immediately occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*;" and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Permitted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (14), (15) and (18) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock, Excluded Contributions or any contribution in connection with the Post-Closing Reorganization) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); plus

(iii) to the extent that any Restricted Investment constituting a Restricted Payment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of

the aggregate amount received in cash and the Fair Market Value of the property or assets or the marketable securities received by the Company or any Restricted Subsidiary (other than a disposition to the Company or any Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; plus

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; plus

(v) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary or a Permitted Joint Venture, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period; plus

(vi) upon the full and unconditional release of a Restricted Investment constituting a Restricted Payment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee,

provided, that notwithstanding the foregoing, any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of net cash proceeds or property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control pursuant to the definition thereof, (2) the purpose of, or the effect of, the receipt of such net cash proceeds or property or assets or marketable securities was to reduce the Consolidated Net Leverage Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such net cash proceeds or property or assets or marketable securities and (3) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of the Indenture.

The preceding provisions will not prohibit (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock or through an Excluded Contribution or Excluded Amounts), Subordinated Shareholder Debt or from the contribution of common equity capital to the Company (other than through the issuance of Disqualified Stock or through an Excluded Contribution or Excluded Amounts) within 30 days of such Restricted Payment; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c) (ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "*Optional Redemption*" provisions of the Indenture;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under the caption "—*Asset Sales*," but only if the Company shall have first complied with the terms described under the caption "—*Asset Sales*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes

required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness; and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness permitted to be incurred pursuant to the covenant under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*;"

(c) following the occurrence of a Change of Control, but only (i) if the Company shall have first complied with the terms described under the caption "*—Repurchase at the Option of the Holders—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(d) (i) consisting of Acquired Debt (other than Indebtedness incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Debt;

(4) the purchase, repurchase, redemption, defeaseance or other acquisition, cancellation or retirement for value of any Equity Interests of the Company, any Restricted Subsidiary or of a Parent Holdco held by any Management Investors or any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement (or the guarantee of any such arrangement by any of the Company or any of its Restricted Subsidiaries); *provided* that the aggregate price paid for all such purchased, repurchased, redeemed, defeased, acquired or retired Equity Interests may not exceed an amount equal to (x) €2.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year, *plus* €4.0 million, *plus* (y) the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary since the Issue Date, in each case to Management Investors and other members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any Parent Holdco of the Company, plus (z) the cash proceeds of key man life insurance policies to the extent the cash proceeds in (y) and (z) from the sale of Equity Interests that have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions or Excluded Amounts; *provided, further* that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from Management Investors and other members of management, directors, employees or consultants of the Company, or any Parent Holdco or Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Company or of a Parent Holdco will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options, warrants or other rights to the extent such Equity Interests represent a portion of the exercise price thereof;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*;"

(7) payments of cash, dividends, distributions, advances, loans or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of

fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person or any Parent Holdco;

(8) advances or loans to, or other Restricted Payments to facilitate, (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock) or any Parent Holdco of the Company, or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock) or any Parent Holdco of the Company; *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed €2.0 million in any calendar year (with unused amounts in any calendar year being carried over into the subsequent calendar year only);

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) then entitled to participate in such dividends on no more than a *pro rata* basis;

(10) without duplication with clause (15) of this paragraph, Permitted Parent Payments;

(11) (i) to the extent constituting Restricted Payments, Specified Affiliate Payments or (ii)Restricted Payments that are made with Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (11)(ii);

(12) the making of any payments or other transactions or activities as set forth under the caption "*Use of Proceeds*;"

(13) so long as no Default or Event of Default has occurred and is continuing (or would immediately result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent Holdco to pay, dividends on the common stock or common equity interests of the Company or any Parent Holdco following a Public Equity Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the net cash proceeds received by the Company from such Public Equity Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through Excluded Contributions or Excluded Amounts) of the Company or contributed as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization, *provided* that in the case of this sub-clause (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.55 to 1.0; and (ii) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization, *provided* that in the case of this sub-clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.30 to 1.0;

(14) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(15) without duplication with clause (10) of this paragraph, payments pursuant to any tax sharing agreement or arrangement among the Company and its Restricted Subsidiaries and other Persons with which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Company and its Restricted Subsidiaries would owe on a standalone basis if the Company were filing a separate tax return (or a separate consolidated or combined tax return with its Restricted Subsidiaries that are part of that consolidated or combined group);

(16) so long as no Default or Event of Default has occurred and is continuing (or would immediately result therefrom), other Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount (net of repayments of any such loans or advances) equal to the greater of €35.0 million and 2.3% of Total Assets;

(17) so long as no Default or Event of Default has occurred and is continuing (or would immediately result therefrom), other Restricted Payments if the Consolidated Net Leverage Ratio of the Company on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 2.05 to 1.0; and

(18) the payment of Management Fees.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

For the purposes of determining "*Total Assets*" pro forma effect shall be given to Total Assets on the same basis as for calculating the Net Secured Loan-to-Value Ratio. For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (18) of the second paragraph of this covenant, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "*Permitted Investment*," the Company will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one of more clauses contained in the definition of "*Permitted Investment*."

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and the Company will not permit any of its Restricted Subsidiaries to issue any Disqualified Stock or any shares of preferred stock; *provided, however* that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue any Disqualified Stock or preferred stock if:

(1) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period; and

(2) if the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio for the Company and its Restricted Subsidiaries would have been less than 3.2 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Senior Secured Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, on the Calculation Date (as defined herein).

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Issuer and the Guarantors of Indebtedness under Credit Facilities (including in respect of letters of credit or bankers' acceptances issued or created thereunder), in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the greater of €40.0 million and 2.7% of Total Assets plus, in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving *pro forma* effect to the Offering other than Indebtedness described in clauses (1), (3) and (19) of this paragraph;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date (and, for the avoidance of doubt, excluding any Additional Notes) and the related Note Guarantees (including any future Note Guarantees);

(4) the incurrence by the Company or any Restricted Subsidiary of Indebtedness or preferred stock representing Capital Lease Obligations, mortgage financings, purchase money obligations or other Indebtedness incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property (real or personal), plant or equipment or other assets used or useful in a Permitted Business of the Company or any of its Restricted Subsidiaries, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness incurred to renew, refund, replace, refinance, defease or discharge any Indebtedness incurred pursuant to this clause (4) in an aggregate principal amount not to exceed the greater of €20.0 million and 1.3% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Indebtedness, Disqualified Stock or preferred stock in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5), (13) or (19)(b) of this paragraph;

(6) the incurrence by the Company, the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Company, the Issuer or any Restricted Subsidiary; *provided* that:

    (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

    (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

    (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

    (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

    will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Company or such Restricted Subsidiary (or a member of Senior Management thereof), as the case may be);

(9) (a) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary (excluding any Project Finance Vehicle) to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed; and (b) without limiting the covenant described under the caption "*—Liens*," Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the incurrence of such Indebtedness is permitted under the terms of the Indenture;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business or in respect of any governmental or regulatory requirement;

(11) (a) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days, (b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business, (c) Indebtedness owed on a short-term basis of no longer than 60 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; (d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business; and (e) Indebtedness under daylight borrowing facilities incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within 10 Business Days of the date on which such Indebtedness is incurred;

(12) Indebtedness represented by guarantees of any Management Advances;

(13) Indebtedness of (x) the Issuer or any Guarantor used to finance an acquisition or (y) any Person or relating to any asset outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities), or in the case of such asset is acquired by, the Company or any Restricted Subsidiary (other than, in the case of this clause (y), Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary); *provided, however*, with respect to this clause (13), that at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related incurrence of Indebtedness, (a) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant, after giving effect to the incurrence of such Indebtedness pursuant to this clause (13) or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related incurrence of Indebtedness;

(14) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any

subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(15) Indebtedness of the Company and its Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, cost-overrun guarantees, land purchase guarantees, judgment, advance payment, customs, value added tax ("*VAT*") or other tax (including interest and penalties with respect thereto) or other guarantees, warranties or similar bonds, instruments or obligations issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, (B) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 Business Days following such drawing, (C) the financing of insurance premiums in the ordinary course of business, (D) any customary treasury and/or cash management services, cash pooling and other cash management arrangements, in each case, in the ordinary course of business; (E) any regulatory, governmental or municipal body (or similar), council, public authority or housing authority or association requirement and (F) Land Purchase Liabilities in the ordinary course of business;

(16) Indebtedness arising from guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company or a member of Senior Management thereof, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (c)(ii) of the first paragraph of the covenant described under the caption "*—Restricted Payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "*Optional Redemption*" provisions of the Indenture;

(17) the incurrence of Indebtedness, Disqualified Stock or preferred stock by the Company or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including all Indebtedness, Disqualified Stock or preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this clause (17), not to exceed the greater of €40.0 million and 2.7% of Total Assets at any time outstanding;

(18) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (18) and then outstanding, will not exceed 100% of the net cash proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Debt or Capital Stock (other than Disqualified Stock or Excluded Contributions or Excluded Amounts) or otherwise contributed to equity (other than through the issuance of Disqualified Stock or Excluded Contributions or Excluded Amounts) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (a) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2), (4) and (13) of the second paragraph of the covenant described under the caption "*—Restricted Payments*" to the extent the Company or any of its Restricted Subsidiaries incur Indebtedness in reliance thereon and (b) any net proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (18) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph or clauses (2), (4) and (13) of the second paragraph of the covenant described under the caption"*—Restricted Payments*" in reliance thereon; and

(19) Indebtedness in relation to a Specified Project that is (a) incurred by a Project Finance Vehicle and such Indebtedness is non-recourse to the Company or any Restricted Subsidiary (except for Permitted Undertakings) or (b) incurred by the Company or a Restricted Subsidiary in an aggregate maximum principal amount outstanding under this clause (b), *provided* that, after giving pro forma effect to the

incurrence of such Indebtedness and the use of proceeds thereof and any transaction consummated in connection therewith, the Net Secured Loan-to-Value Ratio does not exceed 0.35 to 1.00.

Notwithstanding the foregoing, Restricted Subsidiaries that are not either the Issuer or a Guarantor may incur any Indebtedness under the first paragraph or the second paragraph of this covenant, except for clause (19)(a) of the second paragraph of this covenant, *provided,* that the aggregate principal amount of all such Indebtedness shall not exceed the greater of €30.0 million and 2.0% of Total Assets outstanding at any one time.

For purposes of determining compliance with this covenant:

(1) the amount of any Indebtedness outstanding as of any date will be:

    (a) in the case of any Indebtedness issued with original issue discount, the lesser of the accreted value of such Indebtedness and the amount of the liability in respect thereof determined in accordance with IFRS;

    (b) the principal amount of the Indebtedness, as determined in accordance with IFRS, in the case of any other Indebtedness; and

    (c) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

        (i) the Fair Market Value of such assets at the date of determination; and

        (ii) the amount of the Indebtedness of the other Person, and

(2) subject to clause (3) below, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant;

(3) any Indebtedness under (a) the Revolving Credit Facility Agreement outstanding on the Issue Date will be deemed to be incurred in reliance on the exception provided in clause (1) of the definition of Permitted Debt and may not be reclassified and (b) any Development Debt outstanding on the Issue Date will be deemed to be incurred in reliance on the exception provided in clause (19) of the definition of Permitted Debt and any debt under (19)(a) may not be reclassified;

(4) Guarantees of, or obligations in respect of letters of credit, bank guarantees, surety, performance bonds, appeal bonds, completion guarantees, cost-overrun guarantees, advance payment bonds, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments referred to in paragraph (4) above are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to the definition of Permitted Debt or the first paragraph above and such instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or preferred stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) for the purposes of determining "*Total Assets*" (x) *pro forma* effect shall be given to Total Assets on the same basis as for calculating the Net Secured Loan-to-Value Ratio; and (y) Total Assets shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities or the date on which new Indebtedness is incurred (in the case of term facilities); and

(9) the incurrence by an Unrestricted Subsidiary of the Company of Non-Recourse Debt will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided*, *however*, that if any such Indebtedness ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such Indebtedness will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness as of the Issue Date due to a change in IFRS will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the euro equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such euro equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the euro equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) if such Lien is not a Permitted Lien, to the extent that the Notes and/or the Note Guarantees are secured on an equal and ratable *pari passu* basis with, or prior to, the obligations so secured (*provided* that if such obligations so secured are subordinated in right of payment to either the Notes or any Note Guarantee, on a senior priority basis) until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien thereby created in favor of the Notes or any such Guarantee pursuant to the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the initial Lien to which it relates, (ii) in the case of any such Lien in favor of any such Guarantee, upon the termination and discharge of such Note Guarantee in accordance with the terms of the Indenture or (iii) any other circumstances set forth under the caption "*—Security—Release of Liens*."

For purposes of determining compliance with this covenant, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of Permitted Liens or Permitted Collateral Liens, as applicable, described in the definitions of "*Permitted Liens*" or "*Permitted Collateral Liens*," as applicable, or pursuant to the first paragraph of this covenant but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens or Permitted Collateral Liens, as applicable, described in the definitions of "*Permitted Liens*" or "*Permitted Collateral Liens*," as applicable, or pursuant to the first paragraph of this covenant, the Issuer shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing each item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the clauses of the definitions of "*Permitted Liens*" or "*Permitted Collateral Liens*," as applicable, and such Lien securing such item of Indebtedness will be treated as being incurred or existing pursuant to only one of such clauses or pursuant to the first paragraph hereof.

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents (including a combination thereof). For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as recorded on the balance sheet (or the notes thereto) of the Company or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

   (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

   (c) any Capital Stock or assets of the kind referred to in clauses (3) or (5) of the next paragraph of this covenant;

   (d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale;

   (e) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary that is cancelled;

   (f) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (f) that is at that time outstanding, not to exceed the greater of €20.0 million and 1.3% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

   (g) Replacement Assets.

Within 365 days after the receipt of any Net Available Cash from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Available Cash (at the option of the Company or Restricted Subsidiary):

(1) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness and Issuance of Preferred Stock*;" *provided*, *however*, that, in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (1), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness (including, for the avoidance of doubt, under the Revolving Credit Facility)) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem Notes or other Indebtedness that is not subordinated in right of payment to the Notes and that is secured by security over the Collateral that ranks equal to security over the Collateral securing the Notes (including Indebtedness that, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement has priority status in respect of the proceeds from the enforcement of the Collateral); (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Company or any Restricted Subsidiary); *provided* that the Company or Restricted Subsidiary shall prepay, repay, purchase or redeem Indebtedness (other than the Notes) pursuant to sub-clause (ii) or (iii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to holders to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) (i) purchase Notes pursuant to an offer to all holders of the Notes or (ii) redeem the Notes pursuant to the redemption provisions of the Indenture;

(3) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(4) to make a capital expenditure or invest in any Replacement Assets;

(5) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used, useful in or related to a Permitted Business or to discharge any liabilities or interests in respect of land or real property;

(6) consummate any combination of the foregoing; or

(7) enter into a binding commitment to apply the Net Available Cash pursuant to clause (1), (2), (3), (4), (5) or (6) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Available Cash, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Available Cash in any manner that is not prohibited by the Indenture. The Company (or the applicable Restricted Subsidiary) may elect to invest pursuant to clauses (3), (4) or (5) of the above paragraph prior to receiving the Net Available Cash; *provided* that such investment will be made no earlier than the execution of a definitive agreement for the relevant Asset Sale.

Any Net Available Cash from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €25.0 million, within ten Business Days thereof, either the Issuer or the Parent Guarantor will make an offer (an

"*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees and secured by security over the Collateral that ranks equal to the security over the Collateral securing the Notes to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after an Asset Sale Offer, the Company and its Restricted Subsidiaries may use those remaining Excess Proceeds for any purpose not otherwise prohibited by the Indenture (including to fund (to the extent consistent with any other applicable provision of the Indenture) any general corporate purpose (including but not limited to the repurchase, repayment or other acquisition or retirement of any Subordinated Indebtedness or the making of Restricted Payments)). If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Notes tendered pursuant to an Asset Sale Offer exceeds the amount of the Net Available Cash so applied, the Notes and such other *pari passu* Indebtedness, if applicable, will be purchased on a *pro rata* basis (or in the manner described under the caption "*—Selection and Notice*"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Issuer or the Parent Guarantor (as the case may be) will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale or Change of Control Offer provisions of the Indenture, the Issuer or the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreements as in effect on the Issue Date after giving *pro forma* effect to the Offering and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more disadvantageous, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date after giving *pro forma* effect to the Offering (as determined in good faith by the Company or a member of Senior Management thereof), or would not in the good faith determination of the Company or a member of Senior Management thereof, materially impair the ability of the Issuer to make payments on the Notes;

(2) the Indenture, the Notes, the Note Guarantees, the Revolving Credit Facility Agreement, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security and Guarantee Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more disadvantageous, taken as a whole, to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company or a member of Senior Management thereof) or would not, in the good faith determination of the Company or a member of Senior Management thereof, materially impair the ability of the Issuer to make payments on the Notes;

(4) applicable law, rule, regulation, directive or order, the terms of any license, authorization, concession or permit or required by any council, public authority, housing authority or association, insurance provider, or any regulatory, municipal or governmental body (or similar), or pursuant to licenses, authorizations, concessions, utilities, franchises, easements, property rights, leases or permits;

(5) any instrument governing Indebtedness or Capital Stock of a Person or attaching to any asset acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition, or pursuant to which such instrument is assumed by the Company or any Restricted Subsidiary in connection with the acquisition of assets or the merger with such Person (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases, licenses and joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more disadvantageous, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Company or a member of Senior Management thereof, or would not in the good faith determination of the Company or a member of Senior Management thereof, materially impair the ability of the Issuer to make payments on the Note;

(10) Liens permitted to be incurred under the provisions of the covenant described under the caption "*—Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any encumbrance or restriction contained in any agreement relating to, or pertaining to, Hedging Obligations;

(14) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment, transfer or use of any property or asset that is subject to a lease, license, covenant, easement or similar contract or impediment, or the assignment or transfer of any lease, license, title, land right or other contract;

(b) contained in mortgages, title deeds, registration, contract, easement agreements, permission or other agreement or right or restriction in relation to any land or real property or any interest in any land or real property;

(c) contained in charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary or any agreement entered into for the direct or indirect sale, transfer or disposition of assets pending the closing of such sale, transfer or disposition;

(15) customary arrangements in relation to Land Purchase Liabilities and Development Debt; or

(16) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15), or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions (A) are no more disadvantageous, taken as a whole, to the holders of the Notes than those under or pursuant to the agreement so extended, renewed, refinanced or replaced (as determined in good faith by the Company or a member of Senior Management thereof) or (B) are customary in comparable financings (as determined in good faith by the Company or a member of Senior Management thereof) or (C) would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes.

Merger, Consolidation or Sale of Assets

The Issuer and the Parent Guarantor

The Issuer or the Parent Guarantor will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer or the Parent Guarantor is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries that are Restricted Subsidiaries or the Parent Guarantor and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer or the Parent Guarantor is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer or the Parent Guarantor) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an

entity organized or existing under the laws of the United Kingdom, any member state of the Pre-Expansion European Union, Switzerland, Norway, Guernsey, Jersey, Australia, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer or the Parent Guarantor (if other than the Issuer or the Parent Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer or the Parent Guarantor under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security and Guarantee Documents to which the Issuer or the Parent Guarantor is a party;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Parent Guarantor or the Person formed by or surviving any such consolidation or merger (if other than the Issuer or the Parent Guarantor), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Issuer or the Parent Guarantor delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes constitute legal, valid and binding obligations of the Issuer or the Parent Guarantor or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms (*provided* that any such opinion of counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred and include customary qualifications and reservations).

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Issuer or the Parent Guarantor is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Issuer or the Parent Guarantor, and the Issuer or the Parent Guarantor will be discharged from all obligations and covenants under the Indenture, the Notes and the Note Guarantees.

Notwithstanding the preceding clauses (3) and (4) and the provisions described below under "*—Subsidiary Guarantors*" (which do not apply to transactions referred to in this sentence), (a) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer and (b) any Restricted Subsidiary that is not a Guarantor (other than the Issuer) may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer.

The Subsidiary Guarantors

A Subsidiary Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Guarantee and the Indenture as described under the caption "*—Note Guarantee Release*") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

    (a) such Subsidiary Guarantor is the surviving Person; or

(b) the Person formed by or surviving any such consolidation or merger (if other than a Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (if other than a Guarantor) assumes all the obligations of such Subsidiary Guarantor under its Note Guarantee, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security and Guarantee Documents to which it is a party;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Note Guarantee constitute legal, valid and subsidiary obligations of the Subsidiary Guarantor or the Person formed by or surviving any such consolidation and merger enforceable in accordance with their terms (*provided* that any such opinion of counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred and include customary qualifications and reservations).

Notwithstanding the provisions described under "*—The Issuer and the Parent Guarantor*" (which do not apply to transactions referred to in this sentence), this covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor or the Issuer into a Subsidiary Guarantor, or (b) any consolidation or merger among Subsidiary Guarantors or any consolidation or merger among Restricted Subsidiaries that are not Guarantors or the Issuer; *provided* that, to the extent applicable clauses (1) and (3) under the caption "*—The Subsidiary Guarantors*" of this covenant will be complied with.

The foregoing provisions of this covenant will not apply to (i) any transactions which constitute an Asset Sale if the Company has complied with the covenant described under "*—Asset Sales*" or (ii) the creation of a new subsidiary as a Restricted Subsidiary or (iii) pursuant to an adoption of a plan relating to a liquidation or dissolution of a Restricted Subsidiary other than the Issuer.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee for the benefit of any Affiliate of the Company (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of €5.0 million, unless:

(1) the Affiliate Transaction, taken as a whole, is on terms that are not materially less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person (as determined in good faith by the Company or a member of Senior Management thereof); and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €15.0 million, the Company delivers to the Trustee, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the members of the Board of Directors of the Company.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultancy agreement, services agreement, management incentive and employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and/or its Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of customary fees, indemnification and similar arrangements (including the payment of directors' and officers' insurance premiums) and reimbursements of expenses and legal fees (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries (including, without limitation, the payment of any bonus);

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) any Investment (other than a Permitted Investment), Restricted Payment or Permitted Payment, in each case, that does not violate the provisions of the Indenture described under the caption "*—Restricted Payments*;"

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (15), (16) and (20) of the definition thereof);

(8) the incurrence of any Subordinated Shareholder Debt and any amendment, waiver or other transaction with respect to any Subordinated Shareholder Debt in compliance with the other provisions of the Indenture;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not-materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date (as determined in good faith by the Company or a member of Senior Management thereof);

(10) the entering into any agreement to pay and the payment of Management Advances (including any waiver or transaction in respect thereto), the payment of Management Fees, the payment of fees and expenses related to or in connection with the Offering as set forth under the caption "*Use of Proceeds*;"

(11) transactions and arrangements with or in respect of (i) customers, clients, suppliers, landlords, housebuilders, land owners, municipal, governmental or regulatory bodies (or similar), councils, public authorities, housing authorities or associations, insurance providers, suppliers, utilities, manufactures or purchasers or sellers, or (ii) providers of goods or services or licenses, authorizations, concessions, utilities, franchises, easements, property rights, leases or permits or purchasers or sellers of goods or services or licenses, authorizations, concessions, utilities, franchises, easements, property rights, leases or permits, or providers of employees or other labor (including, without limitation, with respect to the management, development, maintenance or refurbishment of real property and other related services), in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company or the Restricted Subsidiaries, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person, in either case, in the good faith determination of the Board of Directors of the Company or a member of Senior Management thereof;

(12) payments pursuant to any tax sharing agreement or arrangement among the Company and its Restricted Subsidiaries and other Persons with which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Company and its Restricted Subsidiaries would owe on a standalone basis if the Company were filing a separate tax return (or a separate consolidated or combined tax return with its Restricted Subsidiaries that are part of that consolidated or combined group);

(13) issuances or sales of Equity Interests (other than Disqualified Stock) of the Company or options, warrants or other rights to acquire such Equity Interests or Subordinated Shareholder Debt; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Debt are approved by a majority of the members of the Board of Directors of the Company;

(14) any transactions for which the Company or a Restricted Subsidiary delivers to the Trustee a letter from an independent financial advisor stating that such transaction is (i) fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) on terms not materially less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(15) any participation in a public tender or exchange offers for securities or debt instruments issued by the Company or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(16) pledges of Capital Stock of and investments in Unrestricted Subsidiaries; and

(17) investments by any of the Permitted Holders in securities of any of the Company's Restricted Subsidiaries (and the payment of reasonable out of pocket expenses of the Permitted Holders in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5.0% of the proposed issue amount of such class of securities.

Additional Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors or the Issuer, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness under Credit Facilities or Public Debt, in each case of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Notwithstanding anything to the contrary herein, no Note Guarantee shall be required under this covenant if such Note Guarantee (in the good faith determination of the Company or a member of Senior Management thereof) could reasonably be expected to give rise to or result in:

(1) any violation (or any material risk of any such violation) of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company (including any reasonably available "*whitewash*" procedures or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law);

(2) any personal liability (criminal, civil, administrative or other) (or any material risk of any such liability) for any of the officers, directors or shareholders of the Company, any Subsidiary thereof (including such Restricted Subsidiary) or any parent company; or

(3) any cost, expense, liability or obligation (including, without limitation, any Tax or any obligation to pay any Additional Amount) other than (i) reasonable, routine and immaterial out-of-pocket expenses; and (ii) reasonable expenses incurred in connection with (x) any governmental or regulatory filings required as a result of such Note Guarantee or (y) any "*whitewash*" procedures (or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law) undertaken in connection with such Note Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary.

Notwithstanding any other provisions of the Indenture, each Note Guarantee shall be in such form and substance, and subject to such terms, conditions, limitations, qualifications and restrictions as may be necessary or appropriate (in the good faith determination of the Company or a member of Senior Management thereof) by reason of or to comply with any applicable law, rule or regulation, including the law of any jurisdiction where the relevant Guarantor is organized or conducts business, or as necessary to recognize

certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally or otherwise relating to the insolvency of debtors).

Each Note Guarantee shall be released in accordance with the provisions described under the caption "*—Note Guarantee Release*." Upon any such occurrence, the Trustee shall execute any documents reasonably requested in order to evidence such release, discharge and termination in respect of the applicable Note Guarantee.

Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes; and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security and Guarantee Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security and Guarantee Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further,* that no Collateral Documents may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released other than as provided in the previous clauses (a) and (b), unless contemporaneously with such amendment, renewal, replacement, restatement, supplement, modification, extension or release, the Company delivers to the Trustee and the Security Agent one of the following: (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee and the Security Agent confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification, replacement or release, (2) a certificate from the Board of Directors or chief financial officer of the Company (acting in good faith), in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee and the Security Agent (subject to customary exceptions, qualifications and assumptions), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security and Guarantee Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release.

At the direction of the Issuer and without the consent of the holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security and Guarantee Documents to: (i) cure any ambiguity, mistake, omission, defect or inconsistency therein, (ii) subject to compliance with the first paragraph of this covenant, provide for Permitted Collateral Liens, (iii) comply with the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes and the Security and Guarantee Documents, in each case, including in accordance with the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*," (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security and Guarantee Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the relevant Security and Guarantee Documents, in each case, (vii) conform the Security and Guarantee Documents to this "*Description of Notes*," (viii) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent,

(ix) make any other change thereto that does not adversely affect rights of the holders of the Notes in any material respect or (x) give effect to or in connection with the Post-Closing Reorganization or the Parent Guarantor Accession; *provided* that, to the extent that the Post-Closing Reorganization or the Parent Guarantor Accession requires the release of any Lien on the Collateral, such release is followed by the substantially concurrent retaking of a lien of at least equivalent priority over the same properties and assets securing the Notes and the Note Guarantees, and the Issuer may only direct the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Security Agent or, in the opinion of the Security Agent, adversely affect its rights, duties, liabilities, indemnities or immunities under the Security and Guarantee Documents.

In the event that the Issuer complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Collateral

The Company will, and will procure that each of its Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent (if applicable) may reasonably require (1) for registering any Security and Guarantee Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security and Guarantee Documents; and (2) if such Security and Guarantee Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security and Guarantee Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Restricted Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request, in each case, as applicable.

Limitation on Parent Guarantor Activities

Notwithstanding any other provision in this "*Description of the Notes*," the Parent Guarantor shall not carry on any business or own any assets other than:

(1) owning all issued shares in the Issuer;

(2) normal holding company activities required for or contemplated in connection with the ordinary course of business of the Parent Guarantor and its Subsidiaries;

(3) the provision or procurement of management and administrative services, marketing and the secondment of employees to its Subsidiaries of a type customarily provided by a holding company to its subsidiaries;

(4) incurring liabilities for or in connection with Taxes of the Parent Guarantor and its Subsidiaries, including participating in tax, accounting or other administrative activities;

(5) (a) incurring Indebtedness (or other items that are specifically carved out from the definition of Indebtedness) permitted under the Indenture, (b) conducting any activities reasonably incidental to the incurrence of such Indebtedness, including performance of the terms and covenants of such Indebtedness; and (c) the granting of Liens to secure such Indebtedness, in each of the foregoing clauses in compliance with the other provisions of the Indenture;

(6) activities in connection with any litigation or court or other proceedings that are, in each case, being contested in good faith;

(7) any liabilities incurred or payments made by the Parent Guarantor in respect of its Capital Stock and professional fees, employee costs, administration costs and Taxes in each case incurred in the ordinary course of its business as a listed holding company in compliance with the other provisions of the Indenture;

(8) (a) the listing of its Capital Stock and the issuance, offering and sale of its Capital Stock (including in a public offering), including compliance with applicable regulatory and other obligations in connection therewith and (b) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of any Indebtedness or other equity or debt instrument of the Parent Guarantor, or to contribute such net proceeds to the equity of its direct Subsidiaries, to the extent permitted or not prohibited by the Indenture;

(9) the receipt of monies from its Subsidiaries and the ownership of (i) Cash and Cash Equivalents and (ii) other property and assets for the purpose of transferring such property and assets to any Subsidiary or other Person, so long as such transfer is made promptly by the Parent Guarantor and, after giving effect thereto, the Parent Guarantor is again in compliance with this clause;

(10) the making of any payments or other distributions of the types specified in clauses (1), (2), (3) and (4) of the definition of Restricted Payments in compliance with the covenant described above under "*—Restricted Payments*" and the making of any Permitted Investments of the types specified under clauses (10) and (13) of the definition thereof;

(11) the entering into and performance of any rights or obligations in respect of (i) contracts and agreements with its officers, directors, employees, consultants and other providers of goods and services; (ii) subscription or purchase agreements for securities or preferred equity certificates, public offering rights agreements, voting and other shareholder agreements, engagement letters, underwriting agreements with rating agencies and other agreements in respect of its securities or any offering, sale or issuance thereof; (iii) engagement and reliance letters in respect of legal, accounting and other advice or reports commissioned by it, in each case in relation to transactions which are not prohibited by the Indenture; and (iv) sale and purchase agreements in respect of any merger and acquisition activities;

(12) reorganizations for bona fide corporate purposes in compliance with the covenant described above under "*—Merger, Consolidation or Sale of Assets*;" provided that any successor entity resulting from any such reorganization is subject to the covenant described in this paragraph;

(13) holding rights and obligations under (i) loans existing on the Issue Date or (ii) loans to its Restricted Subsidiaries to the extent permitted by the other provisions of the Indenture, provided that such loans (and receivables thereunder) become part of the Collateral;

(14) incurring liabilities arising by operation of law;

(15) the engagement of employees and directors;

(16) the payment of any fees and reimbursements to any supervisory board member; and

(17) other activities not specifically enumerated above that are de minimis in nature.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described under the caption "*—Restricted Payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions

and was permitted by the covenant described under the caption "—*Restricted Payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*," the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Official List of Euronext Dublin and the admission to trading on the Global Exchange Market for so long as such Notes are outstanding; provided that if the Issuer is unable to obtain such listing and admission to trading or if at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom. In no event will this covenant require the Issuer to obtain or maintain the listing of the Notes on any exchange that requires financial reporting for any fiscal period in addition to the fiscal periods required by the covenant described under the caption "—*Reports*."

Reports

For so long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(1) within 120 days after the end of each of the Company's fiscal years, annual reports containing the following information: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clauses (2) or (3) below), *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials to the extent reasonably available; (c) to the extent relating to annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, liquidity and capital resources (including Consolidated EBITDA, Value as specified in most recent Valuation and the Net Secured Loan-to-Value Ratio for the applicable period), and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, senior management and principal shareholders of the Company, material affiliate transactions and material debt instruments (including recourse and non-recourse Development Loans); and (e) material risk factors and material recent developments (to the extent not previously reported pursuant to clause (2) or (3) below); *provided* that the information described in clauses (d) and (e) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (75 days in the case of the fiscal quarters ending March 31, 2021, June 30, 2021 and September 30, 2021) following the end of each of the first three fiscal quarters in each fiscal year of the Company, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such fiscal quarter and unaudited condensed statements

of income and cash flow for the year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Company (or any predecessor entity) (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (unless such *pro forma* information has been provided in a previous report pursuant to clauses (1) above or (3) below), *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials to the extent reasonably available; (c) a summary operating and financial review of the unaudited financial statements, including a summary discussion of the consolidated financial condition and results of operations of the Company and any material change between the current fiscal quarter and the corresponding period of the prior year (including Consolidated EBITDA, Value as specified in the most recent Valuation and the Net Secured Loan-to-Value Ratio for the applicable period); and (d) material recent developments (to the extent not previously reported pursuant to clauses (1) above or (3) below), *provided* that the information described in clause (d) may be provided in the footnotes to the audited financial statements; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Company or change in auditors of the Company or any other material event that the Company announces publicly, a report containing a description of such event,

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. GAAP and (ii) include separate financial statements for the Issuer, any Guarantor or non-guarantor Subsidiaries of the Company.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided above, no report need include separate financial statements for any Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's (a) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee. In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will post such report on a publicly accessible website maintained by the Company or any of its Affiliates for such purpose. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, at the offices of the Paying Agent in London.

The Company will use its commercially reasonable efforts to, within 15 Business Days after the delivery of each report discussed in clause (1) and (2) of the first paragraph of this covenant, conduct a conference call to discuss such report and the results of operation for the relevant reporting period.

In the event that (i) the Company becomes subject to the reporting requirements of Section 13(a) or 15(d) of the U.S. Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Company elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Company or a member of Senior Management thereof) the reporting requirements of Section 13(a) or 15(d) of the U.S. Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d) of the U.S. Exchange Act.

The Company may comply with any requirement to provide reports or financial statements required by this covenant by providing any report or financial statement of a direct or indirect parent of the Company so long as the Company is a wholly owned subsidiary of such parent and such parent provides a Guarantee of the Notes; *provided* that, if the financial statements of a parent are included in such report, a reasonably detailed description of material differences between the consolidated financial statements of such parent and the Company shall be provided.

Upon complying with the foregoing requirement, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only, and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein, including the Company or any Restricted Subsidiary's compliance with any of the covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officer's Certificate).

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and is continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants set forth under the following captions in this "*Description of Notes*" will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "*—Asset Sales*;"

(2) "*—Restricted Payments*;"

(3) "*—Incurrence of Indebtedness and Issuance of Preferred Stock*;"

(4) "*—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*;"

(5) "*—Designation of Restricted and Unrestricted Subsidiaries*;"

(6) "*—Transactions with Affiliates*;"

(7) "*—Additional Guarantees;*"

(8) "*—Impairment of Security Interest*;" and

(9) clause (4) of the first paragraph of the covenant described under the caption "*—Merger, Consolidation or Sale of Assets*."

Such covenants will not, *however*, be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to

the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "*—Restricted Payments*" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero. In addition, the Indenture will also permit, without causing a Default or Event of Default, the Company or any of its Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Period and not in anticipation of the Notes no longer having an Investment Grade Status. The Parent Guarantor or the Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this covenant to be effective. The Trustee shall not be obligated to (i) monitor the rating of the Notes, (ii) ascertain whether a Suspension Period has occurred or ceased to occur and (iii) notify holders of any of the foregoing such events.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Financial Calculations in Respect of Transactions

When determining the availability under any basket or ratio under the Indenture in connection with any transaction or whether such transaction is permitted under the Indenture (including, for the avoidance of doubt and without limitation, testing any incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Sale, any acquisition, merger, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket based on the Consolidated EBITDA or Total Assets of the Company), the date of determination of such basket or ratio or the testing of any such transaction and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such transaction are entered into (the "*Transaction Commitment Date Election*").

If the Issuer makes a Transaction Commitment Date Election, such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio and Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction, and, for the avoidance of doubt (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income, Consolidated EBITDA or Total Assets of the Company or that arises from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions.

If the Issuer makes a Transaction Commitment Date Election, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered into for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilized to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that, in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA or Total Assets for purposes other than incurrences of Indebtedness or Liens or the making of Restricted Payments (related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

Additional or Amended Intercreditor Agreement

The Indenture will provide that, at the request of the Issuer or the Parent Guarantor, at the time of, or prior to, the incurrence by the Issuer or any Guarantor of Indebtedness permitted pursuant to (x) the first paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" or clauses (1), (4), (8), (9), (13), (17) and (18) of the second paragraph of the covenant described under the caption *"—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" and (y) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x) as well as clause (3) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*," the Issuer, the relevant Guarantors, the Trustee and the Security Agent will (without the consent of the holders of the Notes) enter into an additional intercreditor agreement (each an "*Additional Intercreditor Agreement*") on terms substantially similar to the Intercreditor Agreement (or not materially less favorable to the holders of the Notes taken as a whole) or an amendment to or an amendment and restatement or other modification of the Intercreditor Agreement (which amendment does not adversely affect the rights of holder of the Notes in any material respect); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities, indemnifications or immunities of the Trustee or the Security Agent under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement without the consent of the Trustee or Security Agent.

The Indenture also will provide that, at the direction of the Company and without the consent of holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, error, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by the Company or a Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the holders of the Notes in any material respect. The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of the Notes of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under the caption "*—Amendment, Supplement and Waiver*," and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, indemnifications or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Trustee or Security Agent.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the holders of the Notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, that such transaction would comply with the covenant described under the caption "*—Certain Covenants—Restricted Payments*."

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to, accepted the terms and conditions of, and to have directed the Trustee and the Security Agent to enter into, the Intercreditor Agreement and any Additional Intercreditor Agreement and any amendment, restatement or other modification referred to in the preceding paragraph (whether then entered into or entered into in the future pursuant to the provisions described herein) and the Trustee or the Security Agent will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Events of Default and Remedies

Each of the following is an "*Event of Default*" under the Indenture:

(1) default for 30 continuous days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure to consummate the Parent Guarantor Accession and provide security over the Post-Closing Collateral within 30 days from the Issue Date;

(4) failure by the Issuer or relevant Guarantor for 60 continuous days after written notice (i) to the Issuer by the Trustee or (ii) to the Issuer and the Trustee by the holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

  (a) is caused by a failure to pay principal when due of such Indebtedness immediately upon the expiration of the grace period provided in such Indebtedness (a "*Payment Default*"); or

  (b) results in the acceleration of such Indebtedness prior to its express maturity,

  and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates in excess of €25.0 million;

(6) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €25.0 million (exclusive of any amounts that an insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors, denies or disaffirms its obligations under its Note Guarantee and such Default continues for 60 consecutive days;

(8) (a) any security interest over Collateral with a Fair Market Value greater than €25.0 million created by any Security and Guarantee Document ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security and Guarantee Documents) or any assertion by the Company or any of its Restricted Subsidiaries that any such Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Intercreditor Agreement and the Security and Guarantee Documents); *provided* that, there is a material and adverse effect on the interest of the holders of Notes or (b) the repudiation by the Company or any of its Restricted Subsidiaries of any of its material obligations under any Security and Guarantee Document affecting Collateral with a Fair Market Value greater than €25.0 million, and in either the case of (a) or (b) such Default continues for 60 consecutive days; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holders of Notes. If any other Event of Default occurs and is continuing and subject to the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, the Trustee or the holders of at least 30% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) under this "*Events of Default and Remedies*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Subject to certain limitations and subject to the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing of which a responsible officer of the Trustee has written notice of, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered (and if accepted, provided) to the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except (subject to the provisions described under the caption "*—Amendment, Supplement and Waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, and subject to the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 30% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute any Default, their status and what action the Parent Guarantor and/or the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a report or a required certificate in connection with another default (an "*Initial Default*"), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant described under the caption "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Trustee may assume without inquiry, in the absence of receipt of written notice to a responsible officer of the Trustee, that the Issuer and the Guarantors are duly complying with the obligations contained in the Indenture required to be observed and performed by each of them, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, manager, officer, employee, incorporator or stockholder of the Issuer, any Guarantor or any of their shareholders or Affiliates, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture and the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under the caption "*—Events of Default and Remedies*" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, for the benefit of the holders of the Notes, cash in euro,

European Government Obligations or a combination of cash in euro and European Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security and Guarantee Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security and Guarantee Documents may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% (or, in the case of clause (8) below, 75%) of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described under the caption "—*Repurchase at the Option of Holders*");

(2) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(3) impair the right to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes (except to the extent the currency stated in the Notes has been superseded or replaced pursuant to applicable law);

(6) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described under the caption "—*Repurchase at the Option of Holders*");

(7) release the Company or release any Subsidiary Guarantor that is a Significant Subsidiary or any group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary from any of their obligations under their Note Guarantees or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(8) release all or substantially all of the Liens on the Collateral granted for the benefit of the holders of Notes, except in accordance with the terms of the relevant Security and Guarantee Documents, the Indenture and the Intercreditor Agreement; or

(9) make any change in the preceding amendment and waiver provisions.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants described under the caption "—*Certain Covenants*," shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors, the Security Agent and the Trustee (as applicable) may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security and Guarantee Documents:

(1) to cure any ambiguity, omission, defect, error or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (provided, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code);

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Notes or the Security and Guarantee Documents to any provision of this "*Description of Notes*" to the extent that such provision in this "*Description of Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Notes or the Security and Guarantee Documents;

(6) to release any Note Guarantee and/or to release a Lien over any of the Collateral securing the Notes in accordance with the terms of the Indenture, the Intercreditor Agreement or any Security and Guarantee Documents;

(7) to make provisions as necessary (as determined in good faith by the Issuer or a member of Senior Management thereof) to provide for the issuance of Additional Notes; *provided* the issuance of such Additional Notes is in compliance with the covenants described under the captions "—*Certain Covenants—Limitation on Indebtedness and Issuance of Preferred Stock*" and "—*Certain Covenants—Liens*;"

(8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under the captions "—*Certain Covenants—Limitation on Indebtedness and Issuance of*

Preferred Stock" or "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security and Guarantee Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security and Guarantee Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) to enter into additional or supplemental Security and Guarantee Documents or otherwise add to the Collateral;

(10) to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security and Guarantee Document to the extent permitted hereunder or thereunder and to make changes contemplated under the Indenture, or to enter into an Additional Intercreditor Agreement pursuant to the provisions under, the caption "*—Additional or Amended Intercreditor Agreement*;" or

(11) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or any applicable Collateral Document.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender.

In connection with such matters, the Trustee and Security Agent (as applicable) shall be entitled to rely absolutely on an opinion of counsel and an Officer's Certificate.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to holders.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture, have been delivered to the Paying Agent for cancellation; or

(b) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) as trust funds in trust solely for the benefit of the holders, cash in euro, European Government Obligations or a combination of cash in euro and European Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Paying Agent for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent in the Indenture relating to satisfaction and discharge have been satisfied; *provided*

that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested by the Issuer in writing, the Trustee shall distribute any amount deposited in trust to the holders prior to the Stated Maturity or the redemption date, as the case may be; *provided*, *however*, that the holders shall have received at least five Business Days' notice from the Issuer of such earlier payment date (which may be included in the notice of redemption).

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account with respect to the Notes and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any holder of a Note, as the case may be, or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall only constitute a discharge to the Issuer or any Guarantor to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note the Issuer will indemnify them against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the holder of a Note or the Trustee to certify in reasonable detail in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities, to the extent permitted by law, constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder or the Trustee (other than a waiver of the indemnities set out under this caption "*Currency Indemnity and Calculation of Euro-Denominated Restrictions*") and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is incurred or made, as the case may be.

Concerning the Trustee

The Issuer shall deliver written notice to a responsible officer of the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions with the Issuer and the Guarantors; *however*, if it has actual knowledge that it has acquired any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, of which a responsible officer of the Trustee has written notice of, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of their own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered (and if accepted, provided) to the Trustee security and/or indemnity (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for any claims, liabilities and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of Euronext Dublin and to admit the Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the Notes on the Official List of Euronext Dublin and to admit the Notes for trading on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility Agreement will be governed by, and construed in accordance with, English law. The Security and Guarantee Documents and the Spanish Deed of Issuance will be governed by, and construed in accordance with, Spanish law as applicable.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor, will appoint Law Debenture Corporate Services Inc., as its authorized agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since all of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. See "*Enforcement of Civil Liabilities*."

Prescription

Claims against the Issuer or any Guarantor for the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of seven years, in the case of principal, or five years, in the case of interest, premium or Additional Amounts, if any, from the applicable original payment date therefor.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at April 1, 2023 (such redemption price being set forth in the table appearing under the caption "—*Optional Redemption*"), plus (ii) all required interest payments due on the Note through April 1, 2023 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note on such redemption date,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or the Paying Agent.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described under the caption "—*Repurchase at the Option of Holders—Change of Control*" and/or the provisions described under the caption "—*Certain Covenants—Merger, Consolidation or Sale of Assets*" and not by the provisions described under the caption "—*Certain Covenants—Asset Sales*;" and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any Restricted Subsidiary of the Company (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of €10.0 million and 0.7% of Total Assets;

(2) the sale, lease, conveyance or other disposition of assets or Equity Interests between or among the Company and any Restricted Subsidiary

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(4) the sale, lease, conveyance or other disposition of accounts receivable, inventory, real property, Equity Interests of a Subsidiary holding real property and related rights (including the granting or termination of any right, easement, assignment or tenancy, and including related amenities, utilities and improvements) or other assets in the ordinary course of business and any sale, lease, conveyance or other disposition of damaged, worn-out, obsolete or surplus assets or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements;

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described under the caption "—*Certain Covenants—Liens*;"

(8) the sale or other disposition of cash, Cash Equivalents or Investment Grade Securities;

(9) a Restricted Payment that does not violate the covenant described under the caption "*—Certain Covenants—Restricted Payments*," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind (including with respect to a Lien in favor of the Company or any Restricted Subsidiary);

(12) the lease, assignment, sublease, license or sublicense of any real or personal property (including, for the avoidance of doubt, intellectual property) in the ordinary course of business;

(13) any sale or disposition of Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary;

(14) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(15) any unwinding or termination of Hedging Obligations;

(16) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(17) a disposition of inventory, trading stock or other equipment or assets in the ordinary course of business;

(18) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Asset Sales*" covenant; and

(19) any disposal of assets in exchange for other assets used in a Permitted Business and comparable or superior as to type, value and quality.

"*Bank Products*" means any facilities or services related to cash management, cash pooling, treasury, depository, overdraft, BACS, CHAPS, payment lines, credit or debit card, purchase card, electronic funds transfer, daylight exposures, open credits, contingent obligation lines, letters of credit, the collection of cheques, deposits and direct debits, cash or other cash management and cash pooling arrangements.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "*person*" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "*person*" will be deemed to have beneficial ownership of all securities that such "*person*" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "*Beneficially Owns*" and "*Beneficially Owned*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member, members, managers or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 1, 2023, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to April 1, 2023; *provided*, *however*, that, if the period from such redemption date to April 1, 2023 is less than one year, a fixed maturity of one year will be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Issuer in consultation with the Trustee; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day preceding the relevant date,

and *provided* that in no case will the Bund Rate be less than zero.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London, United Kingdom; Madrid, Spain or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means an obligation that is required to be classified and accounted for as a lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to appear on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of the United Kingdom, a member state of the

Pre-Expansion European Union, the United States, Canada, Australia, New Zealand, Japan, Switzerland or Norway (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the United Kingdom, the relevant member state of the Pre-Expansion European Union, the United States, Canada, Japan, Australia, New Zealand, Switzerland or Norway, as the case may be, and which are not callable or redeemable at the Issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of the United Kingdom, a member state of the Pre-Expansion European Union or of the United States or any state thereof, Switzerland or Norway; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A1" or higher by Moody's or "A+" or higher by S&P or (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United Kingdom, any state of the United States, any province of Canada, Australia, New Zealand, Japan, any member of the Pre-Expansion European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, Japan, Australia, New Zealand, the United Kingdom, a member state of the Pre-Expansion European Union, Switzerland or Norway eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 90% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any Person (including any "*person*" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than a Permitted Holder;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "*person*" (as defined above)), other than a Permitted

Holder, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; *provided* that for the purposes of this clause (2), no Change of Control shall be deemed to occur solely by reason of the Company becoming a Subsidiary of another Parent Holdco if such Parent Holdco is beneficially owned by one or more Persons that beneficially owned more than 50% of the Voting Stock of the Company immediately prior to the Company becoming a Subsidiary of such Parent Holdco; *provided, further* that any Voting Stock of which any Permitted Holder is the "*beneficial owner*" (other than deemed beneficial ownership derived from membership in a "*group*") shall not be included in any Voting Stock of which any such person or group is the "*beneficial owner*" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(3) after the Parent Guarantor Accession Date, the Parent Guarantor ceases to own 100% of the Capital Stock, including Voting Stock, of the Issuer or such successor Person of the Issuer as a result of any consolidation or merger permitted by the covenant described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*."

provided that, in the case of the preceding clauses (1) and (2), a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"*Collateral*" means the rights, property and assets securing the Notes and the Note Guarantees as described under the caption "*—Security*" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees and the Indenture.

"*Collateral Documents*" means the share or capital stock pledges, security agreements, guarantee agreements and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture or providing for the Note Guarantees.

"*Commercial Paper Program*" means any commercial paper program admitted to listing on the Spanish Alternative Fixed-Income Market or a similar exchange as may be renewed or amended from time to time, including with respect to listing on a regulated market or in other multilateral trading facilities.

"*Company*" means (i) prior to the Parent Guarantor Accession Date, the Issuer and (ii) from the Parent Guarantor Accession Date, the Parent Guarantor.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for Taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; plus

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; plus

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; plus

(4) any fees, expenses, charges or other costs related to the issuance of any Capital Stock, listing of Capital Stock, any Investment, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; plus

(5) the amount of any minority interest expense (whether paid or not) consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period or any net earnings, income or share of profit of any associates, associated company or undertaking; plus

(6) all expenses incurred directly in connection with any early extinguishment of Indebtedness; minus

(7) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (14) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "*—Certain Covenants—Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, any Credit Facilities or any Security and Guarantee Documents, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary, (d) restrictions permitted under clauses (1), (2), (3), (5), (9), (10), (12), (13), (14) and (15) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*," and (e) any other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents (or with respect to non-cash distributions to the extent actually converted into) cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company or a member of Senior Management thereof) or in connection with the sale or disposition of securities will be excluded;

(4) any one time non-cash charges or any amortization or depreciation, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or other costs related to acquisitions or disposals or amortization of debt issuance costs or (d) the costs and expenses related to the Offering (including, without limitation, the fees, issue costs, break costs and hedging costs incurred in connection therewith) (in each case as determined in good faith by the Company or a member of Senior Management thereof), in each case, will be excluded;

(7) the proceeds of business interruption insurance will be included (to the extent such amounts are not duplicative with any extraordinary, exceptional or unusual loss or charge relating to the same event has not been excluded);

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(9) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(10) any goodwill or other intangible asset impairment charges will be excluded;

(11) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(12) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary will be excluded;

(13) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(14) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt will be excluded.

"*Consolidated Net Leverage*" means, as of any date of determination, (1) the sum of the total amount of the Indebtedness of any Person and its Restricted Subsidiaries on such date that is incurred pursuant to the first paragraph or clauses (1), (2), (3), (4), (5), (7), (13), (15)(F), (17), (18), or (19) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (but excluding any guarantees of Indebtedness or other contingent liabilities to the extent they remain unfunded or undrawn) less (2) cash and Cash Equivalents of such Person and its Restricted Subsidiaries on such date (other than (x) Restricted Cash, (y) in connection with the making of any Restricted Payment for which the Consolidated Net Leverage Ratio is being determined in accordance with clause (17) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Restricted Payments*," cash or Cash Equivalents that are Excluded Amounts and (z) cash or Cash Equivalents that are received upon the incurrence of Indebtedness by such Person and not immediately or subsequently applied or used for any purpose not prohibited by the Indenture) (in each case as determined in good faith by a responsible accounting or financial officer of such Person), after giving pro forma effect on such date to any and all Restricted Payments made on such date for which the Consolidated Net Leverage Ratio is being determined.

"*Consolidated Net Leverage Ratio*" means, with respect to any Person and as of any date of determination (the "*Calculation Date*"), the ratio of (a) Consolidated Net Leverage at such date to (b) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available on the Calculation Date. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified

Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Net Leverage Ratio (as well as the definitions of Consolidated Net Leverage and Consolidated EBITDA) will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company or an officer of the Company (including in respect of anticipated expense and cost reductions and synergies) (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) in determining the amount of Land Purchase Liabilities on any date of determination when calculating Consolidated Net Leverage, the amount of such Land Purchase Liabilities shall be calculated net of deferred receivables from the sale, lease, conveyance or other disposition of land or real property in the ordinary course of business.

"*Consolidated Senior Secured Leverage Ratio*" means, with respect to any Person and as of any date of determination (the "*Calculation Date*"), the ratio of (a) Senior Secured Leverage at such date to (b) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available on the Calculation Date. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Senior Secured Leverage Ratio (as well as the definitions of Senior Secured Leverage and Consolidated EBITDA) will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Senior Secured Leverage

shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than Indebtedness incurred pursuant to clause (13) thereof) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than the discharge of Indebtedness using proceeds of Indebtedness incurred pursuant to clause (13) thereof).

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions and Investments (each a "*Purchase*") that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer);

(3) the consolidated interest expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such consolidated interest expense will not be obligations of such Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by an officer of such Person responsible for accounting or financial reporting) projected to result from actions taken by such Person or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; *provided* that such synergies (a) are reasonably identifiable and factually supportable and (b) are not duplicative of any cost savings, reductions or synergies already included for such period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company or an officer of the Company (including in respect of anticipated expense and cost reductions and synergies) and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro*

forma effect shall be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefore;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived or otherwise ceases to be outstanding.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Revolving Credit Facility Agreement or Commercial Paper Program and overdraft facilities) or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes, debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, institutions or investors and whether provided under the Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facilities*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "*Designated Non Cash Consideration*" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be

considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under the caption "*—Repurchase at the Option of the Holders—Asset Sales*."

"*Development Debt*" any Indebtedness incurred in compliance with clause (19) of the second paragraph of the covenant described under "*—Certain covenants—Incurrence of Indebtedness and issuance of Preferred Stock*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain Covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means (a) Värde Partners, Inc.; (b) any holding company of Värde Partners, Inc.; (c) any subsidiary of any person referred to in (a) or (b); (d) any fund, partnership, trust or other corporate entity managed or advised by any entity referred to in (a) to (c); and (e) any subsidiary of any such fund, partnership, trust or other corporate entity referred to in (d).

"*Equity Offering*" means (1) a sale of Capital Stock (other than Disqualified Stock or through Excluded Contributions or Excluded Amounts) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions or (2) the sale of Capital Stock or other securities, the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock or through Excluded Contributions or Excluded Amounts) of the Company or any of its Restricted Subsidiaries.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published in *The Financial Times* in the "Currencies" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Company or a member of Senior Management thereof) on the date of such determination.

"*European Government Obligations*" means any security that is (i) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any other country that is a member of the European Monetary Union, for the payment of which the full faith and credit of such country is pledged or (ii) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (i) or (ii), is not callable or redeemable at the option of the issuer thereof.

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Company after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case excluding Excluded Amounts, and to the extent designated as "*Excluded Contributions*" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under the caption "*—Certain Covenants—Restricted Payments*" hereof.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Fitch*" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination with respect to any specified Person, the ratio of the Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to the Fixed Charges of such Person for such four fiscal quarters. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than Indebtedness incurred pursuant to clause (13) thereof) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than the discharge of Indebtedness using proceeds of Indebtedness incurred pursuant to clause (13) thereof).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) Purchases that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer);

(3) the consolidated interest expense attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such consolidated interest expense will not be obligations of such Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by an officer of such Person responsible for accounting or financial reporting) projected to result from actions taken by such Person or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; *provided* that such synergies (a) are reasonably identifiable and factually supportable and (b) are not duplicative of any cost savings, reductions or synergies already included for such period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses and expensing of any finance fees), non-cash interest expenses (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations (classified as Indebtedness under the Indenture), the interest component of Capital Lease Obligations accrued or scheduled to be paid during such periods, other than the interest component of Capital Lease Obligations between or among such Person and any of its Subsidiaries which are Restricted Subsidiaries or between or among its Subsidiaries which are Restricted Subsidiaries, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; plus

(2) the consolidated interest expense of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries but only to the extent paid in cash by such Person or any of its Restricted Subsidiaries (net of related fees paid to the Company or a Restricted Subsidiary in connection with such Guarantee or such Lien); plus

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees and discounts) with respect to Indebtedness; plus

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary.

Notwithstanding any of the foregoing, Fixed Charges shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Debt, (ii) any payments on any operating leases and (iii) any interest paid on advanced payments received in connection with forward sale agreements.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means the Subsidiary Guarantors and, following the Parent Guarantor Accession, the Parent Guarantor.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards as issued by the International Accounting Standards Board or any successor board or agency as endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios, baskets and calculations that are based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that "*IFRS*" shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election (except with respect to the covenant described under the caption "*Reports*"). Notwithstanding the foregoing, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as in effect on December 31, 2018 and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect on December 31, 2018.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) subject to clause (2) of the following paragraph, representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables, advance payments, VAT or other tax guarantees or similar instruments and such obligations are satisfied within 60 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed (but not including, for the purpose of calculating the Fixed Charge Coverage Ratio, any amount deemed to represent interest pursuant to the definition of Fixed Charges); and

(6) representing any Hedging Obligations (the amount of any such Indebtedness to be equal at any time to (a) zero if such Hedging Obligation is incurred pursuant to clause (8) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*") or (b) or the mark-to-market value of such Hedging Obligation if not incurred pursuant to such clause or, if the mark-to-market value is not available at such time, the close-out amount that would be payable by such specified Person (or if no amount would be payable, zero) pursuant to such Hedging Obligation as a result of early liquidation or termination,

all without double counting and if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person; *provided, however*, that the amount of Indebtedness shall be limited to the lesser of the Fair Market Value of such asset at the date of determination and the amount of Indebtedness secured by such Lien; (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "*Indebtedness*" shall not include:

(1) Subordinated Shareholder Debt;

(2) liabilities in respect of obligations (other than in connection with the borrowing of money) related to letters of credit, banker's acceptances, performance guarantees, warranty guarantees, advanced payment guarantees or bonds or surety bonds provided by or at the request of the Company or any Restricted Subsidiary in the ordinary course of business (whether or not secured) to the extent such letters of credit, banker's acceptances guarantees or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 90 days following the due date for reimbursement; *provided* that if such amounts due are not reimbursed on or prior to 90 days following the due date for reimbursement, then such amounts due shall become Indebtedness incurred on the date such amounts became due.

(3) any pension obligations;

(4) Contingent Obligations incurred in the ordinary course of business, and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due;

(5) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;

(6) advances paid by customers in the ordinary course of business for services or products to be delivered in the future or deferred taxes;

(7) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or any obligation to environmental or regulatory agencies in relation to the Company's or any Restricted Subsidiary's duties under environmental or regulatory laws or regulations; or

(8) (i) Bank Products and obligations in connection with Bank Products in the ordinary course of business, or (ii) letters of credit, bank guarantees, surety, performance bonds, appeal bonds, completion guarantees, cost-overrun guarantees, advance payment bonds, bankers acceptances, other trade investments, or similar instruments or transactions in the ordinary course of business (including obligations of such person for the guarantee, indemnity, counter-indemnity or reimbursement of any other person on any such instrument); provided, however, that upon the drawing of such letters of credit or other instruments, such obligations are reimbursed within 60 days following such drawing.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Holdco or any successor of the Company or any Parent Holdco (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of Capital Stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement, to be dated on or prior to the Issue Date, made among, *inter alios*, the Security Agent, the agent under the Revolving Credit Facility Agreement, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

“*Investment Grade Securities*” means:

(1) securities issued or directly and fully Guaranteed or insured by the United States, Canadian, Australian or Japanese government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by any member state of the Pre-Expansion European Union, the United Kingdom, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of “BBB-” or higher from S&P or “Baa3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Restricted Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

“*Investment Grade Status*” shall occur when the Notes receive any two of the following:

(1) a rating of “Baa3” or better by Moody’s;

(2) a rating of “BBB-” or better by Fitch; and

(3) a rating of “BBB-” or better by S&P,

or the equivalent of such ratings by either such rating organizations or, if no rating of Moody’s, Fitch or S&P then exists, the equivalent of such applicable rating by any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption “*—Certain Covenants—Restricted Payments*.” The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described under the caption “*—Certain Covenants—Restricted Payments*.” Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

“*IPO Market Capitalization*” means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means on or around March 25, 2021.

"*Land Purchase Liabilities*" means any amount owed to any person in respect of deferred purchase terms, unpaid or contingent consideration or payment obligations (including coverage) in relation to the acquisition, leasing or, development of or investment in land, or interests in real property.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers or employees of any Company or any Restricted Subsidiary: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or (3) other loans and advances not exceeding the greater of €5.0 million and 0.4% of Total Assets in the aggregate outstanding at any time.

"*Management Fees*" means (1) customary fees for the performance of monitoring and related services by the Permitted Holders or any of their Affiliates for the Company or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate exceed €2.0 million per annum (exclusive of out-of-pocket expenses); and (2) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by any of the Permitted Holders or any of their Affiliates for the Company or any Restricted Subsidiary, which payments in respect of this clause (2) have been approved by a majority of the disinterested members of the Board of Directors of the Company.

"*Management Investors*" means the officers, directors and other members of the management of any Parent Holdco, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent Holdco.

"*Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend, or, if the common stock of the IPO Entity has been trading for less than 30 trading days, the price per share at which such shares of common stock or common equity interests are sold in the Initial Public Offering.

"*Moody's*" means Moody's Investors Service, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act.

"*Net Available Cash*" from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS, including any Taxes paid or required to be paid or accrued as a liability under IFRS described in clauses (10) or (15) of the definition of Permitted Payments (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Sale;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law, be repaid out of the proceeds from such Asset Sale;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Holdco, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Sale and retained by the Company or any Restricted Subsidiary after such Asset Sale.

"*Net Secured Loan-to-Value Ratio*" means as of any date of determination, (1) the total Indebtedness of the Company and its Subsidiaries that is secured by a Lien less (i) any Development Debt incurred under clause (19)(a) of the second paragraph of the covenant described under "—Limitation on Indebtedness and Issuance of Preferred Stock" and (ii) cash and Cash Equivalents (other than Restricted Cash) over (2) the Value of the Company and its Subsidiaries less the Value of a Project Finance Vehicle financed by Development Debt under clause (19)(a) of the second paragraph of the covenant described under "*—Limitation on Indebtedness and Issuance of Preferred Stock*;" *provided* that acquisitions and/or disposals (including to any Project Finance Vehicle) that have been made by the Company or any of its Restricted Subsidiaries since the end of the most recent fiscal quarter for which a Valuation has been completed and on or prior to the date on which the event for which the calculation of the Net Secured Loan-to-Value Ratio is made, or that are to be made on such calculation date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the last day of such most recent fiscal quarter for which a Valuation has been completed. For the avoidance of doubt, in determining the Net Secured Loan-to-Value Ratio, (a) no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Net Secured Loan-to-Value Ratio is to be made and (b) the amount of Land Purchase Liabilities on any date of determination shall be calculated net of deferred receivables from the sale, lease, conveyance or other disposition of land or real property in the ordinary course of business.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (other than the applicable debtor in respect of such Indebtedness) (1) provides Liens or other credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering*" means the offering of the Notes as disclosed in this offering memorandum.

"*Officer's Certificate*" means, with respect to any Person a certificate signed by one officer, or with respect to the Issuer, by any authorized signatory of such Person.

"*Parent Guarantor Accession*" means the accession of the Parent Guarantor to the Indenture and the Note Guarantee therein and the Intercreditor Agreement.

"*Parent Guarantor Accession Date*" means the date of the Parent Guarantor Accession.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50.0% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Permitted Business*" means (1) any businesses, services or activities engaged in by the Company or any of its Subsidiaries on the Issue Date after giving *pro forma* effect to the Offering and (2) any businesses, services and activities engaged in by the Company or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions, developments, advancements or evolutions of any thereof.

"Permitted Collateral Liens" means:

(1) Liens on the Collateral that are described in one or more of clauses (1), (2), (3), (6), (7), (8)(a), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), (24), (25), (26), (27), (28), (29), (30), (31), (32), (33), (34), (35), (36) and (37) of the definition of "*Permitted Liens*;"

(2) Liens on the Collateral to secure the Notes (other than any Additional Notes) or the related Note Guarantees;

(3) Liens on the Collateral to secure Indebtedness (including Additional Notes) that is permitted to be incurred under (a) clause (1) of the definition of Permitted Debt; or (b) clauses (4), (9) (to the extent such guarantees relate to Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Lien) (17) and (18) of the definition of Permitted Debt;

(4) Liens on the Collateral to secure Indebtedness permitted to be incurred under clause (2) of the first paragraph of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness and Issuance of Preferred Stock*;"

(5) Liens on the Collateral to secure Indebtedness that is permitted to be incurred under clause (13) of the definition of Permitted Debt; *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the incurrence of such Indebtedness on a *pro forma* basis, (a) the Company would have been able to incur €1.00 of additional Senior Secured Indebtedness pursuant to clause (2) of the first paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" or (b) the Consolidated Senior Secured Leverage Ratio for the Company and its Restricted Subsidiaries would not be greater than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and to the incurrence of such Indebtedness;

(6) Liens on the Collateral to secure the Issuer's or a Guarantor's Hedging Obligations permitted to be incurred pursuant to clause (8) of the definition of Permitted Debt; and

(7) Security over the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness secured by security over the Collateral pursuant to the preceding clauses (2) through (6) or this clause (7),

provided that, in the case of each of the preceding clauses (2) through (7), all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Note Guarantees on a senior or *pari passu* basis (or senior basis if such Indebtedness is subordinated to the Notes or Note Guarantees) and that each of the creditors thereto (or their respective representative) will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement; *provided further*, that any Indebtedness secured by a Permitted Collateral Lien pursuant to the preceding clauses (3)(a) and (6) may receive priority as to any proceeds from distressed disposals or enforcement over the Collateral on terms not materially less favorable to the holders than that accorded to the Revolving Credit Facility Agreement pursuant to the Intercreditor Agreement and that each of the creditors thereto (or their respective representative) will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement.

"*Permitted Holders*" means, collectively, the Equity Investors, Management Investors and their respective Affiliates and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes (1) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (2) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Investments" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash, Cash Equivalents and Investment Grade Securities;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described under the caption "*—Repurchase at the Option of Holders—Asset Sales*;"

(5) any acquisition of assets, Indebtedness or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*;"

(9) Investments in the Notes (including any Additional Notes) and any other Indebtedness (including in loans under the Revolving Credit Facility), of the Company or any Restricted Subsidiary;

(10) (a) any guarantee permitted to be incurred by the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*;" or (b) any guarantee, indemnity, letter of guarantee, performance bond; appeal bond, completion guarantees, cost-overrun guarantees, advance payments bonds (or similar agreements or instruments) in the ordinary course of business;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date by the Company or any Restricted Subsidiary of the Company and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation;

(13) Management Advances;

(14) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Holdco;

(15) any Investment in or in respect of (i) land or real property including in connection with (x) any contract in relation thereto, or any acquisition, disposition, leasing or licensing of land, sites, developments, rights or options, real property, or any building license, collaboration arrangement or

management contract arrangement (or similar) and (y) any acquisition as part of an enforcement, share purchase, public auction, payment-in-kind, or forfeiture process by any legal means (whether a negotiated process or otherwise), in each case, in the ordinary course of business and (ii) the ordinary course of business (including guarantees of the obligations of, and loans to, landlords, lessors, developers, co-developers or franchises and pledges or deposits with respect to leases, licenses or utilities provided to third parties in the ordinary course of business) or as required by law or regulation;

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of €30.0 million and 2.0% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under the caption "*—Certain Covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) above and shall cease to have been made pursuant to this clause (16);

(17) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(18) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(19) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens permitted under the covenant described under the caption "*—Certain Covenants—Liens*;"

(20) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under the caption "*—Certain Covenants—Transactions with Affiliates*" (except those described in clauses (3), (7), (10) and (11) of that paragraph);

(21) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Company's or any Restricted Subsidiary's business; and

(22) Investments in one or more joint venture or associate or Unrestricted Subsidiaries having an aggregate fair market value (as determined in good faith by the Board of Directors of the Company or a member of Senior Management thereof and measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (22) that are at the time outstanding not to exceed the greater of €35.0 million and 2.3% of Total Assets; *provided* that if an Investment is made pursuant to this clause and such Unrestricted Subsidiary is subsequently designated Restricted Subsidiary in accordance with the applicable provisions of the Indenture, such Investment will thereafter be deemed to have been made pursuant to clause (3) of the definition of "*Permitted Investments*" and not this clause.

"Permitted Liens" means:

(1) Liens in favor of the Company or any Restricted Subsidiary other than a Project Finance Vehicle;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in

contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure (a) the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, pension obligations, unemployment insurance, social security insurance, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds, completion guarantees, bids, tenders, land purchase guarantees, cost-overrun guarantees, import or customs duties, contracts (other than for borrowed money) and rent deposits, advance payment, bankers' acceptance or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations) or (b) in respect of remediation, insurance, warranty, planning, taxation, community development, directives or similar obligations of that the Issuer or any of its Restrictive Subsidiaries, in each case, incurred in the ordinary course of business;

(4) Liens to secure Indebtedness that is (a) permitted by clause (4) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" covering only the assets acquired, improved, constructed, leased or financed by such Indebtedness; or (b) Development Debt permitted by clause (19)(a) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" covering only the assets or property owned by, or Equity Interests in, such Project Finance Vehicle or (c) Development Debt permitted by clause (19)(b) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" covering only the assets acquired with or financed by such Development Debt;

(5) Liens on assets or property of the Issuer or a Restricted Subsidiary (other than Collateral) securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*;"

(6) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(7) Liens for Taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings (*provided* that any reserve or other appropriate provision as is required has been made or will be made therefor);

(8) (a) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics', materialmen's or repairmen's Liens, in each case, incurred in the ordinary course of business or (b) for the benefit of any public authority, council, housing authority or association, insurance provider, municipal, governmental or regulatory body (or similar) or any utility or developer or pursuant to licenses, authorizations, concessions, utilities, franchises, easements, property rights, leases or permits in the ordinary course of business;

(9) survey exceptions, easements, encumbrances, ground leases or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines, utilities and other similar purposes, or zoning, building codes or purpose exceptions or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees), including any Additional Notes;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(14) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(15) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(16) Liens arising solely by virtue of banks' standard business terms and conditions;

(17) leases (including operating leases and security thereon), licenses, subleases and sublicenses of assets or arising in connection with deferred consideration or deferred partial or contingent payment obligations, in each case incurred in the ordinary course of business or arising as a consequence of any leasing, licensing or ownership arrangement as permitted by the Indenture;

(18) Liens (a) arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business or (b) in connection with Land Purchase Liabilities; provided that such Liens are limited to the land or real property the acquisition of which gave rise to such Land Purchase Liability;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary (including any equipment or assets of the Issuer or any Restricted Subsidiary located thereon) and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets (and related rights) constituting work in progress, under construction or under development in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(24) Liens arising from a declaration of trust (or similar) by the Company or a Restricted Subsidiaries over land or any real property rights;

(25) Liens incidental to the conduct of the business of the Company or a Restricted Subsidiaries or to the ownership of real property that do not in the aggregate materially adversely affect the value of said properties or assets or materially impair their use in the operation of the business of such Person or are consistent with the conduct of business in the ordinary course;

(26) any Lien or other obligation granted to or in favor of a person to whom Land Purchase Liabilities are owed in relation to title, interests or rights in, to or in respect of land, sites, real property or developments in connection with land sold, leased or licensed by that Person or granted in security for Land Purchase Liabilities;

(27) any Lien arising in respect of title retention arrangements or in connection with the participation by the Company or a Restricted Subsidiary in any scheme administered by any council, public authority or municipal or governmental body (or similar);

(28) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary, (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Company or a Restricted Subsidiaries, (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with an acquisition by the Company or a Restricted Subsidiary, (d) Liens constituting cash collateral arrangements and (e) customary Liens on and in respect of assets, cash or deposits paid or payable in connection with the sale or purchase of real property, equipment, inventory and current assets, or amounts constituting customer or third party assets or cash;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(31) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(32) Liens on (a) escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof), (b) cash set side at the time of the incurrence of any Indebtedness or (c) government securities purchased with such cash, in either case of clauses (b) or (c) to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(33) Liens incurred in connection with (a) letters of credit or similar instruments or obligations and (b) cash management programs established in the ordinary course of business;

(34) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(35) Liens created or subsisting by virtue of building rights, properties built on third-party land or any similar rights under applicable law;

(36) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in clauses (1) through (42) (other than clause (38)) of this definition; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or

dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced;

(37) Liens on assets or property of a Restricted Subsidiary (other than a Guarantor, the Issuer or a Project Finance Vehicle) securing Indebtedness of such Restricted Subsidiary or another Restricted Subsidiary (other than a Guarantor, the Issuer or a Project Finance Vehicle);

(38) Liens incurred by the Company or any Restricted Subsidiary securing Indebtedness of the Company and its Restricted Subsidiaries that does not exceed the greater of €25.0 million and 1.7% of Total Assets at any one time outstanding;

(39) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Company or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(40) any security granted over the marketable securities portfolio described in clause (8) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(41) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor (other than a Project Finance Vehicle) permitted by the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*;" and

(42) Liens on assets or property of any Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Company or another Restricted Subsidiary (other than a Project Finance Vehicle), or Liens in favor of the Issuer or any Guarantor.

"*Permitted Parent Payments*" means, without duplication as to amounts, payments to any Parent Holdco (including, without limitation, in the form of loans, advances, dividends or distributions) of the Company to permit such entity to pay:

(1) customary indemnification obligations of any Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(2) obligations of any Parent Holdco in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefor)) to the extent relating to the Company and its Subsidiaries;

(3) any Taxes, duties or similar governmental fees of any such Parent Holdco to the extent such Tax obligations are directly attributable to its ownership of (x) the Company and its Restricted Subsidiaries (*provided*, *however*, that such payments will not exceed the amount of Tax that the Company and its Restricted Subsidiaries would owe on a standalone basis if the Company were filing a separate tax return (or a separate consolidated or combined tax return with its Restricted Subsidiaries that are part of that consolidated or combined group)) or (y) its funding of Subordinated Shareholder Debt;

(4) professional fees and expenses of any Parent Holdco related to the ownership of the Capital Stock of the Company and, indirectly through the Company, its Subsidiaries (including, without limitation, accounting, legal, audit corporate reporting, and administrative expenses and other reasonable and normal course expenses required to maintain such Parent Holdco's corporate existence or its holding of the Capital Stock of the Company);

(5) expenses incurred by any Parent Holdco in connection with any public offering or other sale of Capital Stock or Indebtedness, (i) where the net proceeds of such offering or sale are received by or contributed to the Company or any of its Restricted Subsidiaries or (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds so received or contributed; and

(6) fees and expenses payable by any Parent Holdco in connection with the Offering.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

"*Permitted Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance and other arrangements which, in the case of any such arrangements entered into by the Company or any of its Subsidiaries, the Company has determined in good faith to be customary in or for such type of financing, financing transaction, recourse arrangement, joint venture arrangement, securitization, factoring or similar arrangement which may include those relating to (without limitation): (A) the debt obligations and liabilities of a Project Finance Vehicle or such joint venture, associate or other Person, (B) customary recourse arrangements, including in respect of recourse (including by way of guarantee, indemnity, undertaking, assurance and/or Permitted Investments and/or Permitted Liens) to or in respect of the relevant entities and in respect of assets of or owing to and/or Equity Interests of, Investments in or owing to or by, the relevant entity or entities (and including Liens on or over the assets of and Equity Interests and Investment in or owing to a Project Finance Vehicle, joint venture, associate or other Person), and including (without limitation) all applicable collateral, all contracts and all guarantees or other obligations in respect thereof or in respect of which security interests are customarily granted, and (C) transactions and arrangements consistent with transactions or arrangements in existence as at, or committed as at, the Issue Date or consistent with past practice.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Post-Closing Reorganization*" means the incorporation of the Parent Guarantor and the transfer or contribution from the shareholders of the Issuer of all of the Voting Stock of the Issuer to the Parent Guarantor.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Project Finance Vehicle*" means any special purpose vehicle, joint venture, partnership, or other company, corporation or legal entity which is acquired or established solely for the purpose of a Specified Project (1) that

is designated by the Company as a Project Finance Vehicle (unless, in any case, the Company designates that any such person shall cease to be a Project Finance Vehicle for the purposes of the Indenture) or (2) that enters into or incurs Indebtedness which qualifies as Development Debt under clause (19)(a) of the covenant described under "—*Certain covenants—Incurrence of Indebtedness and issuance of Preferred Stock*" and has not guaranteed any other indebtedness of the Company or any Restricted Subsidiary.

"*Public Equity Offering*" means a *bona fide* public offering of shares of common stock or other equity interests (i) that are listed or quoted on a nationally recognized regulated stock exchange in a member state of the Pre-Expansion European Union, the United States, Canada, Australia, New Zealand, Japan, Hong Kong, Switzerland or Norway, or (ii) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the U.S. Securities Act whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Company (or a Parent Holdco of the Company) has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Related Parties*" means with respect to any Person:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of such Person; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a majority or a controlling interest of which consist of such Person and/or such other Persons referred to in the immediately preceding clause; or

(3) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Sale or non-current properties and assets that will be used in the Company's business or in that of the Restricted Subsidiaries or any and all other businesses that in the good faith judgment of the Board of Directors or any member of Senior Management are related thereto.

"*Restricted Cash*" means any cash or Cash Equivalents collected as advances on future payments by third-party clients in connection with development projects, from pre-sales of units.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the collective reference to the Revolving Credit Facility Agreement, any Finance Document (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Credit Facility Agreement or one or more other credit agreements, indentures or financing agreements or otherwise), unless such agreement instrument or

document expressly provides that it is not intended to be and is not a Revolving Credit Facility. Without limiting the generality of the foregoing, the term "Revolving Credit Facilities" shall include any agreement (i) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Revolving Credit Facility Agreement*" means the super senior revolving credit facilities agreement, to be entered into on or about March 6, 2021, and made among, *inter alios*, the Issuer as original borrower, the Guarantors (as defined therein) party thereto from time to time, the Mandated Lead Arrangers (as defined therein), the certain financial institutions party thereto as Lenders from time to time, J.P. Morgan AG as agent, and Bondholders, S.L. as Security Agent, as the same may be amended, waived, supplemented or otherwise modified from time to time and the terms therein or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Credit Facility Agreement or other credit agreements or otherwise).

"*S&P*" means Standard & Poor's Ratings Group or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

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

"*Security Agent*" means Bondholders, S.L., as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

"*Security and Guarantee Documents*" means the Collateral Documents.

"*Senior Management*" means the officers, directors, company secretary and other members of senior management of the Company and any of its Subsidiaries.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness that is secured by Permitted Collateral Liens pursuant to clauses (2), (3), (4), (5) or (7) of the definition thereof and not contractually subordinated to obligations under the Notes or any Note Guarantee.

"*Senior Secured Leverage*" means the sum of aggregate amount of Senior Secured Indebtedness of the Company and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis in accordance with IFRS.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenue of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*Specified Affiliate Payments*" means transactions with customers, clients, suppliers, and distributors and other purchases or sales of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which when taken together are fair to the Company and its Restricted Subsidiaries in the reasonable determination of the Board of Directors of the Company or an Officer or member of senior management of the Issuer, or are on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

"*Specified Change of Control Event*" means the occurrence of any event prior to the two year anniversary of the Issue Date that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, the Consolidated Net Leverage Ratio of the Company would have been less than or equal to 2.8 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"*Specified Project*" means the acquisition, ownership, management or development of any real estate asset by the Company or any of its Restricted Subsidiaries or a Project Finance Vehicle, in each case, constituting a Permitted Business;

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter incurred) which is expressly subordinated in right of payment to the Notes or any Guarantee of the Notes pursuant to a written agreement.

"*Subordinated Shareholder Debt*" means Indebtedness of the Company held by one or more of its shareholders; *provided* that such Indebtedness (and any security into which such Indebtedness is convertible or for which it is exchangeable at the option of the holder): (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes, (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement, (3) contains no change of control provisions and has no right to declare a default or event of default or take any enforcement action or accelerate any amount due prior to the first anniversary of the Stated Maturity of the Notes, (4) is unsecured and is not guaranteed by any Subsidiary of the Company, (5) is fully subordinated and junior in right of payment to the Notes, (6) has been granted as security on a first lien basis for the Notes by the obligee thereunder and (7) is subject to the Intercreditor Agreement as "*Shareholder Liabilities*" as such term is defined therein (or any corresponding term in any Additional Intercreditor Agreement).

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50.0% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantors*" means (i) on the Issue Date, Maywood Invest, S.L.U. and VÍa Célere, S.L.U., and (ii) any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means, for any specified Person as of any date of determination, the total assets of such Person on a consolidated basis as of the end of the most recent fiscal quarter preceding such date, prepared in accordance with IFRS.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Issuer or any successor to the Issuer) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described under the caption "*—Certain Covenants—Transactions with Affiliates*," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*U.S. GAAP*" means generally accepted accounting principles in the United States as in effect from time to time.

"*Valuation*" means the evaluation of the market value (as that term is defined in the then current Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors) of the land or real property owned by a specified Person as of each June 30 and December 31 as determined by the Valuer.

"*Value*" means for any specified Person as of any date of determination, the aggregate market value specified in the latest Valuation of any real estate assets owned and rights to or in real estate assets held, in each case, directly or indirectly by such Person in accordance with IFRS and on the statement of financial position of such Person as of the date of the latest Valuation.

"*Valuer*" means Savills—Aguirre Newman or another reputable international external valuer (which is recognized in the international property markets) appointed by the Issuer in respect of the Valuation.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

Book-entry; Delivery and Form

General

Certain defined terms used but not defined in this section have the meanings assigned to them in the Indenture, as described in the "*Description of Notes*." The Global Notes (as defined below) will be held under Euroclear's and Clearstream's new safekeeping structure.

Notes sold to "*qualified institutional buyers*" as defined in Rule 144A under the U.S. Securities Act ("*Rule 144A*") in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "*Rule 144A Global Note*"). Notes sold to persons outside the United States in offshore transactions (as defined in Regulation S under the U.S. Securities Act ("*Regulation S*")) in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "*Regulation S Global Note*" and, together with the Rule 144A Global Note, the "*Global Notes*"). The Global Notes will be deposited, on the closing date, with, or on behalf of, a common safekeeper and registered in the name of the nominee of the common safekeeper for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("*Rule 144A Book-Entry Interests*") and ownership of interests in the Regulation S Global Note (the "*Regulation S Book-Entry Interests*" and, together with the Rule 144A Book-Entry Interests, the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants and has to be in accordance with applicable transfer restrictions set out in the Indenture and in any applicable securities laws of any state of the United States or of any other jurisdiction. See "*Notice to U.S. Investors*," "*Notice to Certain European Investors*" and "*Notice to Investors*." Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive definitive notes in registered form ("*Definitive Registered Notes*"). Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "*holders*" of Notes for any purpose.

So long as the Notes are held in global form and the common safekeeper or its nominee is the registered owner of such Notes, the common safekeeper or its nominee will be considered the sole holders of Global Notes for all purposes under the Indenture governing the Notes. As such, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture governing the Notes.

Neither the Issuer, the Guarantors, the Trustee, any Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents will have any responsibility, or be liable, under the Indenture governing the Notes for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by

Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), on a pro rata basis by use of a pool factor or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear or Clearstream, as applicable. Euroclear or Clearstream will in turn distribute such payments to participants in accordance with its procedures. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law.

The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants, as is now the case with securities held for the accounts of customers registered in "*street name*." Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "*street name*."

In order to tender Book-Entry Interests in a change of control offer or asset sale offer, the holder of the applicable Global Note must, within the time period specified in such offer, give notice of such tender to the Paying Agent and specify the principal amount of Book-Entry Interests to be tendered.

Under the terms of the Indenture governing the Notes, the Issuer, the Trustee, the Security Agent, any Paying Agent, the Transfer Agent and the Registrar will treat the registered holder of the Global Notes (e.g., the common safekeeper or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Security Agent, any Paying Agent, the Transfer Agent and the Registrar or any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

The Notes will be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interest may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro. Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto.

Action by Owners of Book-entry interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants

has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes,

Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures to be set forth in the Indenture.

The Rule 144A Global Note will have a legend to the effect set forth under "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Through and including the 40th day after the later of the commencement of the Offering and the closing of the Offering (the "*40-day period*"), Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "*qualified institutional buyer*" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note without compliance with these certification requirements.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book- Entry Interest in the first- mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture governing the Notes, owners of the Book-Entry Interests will receive Definitive Registered Notes only in the following circumstances:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default which results in action by the Trustee pursuant to the enforcement provisions under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest described above, its current procedure is to request that Definitive Registered Notes be issued to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In any such events described above, the Registrar will issue Definitive Registered Notes, registered in the name or names, and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream (in accordance with their respective customary procedures and certain certification requirements and based upon directions received from participants reflecting the beneficial ownership of the Book-Entry Interests). The Definitive Registered Notes will bear a restrictive legend with respect to certain transfer restrictions, unless that legend is not required by the Indenture or by applicable law.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the Registrar or a Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes; (ii) any date fixed for redemption of the Notes; or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of a transfer agent, the Issuer will issue a replacement Definitive Registered Note which will be authenticated by or on behalf of the Registrar acting as authenticating agent and effectuated by the common safekeeper, if the Trustee's, the authenticating agent's and the Issuer's requirements are met. The Issuer, the authenticating agent or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the authenticating agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for its expenses incurred in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the Initial Purchasers, the Trustee, any Paying Agent, the Transfer Agent nor the Registrar nor any of their respective agents are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-entry System

The Notes represented by the Global Notes are expected to be listed on the Exchange and admitted to trading on the Global Exchange Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Transfer Agent, the Registrar, any Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date.

Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations

European Union Insolvency

The Issuer and the Guarantors are incorporated and/or organized under the laws of Member States of the European Union.

Pursuant to the EU Insolvency Regulation, (which applies to all European Union Member States other than Denmark), the courts of the Member State in which a company's "*center of main interests*" (as that term is used in Article 3(1) of the EU Insolvency Regulation, "*COMI*") is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its COMI is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a company has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary (which presumption shall not apply if the registered office has been moved to another Member State within the three month period prior to the request for the opening of insolvency proceedings), Article 3(1), second sentence, of the EU Insolvency Regulation states that the COMI shall be the place where the debtor conducts the administration of its interests on a regular basis and "*is therefore ascertainable by third parties*." The courts have taken into consideration a number of factors in determining the COMI of a company, including, in particular, where board meetings are held, the location where the company conducts the majority of its business or has its head office, and the location where the large majority of the company's creditors are established. Recital 30 of the EU Insolvency Regulation states that the presumption should be rebutted where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. A company's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

If the COMI of a debtor is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although territorial (secondary) insolvency proceedings may be commenced in another Member State. It should be highlighted that, as opposed to the former EU Insolvency Regulation, Annex A also currently includes processes known as "*pre-insolvency*" ones, which shall therefore also benefit from the legal consequences provided in the EU Insolvency Regulation for "*pure*" insolvency proceedings, such as the automatic recognition of their declaration in the European Union (except Denmark).

If the COMI of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "*establishment*" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State. An "*establishment*" is defined to mean "*any place of operations where a company carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets*." Accordingly, the opening of territorial (secondary) insolvency proceedings in another EU Member State will also be possible if the debtor had an establishment in such EU Member State in the three month period prior to the request for commencement of main insolvency proceedings.

The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State. Where main proceedings in the Member State in which the company has its COMI have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either (i) main insolvency proceedings

cannot be opened in the Member State in which the company's COMI is situated under that Member State's law or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the lex fori concursus, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the company. Those courts with jurisdiction to declare the opening of insolvency proceedings have also jurisdiction to rule on any action which may be deemed as directly arising from the insolvency proceedings which also has a close relationship with the insolvency proceedings.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's COMI is there) may exercise the powers conferred on it by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets. The EU Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

Spain

Spanish insolvency laws

On May 5, 2020, the Spanish Council of Ministers enacted a Royal Legislative Decree 1/2020 approving the consolidated text of the Insolvency Law, which entered into force on September 1, 2020 (the "**Spanish Insolvency Act**"). The Spanish Insolvency Act is the result of the mandate granted by the Spanish Parliament to recast, harmonize, clarify and organize the Spanish insolvency legislation (essentially contained in the former Law 22/2003, of July 9, on Insolvency (*Ley 22/2003, de 9 de julio, Concursal*)).

Concept and petition for insolvency

In Spain, insolvency proceedings are only triggered in the event of a debtor's current insolvency (*insolvencia actual*) or imminent insolvency (*insolvencia inminente*). Under the Spanish Insolvency Act, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due and payable (current insolvency) or when it expects that it will shortly be unable to do so (imminent insolvency). A petition for current insolvency may be initiated by the debtor, by any creditor (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for *inter vivos* acts, on a singular basis and once the credit was mature) or by certain other interested third parties. Notwithstanding, only the debtor may file a petition for insolvency on the basis of its imminent insolvency.

Voluntary insolvency

Insolvency is considered voluntary (*concurso voluntario*) if filed by the debtor.

The debtor is obliged to file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor notifies the applicable Court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta de convenio anticipado*) or an out-of-court workout (a refinancing agreement) in accordance with Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Act (the "Opening of Negotiations Communication").

Effectively, by means of the Opening of Negotiations Communication, the debtor gains an additional (as from the Opening of Negotiations Communication filing) three-month period to achieve an agreement with its creditors or to obtain accessions to an anticipated composition agreement and one further month to file for the declaration of insolvency. During such period of time, creditors' petitions for mandatory insolvency will not be accepted and court or out-of-court enforcement actions, other than those arising from public law claims, over those assets or rights deemed necessary for the continuity of the debtor's business activities, are prohibited or suspended (as applicable).

In addition, enforcement proceedings that have been brought by creditors holding financial liabilities (as defined in Article 606 of the Spanish Insolvency Act) are prohibited or suspended (as applicable) provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless, secured creditors are entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended.

Mandatory insolvency

Insolvency is considered mandatory (*concurso necesario*) if filed by a third-party creditor.

Under Article 2.4 of the Spanish Insolvency Act, a creditor can seek a debtor's declaration of insolvency if the creditor can prove that the debtor has failed to attach any assets, or sufficient assets, to pay the amount owed. A creditor may also apply for a declaration of insolvency if, inter alia: (i) there is a generalized default on payments by the debtor; (ii) there is a seizure of assets affecting or comprising the generality of the debtor's assets; (iii) there is a misplacement, "fire sale" or sale or ruinous liquidation of the debtor's assets; or (iv) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (three months).

Conclusion of insolvency: proposal of agreement or liquidation

The Spanish Insolvency Act provides that insolvency proceedings conclude following either the implementation of an agreement between the creditors and the debtor (the "Company Voluntary Agreement" or the "CVA") or the liquidation of the debtor.

Enforcement and termination in a pre-insolvency scenario

The obligations under the Notes, the Note Guarantees and the security interest might not necessarily be enforced in accordance with their respective terms in every circumstance. Such enforcement is subject to, inter alia, the nature of the remedies available in the Spanish courts, the acceptance by such court of jurisdiction, the discretion of the courts, the power of such courts to stay proceedings, the provisions of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamento Civil*) regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Insolvency Act and other principles of law of general application. Among others:

1. Spanish law does not expressly recognize the concept of an indemnity. Section 1,152 of the Spanish Civil Code (*Código Civil*) establishes that any penalty (*cláusula penal*) agreed by the parties in an agreement will substitute damages (*indemnización de daños*) and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish courts may modify the penalty agreed on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance. There is doubt as to the enforceability of punitive damages in Spain;

2. where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of the applicable jurisdiction;

3. Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties;

4. Spanish law, as applied by the Spanish Supreme Court, permits Spanish courts to preclude termination of an agreement if the basis of the breach of obligations, undertakings or covenants are merely ancillary or complementary to the main undertakings foreseen under the relevant agreement (such as payment obligations under financing agreements);
5. under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.

Certain effects of the insolvency on the debtor, on contracts and on enforcement proceedings

On the debtor

As a general rule and subject to certain exceptions, the debtor in a voluntary insolvency retains its powers to manage its business, but is subject to the court appointed intervention of the insolvency administrators (*administración concursal*) (intervention regime). In case of mandatory insolvency, as a general rule and subject to certain exceptions, the debtor no longer has power over its assets, and management's powers (including the power to dispose of assets) are conferred solely upon the insolvency administrators (suspension regimen). However, the court has the power to modify this general regime subject to the specific circumstances of the case. In addition, upon the insolvency administrator request, the court has the power to swap the intervention regime for a suspension regime or vice versa.

Actions carried out by the debtor that breach any required supervision of the insolvency authorities may be declared null and void unless ratified by the insolvency administrators.

On contracts

A declaration of insolvency does not affect agreements with reciprocal obligations pending on performance by either the insolvent party or the counterparty (executory contracts), which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate. The court can nonetheless terminate any such contracts at the request of the insolvency administrators (provided that management's powers have been solely conferred upon the insolvency administrators), or the company itself (if its powers to manage its business are only subject to the intervention of the insolvency administrators), when such termination is in the interest of the estate (rejection) (*resolución del contrato en interés del concurso*) or at the request of the non-insolvent party if there has been a breach of such contract. The termination of such contracts may result in the insolvent debtor having to return, and indemnify damages to, its counterpart against the insolvency estate (*con cargo a la masa*). On the other hand, the judge may decide to cure any breach of the insolvent debtor at its request or the insolvency administrators' request (assumption) (*mantenimiento del contrato en interés del concurso*), in which case the non-insolvent party shall be entitled to seek specific performance against the insolvency estate (pre-deductible claim from the estate). Lastly, under Article 156 of the Spanish Insolvency Act, all clauses in contracts with mutual obligations that entitle any party to terminate an agreement based solely on the other party's declaration of insolvency (*ipso facto* clauses) are deemed as not included in the agreement (void) and, therefore, unenforceable, except if expressly permitted by specific laws (i.e., agency laws).

Additionally, the declaration of insolvency determines that interest accrual is suspended, except (i) credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security, and (ii) any wage credits in favor of employees, which will accrue the legal interest set forth in the corresponding State Budget Act (*Ley de Presupuestos del Estado*).

On enforcement proceedings

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings as such proceedings can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral (as defined in Royal Decree Law 5/2005, of 11 March 2005, as amended from time to time)). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Act extends the

jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

The enforcement of any security over certain assets that are necessary to the continuation of the commercial or professional activity of the insolvent company (*in rem* securities) is prohibited until the earlier of: (i) an arrangement of a composition agreement being reached, provided that the composition agreement does not affect such right; or (ii) one year having elapsed as of the declaration of the insolvency without the opening of the liquidation phase. Nevertheless, shares/quota shares held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest that has been granted over such shares/quota shares does not bring about an early termination or amendment of the contractual relations permitting the economic exploitation of the relevant asset.

Ranking of credits

Creditors are required to report their claims to the insolvency administrators within one month from the day following the last official publication of the court order declaring the insolvency, providing original documentation to justify such claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court administrators draw up a list of acknowledged creditors/ claims and classify them according to the categories established in the Spanish Insolvency Act.

Under the Spanish Insolvency Act, claims are classified in two groups:

1. Estate Claims (*créditos contra la masa*): Article 242 of the Spanish Insolvency Act sets out the "estate claims" which are pre-deductible (when they become due and payable) claims from the estate (excluding those assets of the insolvent debtor subject to *in rem* security). Debt against the insolvency estate includes, among others, (i) certain amounts of the employee payroll, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising from services provided by the insolvent debtor under reciprocal contracts and outstanding obligations that remain in force after insolvency proceedings are declared and deriving from obligations to return and indemnity in cases of voluntary termination or breach by the insolvent debtor, (iv) those that derive from the exercise of a claw back action within the insolvency proceedings of acts performed by the insolvent debtor and correspond to a refund of consideration received by it (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from the non-contractual liability of the insolvent debtor after the declaration of insolvency and until its conclusion, (vi) certain debts incurred by the debtor following the declaration of insolvency, (vii) in case of liquidation, the credit rights granted to the debtor under a composition agreement in accordance with Article 332 of the Spanish Insolvency Law, (viii) 50% of the new funds lent under a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Act.

2. Insolvency Claims: Insolvency claims are classified as follows:

    1. Specially Privileged Claims: Creditors benefiting from special privileges, representing security over certain assets (*in rem* securities) up to the amount of the value of their security, provided that such security is listed in the creditors' list (in this regard, the value of a security shall be 90% of the reasonable value -calculated as provided for in the Spanish Insolvency Act- of the secured asset minus those claims that hold higher ranking security over such asset). The part of the claim exceeding the value of its security will be classified according to the nature of the claim. These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year and certain additional limitations set forth in the Spanish Insolvency Act. However, within such waiting period or while any enforcement proceedings remain suspended under the Spanish Insolvency Act, the insolvency administrator has the option to pay the relevant claims against the insolvency estate under specific payment rules. Privileged creditors are not subject to the

CVA unless they give their express support by voting in favor of the CVA or, in case they do not give such express support, if creditors holding security which represent at least 60% (or 75% depending on the conditions of the CVA) of the total value of secured claims of the same class vote in favor of such CVA. In the event of liquidation, they are the first to collect payment against the assets on which they are secured.

2. Generally Privileged Claims: Creditors benefiting from a general privilege, including, among others, specific labor claims and specific claims brought by public entities or authorities are recognized for half their amount, and claims held by the creditor taking the initiative to apply for the insolvency proceedings, for up to 50% of the amount of such debt. New funds under a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Act in the amount not admitted as a debt against the insolvency estate (*crédito contra la masa*) will also be credits with general privileges. The holders of general privileges are not to be affected by the CVA except if they give their express support by voting in favor of the CVA unless creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the conditions of the CVA) of the total value of claims benefiting from general privileges of the same class vote in favor of such CVA. In the event of liquidation, they will collect payment, in accordance with the ranking established under the Spanish Insolvency Act.

3. Ordinary Claims: Ordinary creditors (non-subordinated and non-privileged claims) are paid pro rata once estate claims and both generally and specially privileged claims have been paid.

4. Subordinated Claims: Subordinated creditors (thus classified by virtue of an agreement or pursuant to law), include, among others: credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated *vis-à-vis* all other credits of the debtor; credits relating to unpaid interest claims (including default interest) except for those credits secured with an *in rem* right up to the secured amount; fines; and claims of creditors which are "specially related parties" to the insolvent debtor.

In the case of individuals, the following shall be deemed as "specially related parties:" their relatives, legal entities controlled by the debtor or its relatives, the factual or legal administrators of such legal entities, any other legal entity forming part of the same group of companies and the legal entities in respect of which the people described in this paragraph are their factual and legal administrators.

In the case of a legal entity, the following shall be deemed as "specially related parties:" (i) shareholders with unlimited liability (in case such shareholders are natural persons it would include any special related party to these shareholders, as described herein); (ii) limited liability shareholders holding, directly or indirectly, 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market) at the time when the relevant credit right arises; or (iii) directors (either de jure or de facto) insolvency liquidators and those holding general powers of attorney from the insolvent company (including those people that have held these position during the two years prior to the insolvency declaration); and (iv) companies pertaining to the same group as the debtor and their common shareholders provided such shareholders meet the minimum shareholding requirements set forth in (ii) above. Notwithstanding the above, creditors who have directly or indirectly capitalized their credit rights pursuant to a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Act shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such refinancing arrangement. Claims related to accrued and unpaid interest, unless and to the extent they are secured by an *in rem*, right are also subordinated. Subordinated creditors are second-level creditors; they may not vote on a CVA and have limited chances of collection. Furthermore, in the absence of evidence to the contrary, assignees or awardees of claims belonging to any of the persons mentioned in this paragraph are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared.

As an exception to the subordination regime, new money granted to the debtor pursuant to a refinancing arrangement regulated under Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Act, which also contemplates a debt-for-equity swap executed before the granting of fresh money, shall not be

classified as subordinated claim under Article 281.5 of the Spanish Insolvency Act provided that the requirements set out in Article 283.2 of the Spanish Insolvency Act are met. This is an incentive to promote fresh money and debt-for-equity swaps in order to remove insolvency out-of-court. Subordinated creditors do not vote on the CVA and in the event of liquidation collect payment according to the ranking established in the Spanish Insolvency Act (once ordinary creditors have been paid in full).

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings and, therefore, such proceedings can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral (as defined in Royal Decree Law 5/2005, of 11 March 2005)). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Act extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor or administrative law).

Hardening periods

There is no claw back date by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings. Instead, the insolvency administrators (or creditors that have asked the insolvency administrators to do so in the absence of action by the insolvency administrators) must expressly challenge those transactions. Under the Spanish Insolvency Act, upon the declaration of insolvency, only transactions that could be deemed as having damaged (*perjudiciales*) the insolvent debtor's estate (i.e., causing a so-called "patrimonial damage") during the two years prior to the date the insolvency is declared, may be challenged. Transactions taking place earlier than two years prior to the declaration of insolvency may be declared null and void subject to ordinary Spanish Civil Code (*Código Civil*) based actions.

Spanish Insolvency Act does not define the meaning of "patrimonial damage." Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest or on the equality of treatment among creditors. There are several "irrebuttable presumptions" expressly set forth by the Spanish Insolvency Act (i.e., free disposals and prepayment or cancellation of the company's unsecured claims or obligations prior to them being due and where the due dates of the relevant unsecured claims or payment obligations fall after the date of declaration of insolvency), in which case such transactions are rescinded if they fall within the hardening period. In addition to the above, the Spanish Insolvency Act sets forth certain actions which are deemed to cause a "patrimonial damage" to the insolvent company, but which are "rebuttable presumptions" and therefore subject to being contested by the other party (i.e., disposals in favor of "specially related parties" (as described above), the provision of security with respect to previously existing obligations or with respect to new obligations replacing existing ones and the prepayment and cancellation of the company's secured claims or obligations which fall due after the date of declaration of insolvency). Ordinary transactions carried out within the debtor's ordinary course of the business cannot be rescinded, provided that they are carried out at arm's length.

In any event, fraudulent acts that have been entered into by creditors may always be rescinded and also those payments made by the debtor in respect of obligations which the debtor, at the time of payment, could not be compelled to pay. The consequence of the court resolution rescinding a prejudicial act is that the parties involved are required to return their reciprocal consideration with any accrued rents or interest. Such claims are generally regarded as claims against the estate unless in case of bad faith of the relevant creditor in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to Article 730 of the Spanish Insolvency Act, acts and transactions governed by laws other than Spanish law will not be subject to claw back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e., not only in insolvency scenarios) under the relevant non-Spanish applicable laws.

Conclusion of insolvency

Settlement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to reach an agreement regarding payment of the insolvency debts. This agreement may be proposed either by the

debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this agreement must be honored by the debtor and respected by the creditors.

The settlement or CVA should contain proposals for write-offs and stays and it may also contain alternative or complementary proposals for all creditors or for certain classes of creditors (except for Public Law creditors), including conversion of debt into shares, into profit-sharing credits, convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the settlement.

The proposals in the settlement shall include a payment schedule.

In order for a settlement or CVA to be deemed approved by the creditors, certain majorities shall be met at the creditors' meeting pursuant to the rules set forth in the Spanish Insolvency Act. The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved settlement or CVA (unless they have expressly voted in its favor) the effects of an approved CVA can be extended to secured and privileged creditors provided that the relevant CVA of creditors has been approved by certain majorities of creditors within its category pursuant to the rules set forth in the Spanish Insolvency Act.

Cramdown effects of certain refinancing agreements

In order to seek protection against claw back, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologado*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if (i) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones; (ii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (that is to say the Spanish Insolvency Act excludes public creditors, labor creditors and those of commercial transactions in order to calculate whether the required thresholds are met) at the date of the refinancing agreement; (iii) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group a companies, the majority refers both individually to each company and to the group as a whole where the intercompany claims are not taken into account); and (iv) the agreement is formalized in a public instrument. Judicially sanctioned refinancing agreements may not be subject to a claw back action.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement (for the purposes of petitioning protection against claw back) if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. The scope of this measure (particularly as to whether this majority of 75% might also serve for the cramdown of discharges and stays of payments over the rest of syndicated claims) is not clear among Spanish scholars or courts and therefore it is not possible yet to ascertain what its practical effects will be.

The following cramdown effects of homologated refinancing agreements may be imposed on (i) dissenting or non-participating unsecured financial creditors or (ii) on secured financial creditors to the extent of that part of their secured claim not covered by their security interest, as such security interest is to be valued in accordance with the rules set out by the Spanish Insolvency Act:

1. If the judicially sanctioned refinancing agreement is supported by creditors representing at least 60% of the debtor's financial liabilities, stays of payments may be granted for up to five years or the debt converted into "profit participation loans" (*préstamos participativos*) of duration up to five years.

2. Further, these effects may be extended to the amount of secured claims of non-participating or dissenting creditors, when the agreement has been entered into by financial creditors holding secured claims which represent at least 65% of the value of all secured claims of the debtor.

3. If the homologated refinancing agreement is supported by creditors representing at least 75% of the debtor's aggregate financial liabilities:

   (i) a deferral either of principal, interest or any other owed amount for a period of five or more years (but not more than ten years);

   (ii) haircuts (note that a cap has not been established);

   (iii) capitalization of debt. Nevertheless, those creditors that have not supported such refinancing agreement (either because they did not sign the agreement or because they oppose it) may choose between (i) the debt for equity swap contemplated by the agreement; or (ii) a discharge of their claims equal to the nominal amount (including any share premium) of the shares/quota shares that would have corresponded to that creditor as a consequence of the relevant debt for equity swap;

   (iv) conversion of debt into profit participation loans of up to ten years, convertible obligations, subordinated loans, payment in kind facilities, or in any other financial instrument with a ranking, maturity and features different to the original debt; and

   (v) assignment of assets or rights as assignment in kind for total or partial payment of the debt (*datio pro soluto*).

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in the fourth additional provision of the Spanish Insolvency Act), when the agreement has been entered into by financial creditors holding secured claims which represent at least 80% of the value of all secured claims of the debtor.

Liquidation

Liquidation is conceived as an outcome subsidiary to settlement. It operates where a CVA is not reached or when it is decided upon by the insolvency court. The insolvent company is entitled to request the liquidation at any time and, in any event, it must file a petition for liquidation if, during the period while the settlement is in force, it becomes aware of no longer being able to meet the payment commitments and obligations undertaken after the approval of such settlement. In such a case, the company will be aimed at dissolution and the directors and liquidators will be removed. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The insolvency administration will be required to prepare a liquidation plan that must be approved by the insolvency court. The insolvency administration is required to report quarterly on the liquidation and has one year to complete it.

Fraudulent Conveyance Laws

Under Spanish law, in addition to the insolvency claw back action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

4. the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;

5. the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;

6. such act was fraudulent;

7. there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and

8. debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed. Pursuant to Article 1,297 of the Spanish Civil Code (*Código Civil*): (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is an *iuris et de iure* presumption (i.e. it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is an iuris tantum presumption (i.e. it is a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Set-off

Spanish Insolvency Act generally prohibits set-off of the credits and debts of the insolvent company once it has been declared insolvent, but such set-off whose requirements in order to operate were met before the declaration of insolvency can still apply. However, set-off may be exercised by a determined creditor *vis-à-vis* the insolvent company if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios.

Applicable Jurisdiction

The applicable jurisdiction to conduct an insolvency proceeding is the one in which the insolvent party has its "centre of main interests." This "centre of main interests" is deemed to be where the insolvent party conducts the administration of its interests on a regular basis and which may be recognized as such by third parties. Insolvency proceedings conducted by the court of the "centre of main interests" are considered "the principal insolvency proceedings" and have universal reach affecting all the assets of the insolvent party worldwide, with certain exceptions, such as security interests over assets located outside of Spain. If the "centre of main interests" is not in Spain, but the insolvent party has a permanent establishment in Spain, Spanish courts will only have jurisdiction over the assets located in Spain (the "territorial insolvency proceedings").

Temporary special insolvency provisions enacted due to the COVID-19 pandemic

The effects and impact derived from the COVID-19 pandemic have led the Spanish Government to enact a series of regulations that introduce or establish certain temporary measures in the field of insolvency law aimed at the preservation of the Spanish business tissue and the creation of a stable restructuring scenario. These regulations include, mainly, Royal Decree-Law 8/2020, of March 17, of urgent extraordinary measures to mitigate the economic and social impact of COVID-19 (*Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social del COVID-19*), Royal Decree-Law 16/2020, of April 28, of procedural and organizational measures against COVID-19 in the field of the Department of Justice (*Real Decreto-ley 16/2020, de 28 de abril, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*), which was repealed by and its relevant provisions incorporated in Law 3/2020, of September 18, of procedural and organizational measures against COVID-19 in the field of the Department of Justice (*Ley 3/2020, de 18 de septiembre, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*) and Royal Decree-Law 34/2020, of November 17, of urgent measures to support corporate solvency and the energy sector, and on tax matters (*Real Decreto-ley 34/2020, de 17 de noviembre, de medidas urgentes de apoyo a la solvencia empresarial y al sector energético, y en materia tributaria*) (altogether the "**COVID-19 Regulations**"). Among other measures related to debtors which have already filed for insolvency or subject to opened insolvency proceedings or which

have entered into composition agreements or refinancing scheme agreements before the enactment of the COVID-19 Regulations, the main measures related to insolvency law introduced by the COVID-19 Regulations summarily include:

1. Insolvency moratorium: the COVID-19 Regulations entailed the introduction and subsequent extensions of an exemption for directors in relation to their duty to file for insolvency irrespective of whether they have notified the Court of the initiation of negotiations for debt restructuring with creditors.

2. New money provided by specially related persons: the COVID-19 Regulations set forth that as regards insolvency proceedings declared within two years of the declaration of the state of alarm (*estado de alarma*) in Spain, i.e. March 14, 2020, new money provided by specially related persons and any claims in which such specially related person is subrogated after such date will have the consideration of ordinary claims, thus not subordinated.

3. Insolvency proceedings and liquidation plans: the COVID-19 Regulations introduced different measures to accelerate insolvency proceedings. In relation to those insolvency proceedings opened within two years of the declaration of the state of alarm (*estado de alarma*) in Spain, i.e. March 14, 2020, challenges against the list of creditors or assets (*inventario*) will need to be sustained on documentary or expert evidence (*prueba pericial*). In relation to those insolvency proceedings already opened at the date of declaration of the state of alarm (*estado de alarma*) or those opened in the following year, and subject to certain exceptions, all auctions shall be out of court auctions (*subastas* extrajudiciales). Finally, as a general measure, the approval of liquidation plans has been expedited.

Winding-up as a consequence of 2020 losses.

The COVID-19 Regulations established that, for the purposes of the events in which a company must be wound-up as a consequence of losses by virtue of article 363.1 e of the Spanish Companies Act, losses attributable to 2020 results will not be taken into account. Nevertheless, if 2021 results reveal that the company must be wound-up, this being that losses reduce the such company's net worth to an amount lower than half of its share capital, then administrators must call a general shareholders' meeting to proceed to the dissolution of such company or remediate the winding-up situation.

Limitation on validity and enforcement of guarantees and collateral granted by any Spanish guarantor

In general terms, under Spanish law, any guarantee or security interest must guarantee or secure a primary obligation to which it is ancillary. The primary obligation must be clearly identified in the guarantee or security agreement, and the nullity or termination of the primary obligation entails the nullity or termination of the ancillary guarantee or security interest. Consequently, if the primary obligation is annulled or terminated, the ancillary guarantee or security interest will also be deemed null or terminated. In the event that the guarantor or security provider is able to prove that there are no existing and valid guaranteed or secured obligations, Spanish courts may consider that the guarantor or security provider's obligations under the relevant guarantee or security agreement are not enforceable. In addition, a guarantee or security interest may not be enforced in Spain without having validly accelerated (totally or partially, as applicable) the underlying agreements governing the guaranteed or secured obligations, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the secured obligations.

A Spanish court may not accept acceleration (*vencimiento anticipado*) of an agreement if the default were of minimal importance. To be recognized by the Spanish courts as giving rise to the remedy of acceleration, a default must be material. The decision to accelerate an agreement must be based on objective facts and cannot be left to the sole discretion of one party as this would not be permitted by article 1,256 of the Spanish Civil Code.

Moreover, Spanish law may limit the ability of a Spanish guarantor to guarantee the Notes or to grant security interests over its assets to secure the Notes. Spanish rulings which do not constitute settled case law indicate, and certain scholars understand, that risk associated with a guarantee or the value of a security interest provided by a Spanish company to guarantee or secure indebtedness held by other companies within its

corporate group must be reasonable and economically and operationally justified from the Spanish company's perspective and justified under the corporate interest of such company. Notwithstanding the foregoing, there are rulings from the Spanish Supreme Court recognizing the validity of upstream guarantees.

Under the Spanish Companies Act (*, Texto refundido de la Ley, de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*), Spanish companies (both public limited liability companies (*sociedades anónimas* (*S.A.*)) and private limited liability companies (*sociedades de responsabilidad limitada* (*S.L.*)) may issue and guarantee (or provide security for) numbered series of notes and other securities that recognize or create debt, with certain restrictions applicable to limited liability companies (*sociedades de responsabilidad limitada* (*S.L.*)). The issuance by Spanish issuers and the guarantee provided by Spanish guarantors incorporated under the form of S.L.s, are subject to the following restrictions: (a) S.L.s can only issue and guarantee notes up to an aggregate maximum amount of twice its own equity (*recursos propios*), unless the issue is secured by a mortgage, a pledge of securities, a public guarantee or a joint guarantee from a credit institution (b) S.L.s are prohibited to issue or guarantee (or provide security for) notes convertible into quota shares (*participaciones sociales*). In respect of the restrictions applicable to said guarantees provided limited liability companies (*sociedades de responsabilidad limitada* (*S.L.*)) referred to in section (b) above, there is no consistent opinion among scholars and practitioners yet nor case law regarding the interpretation of Section 401 of the Spanish Companies Act in relation to the ability of Spanish private limited liability companies to guarantee notes for an aggregate maximum amount hirgher than twice its own equity (*recursos propios*), unless the issue is secured by a mortgage, a pledge of securities, a public guarantee or a joint guarantee from a credit institution.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the Spanish courts will in any event be subject:

- Financial assistance restrictions. Spanish law imposes a restriction on the granting of guarantees and security interests by Spanish companies such that guarantees or security in respect of the guaranteed obligations shall not include nor extend to any obligations or amounts that would render such guarantees or security interests in contravention of the financial assistance restrictions provided for in the Spanish Companies Act pursuant to which no Spanish guarantee or security interest may secure any payment, prepayment, repayment or reimbursement obligations derived from any finance document used, or that may be used, for the purposes of payment of certain acquisitions or the payment of any costs or transaction expenses related to, or paying the purchase price for, such acquisitions. Accordingly, the guarantee granted by any Spanish guarantor will be limited by the amount of the funds that are not used for unlawful financial assistance purposes.

In particular, the Spanish Companies Act prohibits financial assistance: (i) with respect to Spanish public limited companies (*sociedades anónimas*), in relation to the acquisition of their own shares or the shares of any direct or indirect parent company, and (ii) with respect to Spanish private limited companies (*sociedades de responsabilidad limitada*), in relation to the acquisition of their own shares and the shares of any member of their corporate group. Therefore, any guarantee or security interest granted by any company incorporated under the laws of Spain (each a "**Spanish guarantor**") shall not extend to any payment obligation incurred by the Issuer for the purpose of acquiring the shares of such Spanish guarantor or the shares of its parent company or the shares of any member of its corporate group, as applicable, to the extent that such security interest would constitute unlawful financial assistance. This limitation may also apply to the refinancing of acquisition debt. Accordingly, any guarantee or security granted by any Spanish company shall not guarantee or secure the repayment of any of the proceeds that are used to repay existing indebtedness of the Issuer if such existing indebtedness was used for the purposes described above. No whitewash procedures are available.

For the purposes of the previous paragraph, a reference to a "parent company" of the Spanish guarantor shall mean the company (if any) which, directly or indirectly, owns the majority of the voting rights of such Spanish guarantor or that may have a dominant influence on such Spanish guarantor. It shall be presumed that a company has a dominant influence on another company when:

- any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met; or

- when at least half plus one of the members of the managing body of the Spanish guarantor are also members of the managing body or top managers (*altos directivos*) of the dominant company or of another company controlled by such dominant company.

In addition, a reference to the "group" of each Spanish guarantor shall mean the group of companies that have in common the same parent company (as this term is described above).

In addition, article 158 the Spanish Companies Act provides that the financial assistance restrictions referred to above in relation to transactions targeting shares of a Spanish parent company shall also be applicable to its non-Spanish subsidiaries carrying out such transactions.

In accordance with the abovementioned, the Guarantees and security interests granted by Spanish companies belonging to the Group, shall not guarantee those obligations or liabilities which, if guaranteed, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and/or 150 of the Spanish Companies Act.

- The nature of the remedies available to the Spanish courts.
- Reasonability and justification of risk associated with a guarantee or a security interest. The interpretations of the laws of Spain by the courts may limit the ability of Spanish guarantors to guarantee the Notes. Although the law does not establish any limit, certain case law indicates (and certain scholars understand) that risks associated with a guarantee or a security interest provided by a company to secure the indebtedness held by other companies within its corporate group shall be reasonable and economically and operationally justified from the guarantor's own perspective and justified under the corporate interest of such guarantor and all this must be evidenced to the judge.
- Spanish public policy.
- Availability of defenses. The availability of defenses such as (without limitation), set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim.
- Ancillary nature (*principio de accesoriedad*). Spanish law is based, *inter alia*, on the principle of ancillary nature (*principio de accesoriedad*), by virtue of which a guarantee or a security interest, in general terms, under Spanish law, must secure another obligation to which it is ancillary so the guarantee or security interest follows the underlying obligation in such a way that nullity of the underlying obligation entails nullity of the guarantee or the security and termination of the underlying obligation entails termination of the relevant guarantee or security. Therefore, a Guarantee or a Collateral given by a Spanish guarantor may be deemed null and void under Spanish law in the event that all or part of the Issuer's obligations under the Notes which are guaranteed by virtue of such Guarantees or Collateral are null or void, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the Issuer's obligations under the Notes. In the event that the guarantors or security providers are able to prove that there are no existing and valid guaranteed obligations, Spanish courts may consider that the guarantors' or security providers' obligations under the relevant guarantees or securities are not enforceable.
- Limitation on claims. Under Spanish law, claims may become time-barred (five years since the obligation becomes enforceable being the general term established for obligations *in personam*) or may be or become subject to the defense of set-off or counterclaim. In addition, an extension of maturity granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee.
- Under Spanish law, the valid creation of an *in rem* right of security requires at least the formalization of the relevant security document as a public deed (*escritura o póliza*) (unless the security qualifies as a financial collateral under Royal Decree Law 5/2005), without prejudice to any additional formalities or perfection requirements that may be required depending on the type of secured asset. Without notarization of the security documents, the secured parties (i) will not have access to the executive summary proceedings (*juicio ejecutivo*) in case of judicial enforcement of the security documents in Spain, having the secured parties to follow necessarily the ordinary judicial proceedings (*juicio ordinario*) and (ii) will not be considered as secured creditors having a special privilege over the assets part of the security package in case of insolvency of the relevant Spanish security provider.

- Spanish law does not expressly contemplate the possibility of creating a single global pledge to secure several obligations and the Spanish Civil Code provides that one of the requirements of a pledge or mortgage agreement is that the in rem right of mortgage or pledge be created to secure one main underlying obligation. However, current real estate laws and regulations expressly recognize the possibility to create "global" or "floating" mortgages securing several payment obligations if the beneficiary is a financial institution or a public administration. Even though this possibility is not expressly legally recognised in respect of pledges, the Spanish Directorate General of Registries and Notaries (DGRN) has admitted the creation of a single pledge to secure multiple obligations, subject to the existence of a common causal link (*nexo causal comun*) or a relationship of reciprocal dependence between the obligations to be secured and provided always that the defining aspects (*aspectos definidores*) of such obligations are determined. As a consequence, there are also grounds to argue that pledges securing several obligations are valid, although a competent court may reach a different view.
- Therefore, any security interest governed by Spanish common law (*Derecho Común*) may be created to secure various obligations, but because it is neither expressly foreseen nor tested by Spanish courts, a court may conclude that any such security interest is void and null.

Capitalization

Under Spanish law there are some provisions in relation to a company's capitalization which have to be taken into account when guarantees are enforced. Enforcement of guarantees may cause the amount of the relevant guarantor's net equity (*patrimonio neto*) to fall below half of its share capital and, in such case, the guarantor will need to be wound up (*disolverse*), unless its share capital is increased or decreased in the required amount to reestablish the balance between its net equity and its share capital, and provided that it is not required to declare its insolvency.

First demand guarantee

The structure of first demand guarantees is not specifically regulated in the Spanish Civil Code but their validity and effectiveness have been reviewed in several judgments and defined by the Spanish Supreme Court (*Tribunal Supremo*) as autonomous, independent and abstract guarantees, detached from the underlying agreement whose obligations are being guaranteed. These judgments acknowledge the validity of provisions pursuant to which guarantors waive the ability to call on enforceability exceptions different to those arising from the guarantee. Notwithstanding the foregoing, certain case law has also admitted the possibility that, with certain limitations, the guarantor automatically raises the enforceability exception of fraud, bad faith or abuse of right (*abuso de derecho*) in the event where the beneficiary enforces the guarantee in a fraudulent manner or in bad faith. Certain case law has also admitted that the guarantor can stay enforcement by showing that there has been no event of default (the guarantor bearing the burden of proof), usually through a motion for declaratory relief filed by the guarantor.

Trust and security agent under Spanish law

Security interests must be granted in favor of each and every one of the Secured Parties under the relevant security document, and each secured party must accept said security interest.

Spanish law neither expressly recognizes the concept of security agent nor the concept of trustee and, therefore, the security agent or trustee structure may not be recognized by Spanish courts. Therefore, when an entity acts as security agent of the actual beneficiaries of a security interest or a guarantee (i.e., the creditors of the secured obligations), such security agent must be duly empowered for that purpose by the relevant secured creditors at the time it acts as security agent. Otherwise the security interest or guarantee will not be validly created in favor of its purported beneficiaries. Particularly, since holders of the Notes will not have any power to enforce the Collateral securing the Notes except through the Security Agent, and the authority of the Security Agent to represent them and to enforce the Collateral in their name and for their benefit is contained in documents governed by New York law, there is some uncertainty as to whether or not a Spanish court would actually recognize holders of the Notes as Secured Parties, whether obligations to beneficial owners of the Notes that are not identified as registered holders in a security document will be validly secured or whether the Security Agent would only be able to enforce the guarantees or the security interest in respect of its portion of

the secured obligations but not that of the other secured parties. Therefore, validity and enforceability of security interests granted in favor of the secured parties through the Security Agent, and enforcement thereof by the Security Agent, may be subject to a due and express power of attorney granted by each of the secured parties in favor of the Security Agent for such purpose, duly notarized and legalized (or, if applicable, duly apostilled in accordance with the Hague Convention of October 5, 1961).

The holders of the Notes, from time to time, shall be the beneficial holders of any Spanish law security interests. However, given that they will not be parties to the Spanish law security documents that will be executed by the Security Agent on their behalf, the holders of the Notes may not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are the direct beneficiaries of the security interests).

Although it could be argued that article 429 of the Spanish Companies Act (which allows the representative of the syndicate of the holders of the Notes (*comisario*) to enforce any security interest on behalf of all holders of the Notes under certain circumstances) could apply by analogy, it cannot be disregarded that, if enforcement of the security interest is carried out by the Security Agent, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose by means of a power of attorney granted in favor of the Security Agent by each of the Secured Parties duly notarized and, if not granted in Spain, with the apostille of The Hague Convention dated October 5, 1961 or legalized.

In the absence of the abovementioned powers of attorney, the Security Agent may not be able to enforce the relevant Spanish security interest on behalf of all of the secured creditors (including the holders of the Notes), and there is a risk that the Security Agent would only be able to enforce the security interest against the debt that it individually holds, and not for the full amount owed to creditors for whom it may be acting as Security Agent. Further, those beneficial holders of the security who have not duly accepted the security or duly empowered (by means of notarial and apostilled powers of attorney) the Security Agent to do so may be treated, from a Spanish law perspective including without limitation in an insolvency scenario, as unsecured creditors.

In addition, the effects that might arise due to application of the Spanish Insolvency Act include, among others, that when confronted with Spanish security in which only a security agent (or similar entity) is acting on behalf of itself and other secured creditors, the insolvency court may challenge the distribution of any enforcement proceeds amongst the different creditors made by such security agent under intercreditor agreements or provisions. Such challenge would be made on the basis that in order for a secured creditor to have a privileged claim, such secured creditor has to be the beneficiary of the security from a Spanish perspective and that the eventual intercreditor provisions may only bind the signatories to such agreement, but may not be enforced *vis-à-vis* third parties.

Furthermore, the relevant court or notary public before whom any Spanish security interest may be enforced might request both the notarization of the documents from which the relevant obligations arise, and the notarization of each and every one of the transfer certificates regarding each and every transfer of the Notes.

Parallel Debt

Given that the concept of "trust" and/or "parallel debt" (under, for example, the laws of the State of New York or English law) is not recognized under Spanish law, guarantees/security interests require that the beneficiary of the guarantee/ security interests and the creditor to be the same person. Such guarantee/security interests cannot be held by a third party which does not hold the guaranteed/secured claim but purports to hold guarantees/security interests for the parties that do.

If Spanish law security documents are entered into only by the Security Agent (and not by the creditors on account of whom it would be acting), the Security Agent will be the only party entitled to enforce the guarantees or the security interest in respect of those obligations. However, the Security Agent may only be able to enforce against the debt it individually holds, and not for the full amount owed to creditors for whom it is acting as security agent. This limitation may be overcome if such creditors grant formal powers of attorney in favor of the Security Agent (duly notarized and legalized or, if applicable, duly apostilled in accordance with the Hague Convention of October 5, 1961) in order for the latter to represent them in the Spanish law security documents enforcement proceedings.

Moreover, the concept of "parallel debt" may be questioned under Spanish law and we are not aware of any court precedent where it has been recognized by a Spanish Court.

Tax Considerations

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Automatic Exchange of Information for Tax Purposes

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation provides for, amongst other things, the implementation by EU member states of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the Common Reporting Standard (hereinafter, CRS) proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions (currently more than 100 jurisdictions) are required to collect detailed information to be shared with other jurisdictions annually. All EU member states have implemented the CRS.

The Issuer will be annually required to obtain and report to revenue commissioners certain financial account and other information for all new and existing accountholders in respect of their Notes. The information will include amongst other things, details of the name, address, taxpayer identification number ("*TIN*"), place of residence and, in the case of accountholders who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with tax authorities in other EU member states (and in certain other countries subject to the terms of information exchange agreements entered into with those countries) and jurisdictions which implement the CRS.

Spanish Tax Considerations

The following summary describes the main Spanish tax implications arising in connection with the acquisition, holding and disposal of the Notes by individuals or entities who are the beneficial owners of the Notes (the "Noteholders" and each a "Noteholder").

This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of Notes issued by the Issuer after the date hereof held by a holder of Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (Territorios Forales). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax laws. This summary assumes that each transaction with respect to the Notes is at arm's length.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg. Prospective purchasers of the Notes should consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes.

The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this offering memorandum:

a) of general application, (i) First Additional Provision of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities ("**Law 10/2014**"), as well as (ii) Royal Decree 1065/2007, of

27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes ("**Royal Decree 1065/2007**"), as amended;

b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") tax-payers, (i) Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law (the "**PIT Law**"), and (ii) Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, along with (iii) Law 19/1991, of 6 June on Wealth Tax ("**Wealth Tax Law**"), and (iv) Law 29/1987, of 18 December on Inheritance and Gift Tax ("**Inheritance and Gift Tax Law**"), as amended;

c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, (i) Law 27/2014 of 27 November on Corporate Income Tax (the "**CIT Law**"), and (ii) Royal Decree 634/2015, of 10 July promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and

d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, (i) Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended (the "**NRIT Law**"), and (ii) Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended along with Wealth Tax Law, and Inheritance and Gift Tax Law, as amended.

Indirect taxation

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a "*Beneficial Owner*"), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of September 24, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December regulating such tax, as amended.

Individuals with tax residency in Spain

Personal Income Tax (Impuesto sobre la renta de las Personas Físicas)

Both interest periodically received and income deriving from the transfer, redemption and repayments of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed, for the tax year 2021, at 19 % for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000; 23% for taxable income between €50,000.01 and €200,000, and 26% for taxable income exceeding €200,000.

As a general rule, both types of income may be subject to the corresponding withholding tax on account of PIT, at the applicable tax rate (currently 19%).

However, article 44 of Royal Decree 1065/2007 establishes simplified information procedures applicable to debt instruments issued under Law 10/2014 under which interest payments will be paid by the Issuer to the Paying Agent free of withholding tax, provided that such information procedures are complied with, as described in "*Information about the Notes in connection with payments*."

Nevertheless, withholding tax at the applicable rate (currently 19%) on interest payments may be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory. Furthermore, in these cases, PIT taxpayers would be subject to withholding tax upon transferring the Notes on the positive difference between the transfer price and the acquisition cost of those securities.

Amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

Wealth Tax (Impuesto sobre el Patrimonio)

According to Wealth Tax regulations (subject to any exceptions provided under relevant legislation in an autonomous region—Comunidad Autónoma), the net worth of any individuals with tax residency in Spain up to

the amount of €700,000 is not subject to Wealth Tax. Therefore, they should take into account the value of the Notes which they hold as at December 31 in each year, the applicable rates range between 0.2% and 3.5%, although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional or state rules, being the taxpayer the transferee. The tax rates range between 7.65% and 81.6%, depending on relevant factors (such as previous net wealth or family relationship between the transferor and transferee), although the final tax rate may vary depending on any applicable regional tax laws.

Legal Entities with Tax Residency in Spain for Tax Purposes

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest periodically received and income deriving from the transfer, redemption and repayment of the Notes must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25% with lower or higher rates applicable to certain categories of taxpayers.

According to article 44 of Royal Decree 1065/2007 the Issuer is not obliged to withhold any tax amount on interest payments made under the Notes provided that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent, as described in section "*Information about the Notes in connection with payments*."

Income derived from the transfer of the Notes shall not be subject to withholding tax (currently 19%) as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes are traded on organized markets in OECD countries. However, the Directorate General for Taxation's (Dirección General de Tributos) in consultation dated 27 July 2004, stated that in the case of issuances made by entities with tax residency in Spain (as in the case of the Issuer), application of this exemption requires that the Bonds be also placed outside Spain in another OECD country.

Amounts withheld, if any, may be credited by the relevant investors against their final CIT liability.

Wealth Tax (Impuesto sobre el Patrimonio)

Spanish resident legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes for the fiscal year in which such Notes, or rights over Notes, are acquired.

Individuals and legal entities tax resident outside Spain

Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)

A. Acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

B. Not acting through a permanent establishment in Spain

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply to interest payments, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Information about the Notes in connection with payments*" as laid down in Article 44 of Royal Decree 1065/2007. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19% and the Issuer will not pay additional amounts.

Wealth Tax (Impuesto sobre el Patrimonio)

Non-Spanish resident individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Wealth Tax regulations, non-Spanish resident individuals whose properties and rights located in Spain (or that can be exercised within the Spanish territory) exceed € 700,000 in respect of each year would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 3.5%, without prejudice to any other exemption that may be applicable.

Noteholders tax resident in a EU Member State or in the European Economic Area ("**EEA**") may be entitled to apply the specific regulation of the autonomous community where their most valuable assets are located and which trigger this Spanish Wealth Tax due to the fact that they are located or are to be exercised within the Spanish territory.

To the extent that income derived from the Notes is exempt from NRIT, individual holders of Notes not resident in Spain for tax purposes who hold Notes on the last day of any calendar year will be exempt from Wealth Tax.

Legal entities tax resident outside Spain are not subject to Spanish Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional and state legislation described above.

However, if the deceased or the donee are resident in an EU or EEA Member State, the taxpayer could opt to apply the rules corresponding to the relevant autonomous regions according to the law.

Also, as a consequence of the Judgements of February 19, 2018 and March 21 and 22, 2018, the Supreme Court has declared that the application of state regulations when the deceased, heir or donee is resident outside of a Member State of the EU or the EEA violated EU law to the free movement of capital, so even in that case it could be appropriate to defend the application of regional regulations in the same cases as if the deceased, heir or donee was resident in a Member State of the EU or the EEA. The General Directorate for Taxation has also ruled in accordance with those judgments (binding rules V3151-18 and V3193-18).

Legal entities not tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

Tax treatment of income payments made under the Guarantees by a Spanish guarantor

Although no clear precedent, statement of law or regulation exits in relation thereto, in the event that the Spanish tax authorities take the view that a Guarantor resident in Spain for tax purposes has validly, legally and

effectively assumed all the obligations of the Issuer of the Notes subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in the Kingdom of Spain on any payments made by the Guarantor, in respect of interest, unless the recipient is the beneficial owner of the payment and is:

(i) resident for tax purposes in an EU Member State, other than Spain, or is a permanent establishment of such resident situated in another EU Member State not resident in or acting through a territory considered as a tax haven pursuant to Spanish law (currently set out in Royal Decree 1080/1991 of July 5) nor through a permanent establishment in Spain or in a country outside the EU, or

(ii) resident of a state with which Spain has entered into a Double Taxation Treaty which makes provision for full exemption from tax imposed in Spain on such payment under the Double Taxation Treaty and does not act through a permanent establishment in Spain,

provided that in either case of (i) and (ii) above, such recipient submits to the Guarantor a tax residence certificate, issued by the corresponding tax authorities in its own jurisdiction stating its residence for tax purposes either within the relevant EU Member State or in the relevant country for the purposes of the Double Taxation Treaty, such certificate being valid for the period of one year beginning from its issuance date under Spanish law. If such certificate is not provided or payment is made to a holder of Notes who is not resident in the countries set out in (i) or (ii), the Guarantor, or the Paying Agent acting on its behalf, would be required to withhold tax from the relevant interest payments at the general withholding tax (19% as at the date of this offering memorandum).

In connection with Spanish tax resident holders and non-Spanish tax resident holders acting with respect to the Notes through a permanent establishment in Spain, income deriving from the Guarantee will be subject to withholding tax and taxation according to the applicable general rules.

In the event that the first additional provision of Law 10/2014 was applicable to the Notes, the Guarantor, in accordance with such Law and with Royal Decree 1065/2007, would not be obliged to withhold taxes in Spain on any interest paid under the Guarantee to the beneficial owners of the income arising from the Notes (whether tax resident in Spain or not), provided that the Paying Agent complies with the information procedures described in "*—Information about the Notes in connection with payments*."

Otherwise, even if the first additional provision of Law 10/2014 is applicable to the Notes, the Guarantor, or the Paying Agent acting on the Guarantor's behalf, would be required to withhold tax from the relevant interest payments at the general withholding tax rate (as at the date of this offering memorandum, 19%).

Information about the Notes in connection with payments

The Issuer is currently required by Spanish law to gather certain information relating to the Notes. In accordance with Article 44 of Royal Decree 1065/2007 certain information with respect to the Notes must be submitted by the Paying Agent to the Issuer (or the Guarantor) at the time of each payment (or, alternatively, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information would be the following:

a) identification of the Notes (as applicable) in respect of which the relevant payment is made;

b) date on which relevant payment is made;

c) the total amount of the relevant payment; and

d) the amount of the relevant payment and to each entity that manages each clearing and settlement system for securities situated outside Spain.

In particular, the Paying Agent must certify the information above about the Notes by means of a certificate (such certificate, the "**Payment Statement**").

In light of the above, the Issuer (and the Guarantor) and the Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant payment date. If, despite these procedures, the relevant information is not received by the Issuer on each payment date, the Issuer will withhold tax at the then-applicable rate

(currently 19%) on the total amount of interest payable in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, on or before the 10th calendar day of the month following the month in which the income is payable, the Paying Agent submits such statement to the Issuer, the Noteholders will be entitled to receive a payment of the amount so withheld.

If such statement is not submitted to the Issuer by that date, the Issuer will be obliged to pay to the Noteholders such additional amounts as will result in the receipt by the Noteholders, after the withholding, of such amounts as would have been received by the Noteholders if the withholding had not been required, except that no such additional amounts shall be payable if any of the exceptions referred to in the Additional Amount Clause of the Description of Notes applies. If any of those exceptions does apply, the relevant Noteholder will not be entitled to receive any additional amount to compensate him for such withholding having been made.

In the case of Spanish-resident Noteholders, the application for repayment of any amounts withheld may be made in such Noteholders' Spanish income tax return filed in the year immediately following the year in which the relevant income is derived.

Non-Spanish-resident Noteholders may be entitled to claim repayment of any amounts withheld from the Spanish Treasury within four years following the last day on which the Issuer is obliged to pay any amounts withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date) by filing with the Spanish tax authorities by February of the year following that in which the amount was withheld (i) the relevant Spanish tax form; (ii) proof of beneficial ownership; and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of the relevant Noteholder, among other documents.

In the event that the currently applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will inform the Noteholders of such information procedures and of their implications, as the Issuer may be required to apply withholding tax on interest payments under the Notes if the Noteholders would not comply with such information procedures. In such case, the Issuer will not pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax.

The procedures for providing documentation referred to in this section will be set out in detail in the Indenture which may be inspected during normal business hours at the specified office of the Paying Agent.

The proposed financial transaction tax (the "FTT")

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a participating Member State). However, Estonia has since ceased to participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

With regard to the Spanish FTT, Law 5/2020, of 15th October, approving the Financial Transaction Tax (*Ley 5/2020, de 15 de octubre, del Impuesto sobre Transacciones Financieras*) (**Spanish FTT Law**) was published on the Spanish Official State Gazzete on October 16, 2020. According to the terms of the Spanish FTT Law, this indirect tax should not apply to the acquisition of the Notes or dealings in the Notes thereafter.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except for the summary regarding FATCA (as defined under "*—Foreign Account Tax Compliance Act*"), this summary deals only with U.S. Holders that purchase the Notes in the Offering for cash at a price equal to the issue price of the Notes (i.e., the first price at which a substantial amount of the Notes is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and that will hold the Notes as capital assets (generally property for investment). The summary does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address any tax consequences arising under the Medicare tax on certain investment income, U.S. federal estate and gift tax laws or under the laws of any state, local, non-U.S. or other taxing jurisdiction. This summary also does not discuss all the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, traders that elect to mark to market, real estate investment trusts, regulated investment companies, grantor trusts, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors whose functional currency is not the U.S. dollar, investors that use an accrual method of accounting for U.S. federal income tax purposes and prepare an "applicable financial statement" (within the meaning of Section 451 of the Internal Revenue Code of 1986, as amended (the "Code")), and former U.S. citizens or long-term residents of the United States).

As used herein, the term "*U.S. Holder*" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships (or other entities or arrangements treated as partnerships for U.S. federal income tax purposes) should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed U.S. Treasury Regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Certain Additional Payments

In certain circumstances (see "*Description of Notes—Additional Amounts*," "*Description of Notes—Optional Redemption*" and "*Description of Notes—Repurchase at the Option of Holders—Change of Control*"), the Issuer may be obligated to or may elect to make payments in excess of stated interest or principal of the Notes. These potential payments may implicate the provisions of the U.S. Treasury Regulations relating to "*contingent payment debt instruments*." However, the Issuer does not intend to treat the possibility of paying such additional amounts as causing the Notes to be treated as contingent payment debt instruments. The Issuer's position is binding on a U.S. Holder unless such U.S. Holder discloses its contrary position in the manner required by applicable U.S. Treasury Regulations. However, the Issuer's position is not binding on the IRS, and it is possible that the IRS may take a different position, in which case, if the IRS's position is sustained, a U.S. Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather than capital gain any gain recognized on a taxable disposition of a Note. The discussion below assumes that the Notes will not be treated as contingent payment debt instruments. Prospective investors should seek advice from their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

Payments of interest

"*Qualified stated interest*" paid by the Issuer on the Notes (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. The term "*qualified stated interest*" generally means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the Issuer, at least annually at a qualifying rate during the entire term of the Note. The Issuer expects that stated interest on the Notes will be treated as qualified stated interest and taxable as interest income as described below. The amount of interest income recognized by a cash-basis U.S. Holder will be the U.S. dollar value of the euro-denominated qualified stated interest payment, based on the spot rate of exchange in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. Such U.S. Holder will not recognize foreign currency gain or loss with respect to the receipt of such payment, but may have foreign currency gain or loss attributable to the actual disposition of any euro received.

An accrual-basis U.S. Holder may determine the amount of income recognized with respect to a qualified stated interest payment denominated in euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). The average exchange rate for an accrual period (or partial period) is the simple average rate for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by the U.S. Holder.

Under the second method, the accrual-basis U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual-basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and cannot be revoked without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, retirement or other taxable disposition of a Note and including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on a Note) denominated in euros, the accrual-basis U.S. Holder will generally recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate of exchange on the date of receipt) and the amount that was taken into income in the manner described above, regardless of whether the payment is in fact converted into U.S. dollars.

Interest income, including any Additional Amounts, will generally constitute foreign source "*passive category*" income for foreign tax credit purposes. The rules relating to foreign tax credits and the timing thereof are complex and a U.S. Holder should consult its own tax advisor regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular situation.

Disposition of the Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Note equal to the difference between the amount realized on the disposition (less an amount equal to any accrued but unpaid qualified stated interest, which will be taxable as interest income to the extent not previously included in income) and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost. The U.S. dollar cost of a Note purchased with euro will generally be the U.S. dollar value of the purchase price calculated at the spot rate of exchange on the date of purchase, or, in the case of Notes traded on an established securities market (within the meaning of the applicable U.S. Treasury Regulations), on the settlement date of the purchase if such Notes are purchased by a cash-basis U.S. Holder or an accrual-basis U.S. Holder that so elects. The amount realized on a sale, exchange, retirement or other taxable disposition for an amount in euros will be the U.S. dollar value of this amount based on the spot rate of exchange on the date of the disposition, or, in the case of Notes traded on an established securities market (within the meaning of the applicable U.S. Treasury Regulations), on the settlement date of the disposition if such Notes are sold by a cash-basis U.S. Holder or an accrual-basis U.S. Holder that so elects. The election available to accrual-basis U.S. Holders in regards to the purchase and sale of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

If an accrual-basis U.S. Holder disposes of a Note that is treated as traded on an established securities market, but does not elect to calculate the amount realized on the disposition based on the spot rate in effect on the settlement date, then the U.S. Holder must instead calculate the amount realized based on the spot rate in effect on the date of the disposition. In this case, the accrual-basis U.S. Holder must realize U.S. source exchange gain or loss (taxable as ordinary income or loss) if the U.S. dollar value of the euro received on the date the Note is disposed of differs from the U.S. dollar value of the euro on the settlement date for the disposition. However, any such exchange gain or loss will be recognized only to the extent of total gain or loss realized on the taxable disposition.

A U.S. Holder will generally realize U.S. source exchange gain or loss on the disposition of a Note to the extent the U.S. dollar value of the euros received for the Note, based on a spot rate at the time the U.S. Holder disposes of the Note, is greater or less than the U.S. dollar value of the euros paid for the Note, based on the spot rate at the time the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement. Gain or loss realized on a sale, exchange or retirement of a Note that is attributable to fluctuation in exchange rates will be ordinary income or loss.

Except to the extent attributable to changes in exchange rates, gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Long-term capital gains recognized by an individual U.S. Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to certain limitations.

Gain or loss realized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be U.S. source gain or loss. Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale, exchange, retirement or other taxable disposition of Notes.

Exchange of euro for U.S. dollars

A U.S. Holder's tax basis in any euro received as interest or on the sale, exchange, retirement or other taxable disposition of a Note will be the U.S. dollar value of such euro at the spot rate of exchange in effect on the date of receipt of the euro. A U.S. Holder will generally recognize U.S. source gain or loss on a sale, exchange, retirement or other taxable disposition of the euro equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of other property received in such disposition, and (ii) the

U.S. Holder's tax basis in such euro. Any gain or loss recognized by a U.S. Holder on a sale, exchange or other taxable disposition of the euro will be ordinary income or loss.

Reportable transaction reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "*reportable transactions*" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the U.S. Treasury Regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other taxable disposition of the Notes.

Backup withholding and information reporting

Information reporting generally will apply to payments of principal and interest on, and the proceeds of sale, exchange, retirement or other taxable disposition of Notes payable to a U.S. Holder by a U.S. paying agent or middleman. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number, as well as certain other information, or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding any additional tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the Notes.

Certain U.S. Holders who are individuals and who hold an interest in "*specified foreign financial assets*" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions) on IRS Form 8938. Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "*FATCA*"), a "*foreign financial institution*" may be required to withhold U.S. tax on certain "*foreign passthru*" payments to the extent such payments are treated as attributable to certain U.S. source payments. Under proposed U.S. Treasury Regulations (upon which taxpayers may rely until the issuance of final U.S. Treasury Regulations), withholding on foreign passthru payments will not be required before the date that is two years after the date on which applicable final U.S. Treasury Regulations defining foreign passthru payments are published. Obligations issued on or prior to the date that is six months after the date on which applicable final U.S. Treasury Regulations defining foreign passthru payments are published generally would be "*grandfathered*," and thus not subject to the rules regarding foreign passthru payments, unless significantly modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA withholding would apply to payments on the Notes only if there is a "significant modification" (within the meaning of Treasury Regulation Section 1.1001-3(e)) of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes are issued after the expiration of the grandfathering period, have the same identifying number as the original Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all the notes, including the Notes issued hereby, as subject to withholding under FATCA. Certain non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described herein. U.S. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Certain ERISA Considerations

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (collectively, "*Similar Laws*"), and entities whose underlying assets are considered to include "*plan assets*" of such employee benefit plans, plans, accounts and arrangements pursuant to the U.S. Department of Labor "*plan assets*" regulation, 29 CFR Section 2510.3-101, as amended by Section 3(42) of ERISA, or otherwise (each, a "*Plan*").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "*ERISA Plan*") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Laws

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "*parties in interest*," within the meaning of Section 3(14) of ERISA, or "*disqualified persons*," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The acquisition and/or holding of the Notes by a Plan with respect to which the Issuer is a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions ("*PTCEs*") that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. Additional exemptions are provided under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code respecting transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction. There can be no assurance that any class exemption or any other exemption will be available with respect to any particular transaction involving the Notes, or that if an exemption is available, it will cover all aspects of any particular transaction.

Representation

Accordingly, by acceptance of a Note or any interest therein, each purchaser and holder will be deemed to have represented and warranted that either (i) it is not acquiring or holding the Note or any interest therein with the

assets of a Plan, or (ii) the acquisition, holding and disposition of the Note or any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar, Euroclear or Clearstream nor any of its or their respective agents is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the Notes by any Plan. Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold the Notes should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in the Notes should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code. Fiduciaries of Plans subject to any Similar Laws should confirm that an investment in the Notes will not constitute or result in a violation of such Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes. Purchasers of the Notes have the exclusive responsibility for ensuring that their acquisition and holding of the Notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of the Notes to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

Plan of Distribution

Subject to the terms and conditions set forth in a purchase agreement to be dated the date of the final offering memorandum (the "*Purchase Agreement*"), the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, the Notes. The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other customary closing conditions, the delivery of certain legal opinions by counsel.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

The Notes will initially be offered at the price indicated on the cover page of this offering memorandum. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which it is otherwise not permitted.

The Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including certain liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

In connection with the Offering, the Initial Purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients or for providing advice in relation to the Offering.

Buyers of the Notes sold by the Initial Purchasers may be required to pay stamp taxes, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set forth on the cover of this offering memorandum.

CaixaBank is not a registered broker-dealer or has an agreement with a registered broker dealer in place. Therefore, CaixaBank will be participating in the Offering exclusively in reliance on Regulation S under the U.S. Securities Act and will not offer the Notes to US Person.

No Sales of Similar Securities

During a period of 60 days from the date of this offering memorandum, no company of the Group will offer for sale, sell, contract to sell, grant an option for the sale of, or otherwise dispose of, directly or indirectly (except through the Initial Purchasers or with the prior written consent of the Initial Purchasers), any other debt securities or preferred equity securities issued or guaranteed by any company of the Group (other than the Notes) or securities of any company of the Group that are convertible into, or exchangeable with, the Notes or such other debt securities or preferred equity securities.

Notes Are Not Being Registered

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (a) in the U.S. to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act, and (b) outside the U.S. in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act.

Until 40 days after the date on which the Notes are originally issued, an offer or sale of the Notes within the U.S. by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

New Issue of Notes

The Notes will constitute a new class of securities with no established trading market. Application will be made for listing particulars to be approved by the Exchange and for the Notes to be listed on the Official List of the Exchange and admitted to trading on the Global Exchange Market. However, there can be no assurance that the Notes will be, or will remain, so listed and admitted to trading on the Global Exchange Market, that the prices at which the Notes will sell in the market after the Issue Date will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after the Offering. The Initial Purchasers

have advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so, and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934 (the "*U.S. Exchange Act*"), and may be limited. Accordingly, there can be no assurance as to the liquidity of or the trading market for the Notes. See "*Risk Factors—Risks Relating to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

Settlement

The Issuer expects that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be five business days (as such term is used for the purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "*T+5*"*)*. Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next two succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Stabilization

In connection with the issue of the Notes, J.P. Morgan AG or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that J.P. Morgan AG or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes.

Other Relationships

The Initial Purchasers and/or their affiliates may also receive allocations of the Notes. The Initial Purchasers and/or their affiliates may also enter into hedging arrangements with us in connection with the Revolving Credit Facility. The Initial Purchasers and/or their affiliates will serve as arrangers, bookrunners and lenders under the Revolving Facility Agreement and have received, or may in the future receive, customary fees and commissions for these roles and transactions.

The proceeds of the issuance of the Notes will be partially used to fund the repayment of certain indebtedness. *See* "*Use of Proceeds*." The Initial Purchasers and/or their respective affiliates hold or may hold certain of the debt to be repaid with the proceeds of the Notes and as a result may receive proceeds from the issuance of the Notes, in their capacities as creditors of the existing indebtedness. The Initial Purchasers and/or their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and/or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and/or commercial banking services to us and/or our affiliates (or former affiliates) in the ordinary course of business, for which they have received or may receive customary fees, commissions and reimbursement of expenses. The Initial Purchasers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In the ordinary course of their business activities, the Initial Purchasers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of the Issuer or its affiliates. If the Initial Purchasers or their respective affiliates have a lending relationship with the Issuer, they may routinely hedge their credit exposure to the Issuer consistent with their customary

risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby or may have the effect of preventing or retarding a decline in the market price of the Notes or the Additional Notes, if any. The Initial Purchasers and/or their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

Selling Restrictions

Neither we nor the Initial Purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the Initial Purchasers will have any responsibility therefor.

European Economic Area

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

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

United Kingdom

In the United Kingdom, this offering memorandum is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Order and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this offering memorandum relates is only available to, and will be engaged in with, relevant persons.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only ECPs, as defined in

the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("*UK MiFIR*"); and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the securities or otherwise making them available to retail investors in the UK has been or will be prepared and, therefore, offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notice to Investors

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We use the terms "*offshore transaction*" and "*United States*" with the meanings given to them in Regulation S.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer, each Guarantor and the Initial Purchasers as follows:

1. The purchaser understands and acknowledges that the Notes and the Guarantees have not been registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

2. The purchaser is not an "*affiliate*" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor, is not acting on behalf of the Issuer or any Guarantor and is either:

(a) a qualified institutional buyer, within the meaning of Rule 144A under the U.S. Securities Act and is aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) is purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

3. The purchaser acknowledges that none of the Issuer, the Guarantors or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to us or the offer or sale of any of the Notes, other than the information contained elsewhere in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this offering memorandum. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

4. The purchaser is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

5. If it is purchasing Notes pursuant to Rule 144A, it agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "*Resale Restriction Termination Date*") that is one year after the later of the date of the original issue and the last date on which we

or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

6. Each purchaser and holder of a Note (or any interest therein) represents and warrants that either (i) it is not acquiring or holding the Note (or any interest therein) with the assets of a Plan, or (ii) the acquisition, holding and disposition of the Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

7. Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "*U.S. SECURITIES ACT*"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "*QUALIFIED INSTITUTIONAL BUYER*" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "*OFFSHORE TRANSACTION*" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, PRIOR TO (X) THE DATE WHICH IS [IN THE CASE OF THE RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE)] [IN THE CASE OF THE REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE DATE ON WHICH THIS NOTE (OR OF ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S] AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "*RESALE RESTRICTION TERMINATION DATE*"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "*QUALIFIED INSTITUTIONAL BUYER*" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR

TRANSFER (I) PURSUANT TO CLAUSES (D) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS AND WARRANTS THAT EITHER (A) IT IS NOT ACQUIRING OR HOLDING THIS NOTE (OR ANY INTEREST HEREIN) WITH THE ASSETS OF (I) EMPLOYEE BENEFIT PLANS THAT ARE SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), (II) PLANS, INDIVIDUAL RETIREMENT ACCOUNTS AND OTHER ARRANGEMENTS THAT ARE SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*"), OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "*SIMILAR LAWS*"), OR (III) ENTITIES WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "*PLAN ASSETS*" OF SUCH EMPLOYEE BENEFIT PLANS, ACCOUNTS AND ARRANGEMENTS PURSUANT TO THE U.S. DEPARTMENT OF LABOR "*PLAN ASSETS*" REGULATION, 29 CFR SECTION 2510.3-101, AS AMENDED BY SECTION 3(42) OF ERISA (EACH, A "*PLAN*"), OR (B) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SIMILAR LAWS."

If the purchaser purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

8. The purchaser agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

9. The purchaser acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

10. The purchaser acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

11. The purchaser acknowledges that the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

12. The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*" and "*Important Information*."

Legal Matters

Certain legal matters will be passed upon for us, the Issuer and the Guarantors, by Vinson & Elkins RLLP as to matters of U.S. federal law, New York law and English law, J&A Garrigues, S.L.P., as to matters of Spanish law. Certain legal matters will be passed upon for the Initial Purchasers by Baker & McKenzie LLP as to matters of U.S. federal law, New York law and English law and Baker McKenzie Madrid, S.L.P. as to matters of Spanish law.

Independent Auditors

The Spanish language version of the 2020 Group Consolidated Financial Statements of the Group as of and for the year ended December 31, 2020, incorporated by reference in this offering memorandum, have been audited by PricewaterhouseCoopers Auditores S.L., independent auditors, as stated in their report included herein.

The Spanish language consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A., as of December 31, 2019, and for the year then ended, incorporated by reference in this offering memorandum, have been audited by KPMG Auditores, S.L., independent auditors, as stated in their report also incorporated by reference herein.

The consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A., as of December 31, 2018, and for the year then ended, included in this offering memorandum, have been audited by KPMG Auditores, S.L., independent auditors, as stated in their report included herein.

Enforcement of Civil Liabilities

The Issuer is incorporated under the laws of Spain and none of its managers are residents of the United States of America. Furthermore, a substantial portion of the Issuer's assets and a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor, purchasers will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Issuer and the Guarantors are located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Spain

Vía Célere Holdco and certain other of the Guarantors are organized under the laws of Spain with limited liability. The controlling shareholders of Vía Célere Holdco, and the directors and the executive officers of Vía Célere Holdco and the other Spanish Guarantors are non-residents of the United States and a significant portion of the assets of such persons are located outside the United States. As a result, an investor may also experience difficulty in effecting service of process on or enforcing judgments against such persons or Vía Célere Holdco or the other Spanish Guarantors based on civil liability provisions of the U.S. federal and state securities laws or other laws.

The United States and Spain are not party to a treaty providing for reciprocal recognition and enforcement of judgments. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in Spain, in accordance with and subject to Article 523 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero de Enjuiciamiento Civil*) ("**Spanish Civil Procedure Act**") and subject to Law 29/2015, of July 30, on International Legal Cooperation in Civil Matters (*Ley 29/2015, de 30 de julio, de Cooperación Jurídica Internacional en material civil*) (the "**ILCC Act**") which repeals Articles 951 to 958 of the former Spanish Civil Procedure Act of 1881 (*Real Decreto de Promulgación de 3 de febrero de 1881 de Enjuiciamiento Civil*).

A party in whose favor such judgment was rendered should initiate the procedure to declare its recognition and the authorization for its enforcement in Spain (known as *exequátur*) before the relevant Court of First Instance (*Juzgado de Primera Instancia*) or the Commercial Court (*Juzgado de lo Mercantil*), as the case may be, pursuant to article 52 of the ILCC Act. According to the ILCC Act, recognition and enforcement in Spain of such U.S. judgment could be obtained provided that the following conditions are met (which conditions, under prevailing Spanish case law, do not include a review by the Spanish Court of First Instance or Commercial Court, as the case may be, of the merits of the foreign judgment):

(i) the U.S. foreign judgment is final and conclusive (*firme*);

(ii) such U.S. judgment was rendered by a court having jurisdiction over the matter since the dispute is clearly connected to the United States and the choice of the court is not fraudulent;

(iii) there is no material contradiction or incompatibility with an earlier judgment rendered in any other state provided that such judgment complies with the applicable conditions to be enforceable in Spain;

(iv) where rendering the U.S. foreign judgment, the courts rendering it must not have infringed an exclusive ground of jurisdiction provided for in Spanish law or have based their jurisdiction on exorbitant grounds;

(v) the rights of defense of the defendant have been protected where rendering the foreign judgment, including but not limited to a proper service of process carried out with sufficient time for the defendant to prepare its defense and appear before the courts;

(vi) the U.S. judgment was not rendered by default (i.e. without appearance or without the possibility to appear for the defendant);

(vii) the U.S. foreign judgment does not contravene Spanish public policy (*orden público*) or mandatory provisions;

(viii) there is no material contradiction or incompatibility of the U.S. judgment with a judgment rendered in Spain; and there is no pending proceeding between the same parties and in relation to the same issues in Spain initiated prior to the U.S. proceeding;

(ix) that there is not an ongoing proceeding between the same parties and dealing with the same subject which was opened before a Spanish court prior to the opening of the proceedings before the foreign court; or

(x) the Spanish Guarantors are not subject to an insolvency proceeding in Spain and the foreign judgment does not meet the requirements provided for in the Spanish Insolvency Act.

According to article 3.2 of ILCC Act, the Spanish Government may deny cooperation with another state's authorities if there has been a reiterated refusal to cooperate or a legal prohibition of providing cooperation is imposed by such other state's authorities provided that the Spanish Government passes a Royal Decree for these purposes.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by Spanish law (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in Spain or from Spanish persons in connection with a judicial or administrative U.S. action.

Any judgment obtained against companies incorporated in Spain in any country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council would be recognized and enforced in Spain in accordance with the terms set forth thereby ("*EU Regulation 1215/2012*").

The enforcement of any judgments in Spain involves, inter alia, the following principal actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish (translator's fees will be payable); (b) payment of certain professional fees required for the verification of the legal authority of a party litigating in Spain (if needed); (c) the payment of certain court fees; and (d) the procedural acts of a party litigating in Spain must be directed by an attorney-at-law and the party must be represented by a court agent (*procurador*). In addition, rules governing Spanish civil proceedings—as established by article 1 of Spanish Civil Procedure Act—cannot be amended by agreement of the parties and will therefore prevail notwithstanding any provision to the contrary in the Notes.

The courts of Spain may express any order in a currency other than Euros in respect of the amount due and payable by a Guarantor, but in case of enforcement in Spain, the court costs and interest will be paid in euros. Any judgement obtained against the companies incorporated in Spain in any country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council would be recognized and enforced in accordance with the terms set forth thereby.

If an original action is brought in Spain, Spanish courts may refuse to apply the designated law if its application contravenes Spanish public policy (*orden público*) or it may not grant enforcement in the event that they deem that a right has been exercised in such a manner to constitute an abuse of right (abuso de derecho). Pursuant to article 54 of Spanish Civil Procedure Act, the parties to an agreement are entitled to clearly agree the submittal to one judge (*juzgado)* or court (*tribunal*) (provided that under the Spanish Procedural Law and the Spanish Judicial Law (*Ley 6/1985, de 1 de Julio, Orgánica del Poder Judicial*) the relevant judge or court are competent to solve the corresponding dispute); therefore, such article does not cover the validity of non-exclusive jurisdiction clauses, at least for conflicts between different Spanish courts.

Available Information

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "*restricted securities*" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act to permit compliance with Rule 144A thereunder in connection with resales of the Notes.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of Notes—Certain Covenants—Reports*."

Upon request, we will provide you with copies of the Indenture, the form of the Notes and any notation of guarantee and the Intercreditor Agreement. You may request copies of such documents free of charge by contacting the Issuer at its registered office or contacting the office of the Listing Agent.

So long as the Notes are listed on the Official List of the Exchange and admitted to trading on the Global Exchange Market of the Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during normal business hours on any business day at the registered office of the Issuer and from the office of the Listing Agent. See "*Listing and General Information*."

Listing and General Information

Listing information

We will apply for the Notes to be listed on the Official List of the Irish Stock Exchange plc (trading as Euronext Dublin) (the "*Exchange*") and admitted to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published on the official website of the Exchange.

For so long as the Notes are listed on the Official List and admitted to trading on the Global Exchange Market and the rules of that exchange require, copies of the following documents may be inspected and obtained free of charge from the registered office of the Issuer and from the office of the Listing Agent:

- the organizational documents of the Issuer and the Guarantors;
- our most recent Audited Consolidated Annual Accounts, and any interim annual accounts published by us;
- the Indenture (which includes the form of the Notes);
- the Intercreditor Agreement;
- the Security and Guarantees; and
- the Valuation Report prepared by Savills dated March 5, 2021.

The Issuer has appointed PKF Attest Capital Markets A.V., S.A. as Listing Agent, Deutsche Bank AG, London Branch as Paying Agent, and Deutsche Bank Luxembourg S.A. as Transfer Agent and Registrar to make payments on, when applicable, and transfers of, the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture.

The Group's audited consolidated financial statements include the Issuer and the Subsidiary Guarantors. The guarantees are full and unconditional, joint and several.

Any information contained in this offering memorandum which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by any third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Save as disclosed herein, there are no potential conflicts of interest between the duties of the director of the Issuer and their private or other duties.

Litigation

Except as disclosed elsewhere in this offering memorandum, there has been no material adverse change in our consolidated financial position since December 31, 2020 (being the last day of the period in respect of which the Group has published its last financial statements), and neither the Issuer nor any of the Guarantors is involved, or has been involved during the 12 months preceding the date of this offering memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on their results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no material adverse change in our consolidated financial and trading position of the Group since December 31, 2020 (being the last day of the period in respect of which the Group published its Group Consolidated Financial Statements).

No Significant Change

Except as disclosed in this offering memorandum, there has been no significant change in the Group's consolidated financial and trading position since December 31, 2020.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 232165103 and 232165090, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS2321651031 and the ISIN for the Notes sold pursuant to Rule 144A is XS2321650900.

Issuer and Guarantor Information

The Issuer

The Issuer was formed as a public limited liability company (*sociedad anónima*) formed under the laws of Spain. Its principal executive offices are located at its registered office Calle de Carlos y Guillermo Fernández Shaw 1, 28007, Madrid, Spain, its telephone number is 91 557 27 39 and its website address is https://www.viacelere.com/en.

The issued share capital of Vĺa Célere Desarrollos Inmobiliarios, S.A. amounts to €411,161,118 divided into 68,526,853 fully paid-up shares of face value of €6 each.

The issue of the Notes was authorized pursuant to a resolution of the board of managers of the Issuer adopted prior to the date of this offering memorandum.

The Guarantors

Vía Célere Holdco's registered office will be located at Calle Carlos y Guillermo Fernandez Shaw, 1, Madrid, Spain. The issuance of the guarantee by Vĺa Célere Holdco will be authorized by a resolution of its governing body five days after the Issue Date.

Maywood Invest, S.L.U.'s registered office is located at Calle Carlos y Guillermo Fernandez Shaw, 1, Madrid, Spain. The issuance of the guarantee by Maywood Invest, S.L.U will be authorized by a resolution of its sole administrator prior to the Issue Date.

Vía Célere, S.L.U.'s registered office is located at Calle Carlos y Guillermo Fernandez Shaw, 1, Madrid, Spain. The issuance of the guarantee by Vĺa Célere, S.L.U. will be authorized by a resolution of its sole administrator prior to the Issue Date.

Auditors information

The current auditor is PricewaterhouseCoopers Auditores, S.L., with its address at Torre PwC, Paseo de la Castellana, 259B, 28046 Madrid, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0242 (*Registro Oficial de Auditores de Cuentas*).

The predecessor auditor is KPMG Auditores, S.L. with its address at Paseo de la Castellana, 259 C 28046 Madrid, registered with the Madrid Commercial Register under volume 11,961 and sheet M-188007, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0702 (*Registro Oficial de Auditores de Cuentas*). KPMG Auditores, S.L. is a member of the *Instituto de Censores Jurados de Cuentas de España*.

Consents

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

The Group's Financial Year and Accounts

The Group's financial year begins on January 1 and ends on December 31 of each year. The Group will prepare and publish annual audited consolidated annual accounts. Any future published consolidated financial statements prepared by the Group will be available, during normal business hours, at the executive offices of the Parent Guarantor. The Spanish-language originals of the 2020 and 2019 Group Consolidated Financial Statements can be found on the Group's website at https://www.viacelere.com/en.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

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Vía Célere Desarrollos Inmobiliarios, S.A. and subsidiaries

Auditor’s report
Consolidated annual accounts at December 31, 2020
Consolidated management report

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 shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.,

Opinion

We have audited the consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows 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, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Valuation of inventories	
The Group's inventories mainly comprise land, developments in progress and completed developments, mainly located in Spain, and constitute 83% of consolidated assets at December 31, 2020. The Group, as described in notes 2.4, 4.k) and 15, makes the appropriate valuation adjustments when the net realizable value of inventories is lower than their acquisition price or production cost. This net realizable value is based on valuations performed annually by an independent expert, applying widely accepted valuation standards as indicated in the aforementioned notes. The external valuation expert has issued their inventory valuation report on the basis of a material valuation uncertainty due to the effects of the COVID-19 pandemic. This report mentions that such valuations should be considered with a higher degree of caution and uncertainty than under normal conditions. Taking into account the relevance of the inventories line item in the accompanying consolidated annual accounts and the degree of estimation and judgment involved in the valuation of these types of assets, this aspect has been considered as one of the most relevant aspects of the audit.	We have obtained the valuations issued by management's independent expert, and performed the following procedures, among others: • Assessment of the competence, capability and independence of the expert by obtaining an independence confirmation and ascertaining their recognized prestige in the market. • Assessment of the reasonableness of the procedures and methodology used by the expert in their valuation. • Carrying out selective tests to assess the accuracy of the most relevant data supplied by management to the valuers and used by them in their evaluation. • Assessment, by mean of an understanding of their evolution and the involvement of our internal experts on real estate valuation, of the adequacy of the main assumptions used, taking into account current market conditions. We have analyzed the adequacy of the information included in note 15 of the consolidated annual accounts, where the aforementioned material valuation uncertainty is explained in relation to the inventories recorded in the consolidated statement of financial position. For this purpose, we have held meetings with the Parent company's management and have obtained sufficient evidence to contrast both their assessment of the valuation of inventories and the disclosures included in the consolidated annual accounts in relation to this aspect. In performing our procedures, we obtained sufficient, appropriate audit evidence to assess that the estimates and conclusions of the Parent company's management regarding the valuation of inventories are consistent with information currently available.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Recognition and recoverability of deferred tax assets	
The Group's deferred tax assets, which are detailed in note 21, amount to 68,635 thousand euros and constitute 5% of consolidated assets at December 31, 2020. The Group, as described in notes 2.4, 4.n) and 21, recognizes deferred tax assets to the extent that it is probable that sufficient future taxable profits will be available for their offset. As of December 31, 2020, the Group has capitalized an amount of 22.7 million euros relating to the carryforward of unused tax losses and has generated approximately 533 million euros of unused tax losses pending offset at year end. In order to assess their recoverability, the Parent company's directors take into account the valuation of inventories at year end, as well as the business plan prepared by management and the sales forecasts for the developments included in the aforementioned plan, taking into account the characteristics of the Spanish real estate sector. The relevance of the deferred tax assets line item in the accompanying consolidated annual accounts, and the degree of estimation and judgment involved in the evaluation of the projections of expected future results, mean that this matter is considered to be a relevant aspect of the audit.	We have obtained the projections of future tax results estimated by the Parent company's management, performing the following procedures, among others: • Assessment of the reasonableness of the methodology used by the Parent company's management in the construction of the economic projections used and their concordance with applicable tax regulations. • Evaluation of the reasonableness of the projections considered for future years based on the expected evolution of the Spanish real estate market, in accordance with the characteristics of the Group's real estate portfolio. • Comparison of the estimates included in the Group's projections for previous years with the results achieved, evaluating the impact of variances in such estimates. • Assessment of the consistency of the estimates of revenues, costs and development timeframes of the real estate portfolio with the evidence obtained via audit procedures carried out in this area and with public information provided by the Group. In addition, we have evaluated the sufficiency of the information disclosed in the consolidated annual accounts. As a result of the procedures performed, we have obtained sufficient audit evidence to corroborate the estimates made by the Parent company's directors relating to the recoverability of deferred tax assets.

Other matter

The consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated annual accounts on March 20, 2020.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2020 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 consolidated annual accounts, as well as 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 2020 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 International Financial Reporting Standards as adopted by the European Union and other provisions of 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.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Fernando Chamosa Valín (21402)

March 2, 2021

Vía Célere Desarrollos Inmobiliarios, S.A. and subsidiaries

Consolidated annual accounts and consolidated management report for the year ended 31 December 2020

Drawn up in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS)

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

Assets	Note	31.12.2020	31.12.2019
Intangible assets	**8**	**62**	**66**
Computer software		57	61
Goodwill	**12**	5	5
Property, plant and equipment	**9**	**4,717**	**4,434**
Land and buildings		3,134	2,954
Plant and machinery		619	681
Other property, plant and equipment		939	756
Work in progress		25	43
Investment property	**10**	**110**	**112**
Land		75	75
Buildings		35	37
Investments in associates		**1,833**	**5,079**
Equity instruments	**13**	1,833	5,079
Non-current financial assets	**14**	**3,600**	**1,801**
Deposits and guarantees		3,331	1,511
Derivative financial instruments		–	1
Loans to third parties		269	289
Deferred tax assets	**21**	**68,635**	**75,002**
Total non-current assets		**78,957**	**86,494**
Inventories	**15**	**1,251,159**	**1,416,688**
Raw material		101	740
Land and plots		515,242	632,826
Completed developments		152,160	116,313
Property developments in progress		582,447	656,038
Advances to suppliers		1,209	10,771
Trade and other receivables		**13,090**	**15,835**
Trade receivables for sales and services	**14**	119	1,818
Receivables from Group companies and associates	**14, 24**	305	498
Other receivables from public administrations	**21.1**	7,517	12,231
Current tax receivable	**21.1**	111	113
Other accounts receivable	**14**	5,038	1,175
Current investments in associates	**14**	**36**	**51**
Loans to associates		36	51
Current financial assets	**14, 24**	**9,596**	**12,263**
Loans to third parties		3,570	7,859
Other financial assets		6,026	4,404
Prepayments and accrued income		**5,263**	**6,342**
Cash and cash equivalents	**14**	**141,181**	**176,124**
Cash		13	17
Treasury		141,168	176,107
Total current assets		**1,420,325**	**1,627,303**
Total assets		**1,499,282**	**1,713,797**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

Equity	Note	31.12.2020	31.12.2019
Share capital	16.1	411,161	411,161
Share premium	16.2	736,387	736,387
Reserves		**(377,484)**	**(397,557)**
Legal reserve	16.3	30,090	29,908
Retained Earnings	16.3	(407,574)	(427,465)
Profit for the year		**49,657**	**22,435**
Total Equity		**819,721**	**772,426**
Non-current provisions	17	**10,056**	**12,147**
Non-current payables	18	**4,039**	**222,411**
Bank borrowings		4,029	222,401
Other financial liabilities		10	10
Deferred tax liabilities	21	**3,014**	**12,621**
Total non-current liabilities		**17,109**	**247,179**
Current provisions	17	**11,009**	**7,058**
Current payables	18	**378,911**	**384,406**
Commercial paper program		1,700	-
Bank borrowings		376,975	384,099
Other financial liabilities		236	307
Current related party payables	18, 24	**143**	**-**
Trade and other payables		**272,389**	**302,728**
Current payables to suppliers	18	110,220	122,704
Customer advances	18	128,718	163,015
Payable to employees	18	31	2,674
Taxes payable	21.1	28,473	13,681
Current tax liabilities	21.1	4,947	654
Total current liabilities		**662,452**	**694,192**
Total liabilities		**679,561**	**941,371**
Total equity and liabilities		**1,499,282**	**1,713,797**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED AS AT 31 DECEMBER 2020 (IN THOUSAND OF EUROS)

	Note	31.12.2020	31.12.2019
Revenue	**23.1**	**656,968**	**362,714**
Sales		656,966	362,703
Services rendered		2	11
Other income		**3,845**	**9,532**
Changes in inventories of finished goods and work in progress	**23.2**	**(125,664)**	**150,835**
Raw materials and other consumables used		**(389,123)**	**(423,350)**
Raw materials and other consumables used		(87,630)	(105,482)
Work performed by other companies		(295,949)	(321,551)
Impairment losses on real estate inventories	**15**	(5,544)	3,683
Personnel expenses	**13.4**	**(30,032)**	**(25,451)**
Wages, salaries and similar		(24,740)	(20,056)
Employee benefits expense		(5,292)	(5,395)
Other expenses		**(30,033)**	**(40,605)**
Depreciation and amortisation charge	**8, 9, 10**	**(402)**	**(439)**
Impairment losses and gains/(losses) on disposal of non-current assets	**23.11**	**22**	**54**
Impairment and losses		–	54
Gains on disposals and others		22	–
OPERATING LOSS		**85,581**	**33,290**
Finance income	**23.9**	**467**	**538**
From marketable securities and other financial instruments		467	538
Finance cost	**23.10**	**(22,338)**	**(22,464)**
On payables to third parties		(22,338)	(22,464)
Change in fair value of financial instruments	**23.13**	**(1)**	**(24)**
NET FINANCE INCOME / (COST)		**(21,872)**	**(21,950)**
Share of loss on investments accounted for using the equity method	**13**	**(646)**	**6,940**
PROFIT BEFORE TAX		**63,063**	**18,280**
Income tax	**21**	(13,406)	4,155
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**49,657**	**22,435**
PROFIT FOR THE YEAR		**49,657**	**22,435**
Earning per share			
Basic earning per share (Euros) (Note 5)		0.72	0.33
Diluted earning per share (Euros) (Note 5)		0.72	0.33
Earning per share — Continuing operations			
Basic earning per share (Euros) (Note 5)		0.72	0.33
Diluted earning per share (Euros) (Note 5)		0.72	0.33
Profit attributable to Parent Company Shareholders		**49,657**	**22,435**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AS AT 31 DECEMBER 2020 (IN THOUSAND OF EUROS)

	(Thousand of Euros)	
	Year 2020	Year 2019
Consolidated profit for the year	**49,657**	**22,435**
Total comprehensive income, net of taxes	**49,657**	**22,435**
a) Owners of the Parent	49,657	22,435

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (IN THOUSAND OF EUROS)

	Attributable to owners of the Company					
	Share Capital	Share premium	Legal reserve	Retained earnings	Total	Total Equity
Balance as at 1 January 2019	**204,187**	**239,294**	**20,814**	**(5,753)**	**458,542**	**458,542**
Total comprehensive income for the year	–	–	–	22,435	22,435	**22,435**
Total recognised income and expense, 2018	–	–	9,094	(9,094)	–	**–**
Aelca Merger Operation (Note 16.1;7 and 1)	190,482	457,484	–	(409,965)	238,001	**238,001**
Issue of ordinary shares (Note 16.1)	16,492	39,609	–	–	56,101	**56,101**
Other equity	–	–	–	(2,653)	(2,653)	**(2,653)**
Balance as at 31 December 2019	**411,161**	**736,387**	**29,908**	**(405,030)**	**772,426**	**772,426**
Total comprehensive income for the year	–	–	–	49,657	49,657	**49,657**
Total recognised income and expense, 2019	–	–	182	(182)	–	–
Other equity	–	–	–	(2,362)	(2,362)	**(2,362)**
Balance as at 31 December 2020	**411,161**	**736,387**	**30,090**	**(357,917)**	**819,721**	**819,721**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AS AT 31 DECEMBER 2020 (IN THOUSAND OF EUROS)

	Note	31.12.2020	31.12.2019
CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES			
Loss for the year		**49,657**	**22,435**
Adjustments for		**35,490**	**19,242**
Depreciation and amortisation charge	**8, 9, 10**	403	442
Impairment losses	**16**	(162)	(2,129)
Changes in provisions	**18**	6,614	11,367
Gains on derecognition and disposal of non-current assets	**23.11**	(22)	(12)
Finance income	**23.9**	(467)	(538)
Finance cost	**23.1**	22,338	22,347
Tax income		6,139	(4,043)
Change in fair value of financial instruments		1	24
Others income / cost		–	(1,392)
Share of loss on investments for using the equity method	**14**	646	(6,824)
Changes in working capital		**152,137**	**(94,903)**
Inventories		176,290	(106,797)
Trade and other receivables		3,743	3,999
Trade and other payables		(24,384)	13,706
Other current assets and liabilities		1,242	(2,176)
Other non-current assets and liabilities		(4,754)	(3,635)
Other cash flows from/(used) in operating activities		**(29,695)**	**(24,364)**
Income taxes paid	**21**	(7,900)	853
Dividends received		2,600	9,089
Interest paid	**23**	(24,419)	(34,844)
Interest received	**23.9**	24	538
Total net cash flows from/(used) in operating activities		**207,589**	**(77,590)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due/proceeds from investing activities		**(3,661)**	**(164,318)**
Associated companies		–	(166,772)
Acquisition of intangible assets	**8**	(41)	(17)
Acquisition of property, plant and equipment	**9**	(617)	(918)
Acquisition of subsidiary, net of cash acquired		–	–
Other financial assets		(3,003)	3,389
Proceeds from sale of investments		**–**	**71,877**
Investments in associates		–	2,685
Intangible assets		–	25
Business Combination (merger)		–	71,617
Other financial assets		–	(2,450)
Total net cash flows (used in)/from investing activities		**(3,661)**	**(92,441)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments	**16.1, 16.8**	–	37,177
Proceeds from bank borrowings		285,300	331,015
Repayment of bank borrowings		(524,171)	(78,273)
Total net cash flows from financing activities		**(238,871)**	**289,919**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**(34,943)**	**119,888**
Cash and cash equivalents at 1 January	**14.3**	176,124	56,236
Cash and cash equivalents at 31 December	**14.3**	141,181	176,124

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

1. Consolidated Annual Accounts. Nature, activities and composition of the Group

A. GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A. (hereinafter, the Parent Company or the Company) was incorporated in Pontevedra on 16 August 1989 under the name "Confecciones Udra, S.A.", which changed in 1993 to "Inmobiliaria Udra, S.A.", in June 2008 to "San José Desarrollos Inmobiliarios, S.A." and in June 2016 to "Dos Puntos Desarrollos Inmobiliarios S.A.". On 20 June 2017, the Extraordinary General Shareholders' Meeting of the Company resolved to change its name to "Vía Célere Desarrollos Inmobiliarios, S.A." and to change its registered office and the consequent amendment to the bylaws, with the new registered office at calle Carlos y Guillermo Fernández Shaw 1, 28007 Madrid (Spain).

The Parent Company is the Parent of a group of companies engaging in residential property development activities and which together constitute the Vía Célere Desarrollos Inmobiliarios Group ("hereinafter the Group").

The Group's activity consists of providing the following services through Group companies: the development of all types of real estate; construction in general, whether for its own account or for that of third parties; the purchase and sale of construction, urban development and gardening equipment; the execution of public works in general; and the purchase and sale of all types of property, whether transportable or not, and both rural and urban real estate. The Group's activity is carried out in Spain and Portugal.

The Parent Company is controlled by investment funds managed by Värde Partners, Inc. which together account for 76.4% of the shareholding.

B. MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L. (hereinafter "minority shareholder"), with the companies Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. (hereinafter "the majority shareholders"), with the companies in which the former have an interest, with Aelca Desarrollos Inmobiliarios, S.L. ("Aelca" or "ADI") and with certain of its investees, for which the parties agreed to carry out the following transactions:

i) Acquisition by the Company of the minority shareholdings held by the minority shareholder (minority shareholdings of around 10-20% of the share capital) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Inmavy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (hereinafter referred to as "parent companies"). These parent companies owned 100% of the share capital of 70 residential development companies (hereinafter the "project companies" (see Appendix I).

ii) Acquisition by the Company of 100% of the ownership interest held by Aelca in Habitatio Urbana, S.L.U., Campuslar Inmuebles, S.L.U., Novosolum Urbana, S.L.U., Segeslar Inmuebles, S.L.U., Velan Urbana, S.L.U., Generlar Inmuebles, S.L.U. and Numen Inmuebles, S.L.U. (hereinafter "Aelca operating companies").

iii) Merger by absorption of the Company (as absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation majority shareholders received shares of the Company equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution (issuance and delivery of new VCDI shares to these shareholders)).

On 30 October 2018, the transaction was authorised by the Comisión Nacional del Mercado y Competencia (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

As a preliminary step to executing the transactions indicated in points i, ii and iii, on 2 January 2019 the Parent Company signed a senior syndicated financing agreement for 223,000 thousand of euros as the original borrower, undertaking to comply with certain financial covenant obligations over the term of the loan and relating to its quarterly consolidated financial statements (see Note 18.1.43).

On 9 January 2019, the merger deed was executed and it was registered at the Companies Registry of Madrid on 8 March 2019. The accounting effects of the merger are considered from 1 January 2019 as a transaction under common control (See Note 7).

Therefore, this merger by absorption implied (i) the dissolution and extinction of the absorbed entities, and (ii) the block transfer of their corporate assets to the Company that acquires, by universal succession, all the rights and obligations of the absorbed companies.

The issue of these new shares is equivalent to 48.26% of the Company's capital, while the remaining shareholders of the Company hold shares equivalent to 51.74% of the Company's capital.

The detail of the assets acquired and liabilities assumed as at the date of the business combination and the pro-forma consolidated annual accounts as at 31 December 2018 with those assets and liabilities are detailed in Note 7.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Financial reporting standards framework applicable to the Group

These consolidated annual accounts have been prepared on the basis of the accounting records of the Company and its subsidiaries in accordance with International Financial Reporting Standards adopted by the European Union (EU-IFRS) (the 2020 consolidated annual accounts) in order to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 31 December 2020, of the results of its consolidated operations, of its consolidated cash flows and of the changes in consolidated equity for the year then ended.

The Parent Company's Board of Directors considers that the 2020 consolidated annual accounts, which were authorised for issue on 26 February 2021, will be approved by the shareholders at the Annual General Shareholders' Meeting without any material changes.

The Group's accounting policies are detailed in Note 4.

Changes in accounting policies and disclosures

The changes in application for the calendar year beginning on 1 January 2020 are as follows:

Amendments and/or interpretations	
Amendments to IAS 1 and IAS 8 Definition of 'Materiality'	In particular, the amendments clarify that the reference to obscuring information addresses situations where the effect is similar to omitting or distorting that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of "primary users of general purpose financial statements" to whom those financial statements are addressed, defining them as "current and potential investors, lenders and other creditors" who need to rely on general purpose financial statements for much of the financial information they need.
Amendment to IFRS 3 Definition of Business	The modified definition of business requires an acquisition to include an input and a substantive process that together contribute significantly to the ability to produce products. The definition of the term "outputs" is modified to focus on goods and services provided to customers, generating investment and other income, and excludes returns in the form of lower costs and other economic benefits. The changes are likely to result in more acquisitions being accounted for as asset acquisitions.
Amendments to IFRS 7, IFRS 9 and IAS 39 Reference Interest Rate Reform	These amendments provide certain exemptions in relation to interest rate reference rate (IBOR) reform. The exemptions relate to hedge accounting and provide that IBOR reform generally should not cause hedge accounting to cease. However, any hedge ineffectiveness should continue to be recorded in the income statement.
Conceptual Framework for Financial Reporting (Revised)	Key changes include: • increasing the importance of management in the preparation of financial information • reintegrating prudence as a component of neutrality • defining a reporting entity, which may be a legal entity, or a part of an entity • reviewing the definitions of an asset and a liability • removing thresholds for recognition and adding guidance on de-recognition • adding guidance on different valuation bases, and

	• establishing that the result for the year is the main performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this improves the relevance or true and fair view of the financial statements. No changes will be made to any of the current accounting rules. However, entities that rely on the Framework to determine their accounting policies for transactions, events or conditions that are not otherwise treated under accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The amended standards and interpretations have not had a significant impact on the Group's consolidated annual accounts.

a) Standards and interpretations issued but not yet effective

The new standards, amendments and interpretations that must be applied in years subsequent to the calendar year beginning on 1 January 2020 are:

Not yet approved for use in the European Union at the date of formulation		
IFRS 17 Insurance contracts	IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. It requires a current valuation model where estimates are revalued in each reporting period. Contracts are valued using the basic components of: probability-weighted discounted cash flows; explicit risk adjustment, and a contractual service margin (CSM) representing the unearned contract profit that is recognised as ordinary income during the hedge period. The standard provides a choice between recognising changes in discount rates in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurance companies account for their financial assets in accordance with IFRS 9. A simplified and optional premium allocation approach is allowed for the remaining coverage liability for short-duration contracts, which are often underwritten by non-life insurance companies. A modification of the general valuation model known as the "variable fee approach" exists for certain contracts entered into by life insurance companies where the	2 January 2021 (1)

	policyholders share the returns on the underlying assets. When applying the variable fee approach the entity's share of changes in the fair value of the underlying items is included in the contractual service margin. The results of insurance companies using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities issuing insurance contracts or investment contracts with discretionary participation components.	
Amendments to IFRS 16 Rent Reductions related to Covid-19	As a result of the COVID-19 pandemic, lease concessions have been granted to tenants. Such concessions can take various forms, including payment holidays and deferment of lease payments. In May 2020, the IASB made an amendment to IFRS 16 *Leases* that provides lessees with an option to treat qualifying lease concessions in the same way as they would if they were not modifications to the lease. In many cases, this will result in accounting for concessions as variable lease payments over the period in which they are granted. Entities applying the practical expedient must disclose this fact if the expedient has been applied to all qualifying rental concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss derived from rental concessions.	1 June 2020
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	The limited scope amendments to IAS 1 clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period in question. The classification is not affected by the entity's expectations or events after the reporting date (for example, receipt of a waiver or breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions in determining classification and for some liabilities that may be converted to equity. They should be applied retrospectively in accordance with the normal requirements of IAS 8. In May 2020, the IASB issued a Draft proposing to defer the effective date of the amendments to 1 January 2023.	1 January 2022 (2)

Amendments to IAS 16 Property, Plant and Equipment: Revenue earned before intended use	It is prohibited to deduct from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use. The amendment also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant for this assessment. Entities shall disclose separately the amounts of revenues and costs related to items produced that are not a result of the entity's ordinary activities.	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework	Minor amendments were made to IFRS 3 to update references to the 2018 Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 and Interpretation 21. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of fulfilling a contract	The amendment clarifies that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the performance of contracts. Before recognising a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the contract.	1 January 2022
Annual Improvements to IFRS – 2018-2020 Cycle	The following upgrades and modifications were completed in May 2020: • IFRS 9 "Financial Instruments": Clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 – Leases Illustrative Example 13 has been amended to remove the illustration of lessor payments in relation to leasehold improvements and to eliminate any potential confusion about the treatment of lease incentives. • IFRS 1 "First-time Adoption of IFRS": This allows entities that have measured their assets and liabilities at the carrying amounts recorded in their parent company's books to also measure cumulative translation differences using the amounts recorded by the parent company. This amendment shall also apply to associates and joint ventures that have adopted the same exemption in IFRS 1.	1 January 2022

	IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for tax purposes when measuring fair value under IAS 41. This amendment is intended to align with the standard's requirement to discount after-tax cash flows.	
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB has made limited amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 Business Combinations). When non-monetary assets constitute a business, the investor shall recognise the entire gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of other investors' interests in the associate or joint venture. The amendments apply prospectively.	n/a (3)
Amendments to IAS 1 and IAS 8 Definition of 'Materiality'	Amendments to IAS 1 and IAS 8 to align the definition of 'materiality' with that contained in the conceptual framework.	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of the benchmarks.	1 January 2020

(1) The IASB has proposed that it be postponed to 1 January 2023

(2) Possibly deferred to 1 January 2023

(3) The IASB decided to defer the implementation date of this amendment until such time as the IASB has completed its research project on the equity method.

These approved and pending approval standards and interpretations are not expected to have a significant impact on the Group's consolidated annual accounts in future years.

2.2 Comparative information

In accordance with current corporate legislation, these consolidated annual accounts present, for comparative purposes, the information for the year ended 31 December 2019.

2.3 Basis of measurement

These 2020 consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, when applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value, provided that it is not a transaction under common control.
- Derivative financial instruments, which are recognised at fair value.

2.4 Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information contained in these 2020 consolidated annual accounts is the responsibility of the Company's board of directors.

These 2020 Consolidated Annual Accounts have certain relevant accounting estimates, judgements and assumptions that must be made when applying the Group's accounting policies. In this regard, the areas requiring a greater degree of judgement or which are more complex, and the areas in which the assumptions and estimates made are significant considering the 2020 consolidated annual accounts as a whole, are summarised below:

- Significant estimates and assumptions

  - Impairment of inventories: assumptions used to calculate the net realisable value. The comparative method of valuation (of completed developments) and static and dynamic residual methods (for land and property developments in progress) are used to calculate inventories' fair value. Key assumptions for determining these values include growth rates of sale prices, constructions costs, discount rates and expected investment returns. The estimates, including the methodology used, may have a significant impact on the values and on impairment. For this reason, the Group uses valuations made by prestigious independent experts for the inventories (see Note 4.k).

  - Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.m).

  - The assessment of recoverable amounts of tax credits (See Note 4.n). The tax credits generated in corporate income tax are capitalised when it is probable that the Group will have future taxable profits that allow the application of these assets. Management makes estimates of the tax benefits of the tax group and the recoverability of the capitalised tax credits. The Group has recognised deferred tax assets as at 31 December 2020 amounting to 68,635 thousand of euros (75,002 thousand of euros as at 31 December 2019) relating to deductible temporary differences and part of the tax loss carryforwards (see Notes 4.n and 21).

- Changes in estimates

These estimates were made on the basis of the best information available as at 31 December 2020. However, future events may require them to be modified *(upwards or downwards)* in subsequent years. Under IAS 8, any change in accounting estimates is accounted for prospectively and the impact of changes in estimates is recognised in the consolidated income statement for the year of the change.

No significant changes have occurred during financial year 2020 to the estimates made at the end of financial year 2019.

- Determination of fair values

Certain Group accounting policies and details require the measurement of fair values, for both financial and non-financial assets and liabilities.

The valuation of the inventories is subject to significant unobservable criteria and adjustments in their valuation.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

  - Level 1: measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.

- Level 2: measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the year in which the change takes place.

The following notes contain more information on the assumptions used in determining fair values:

- Notes 14 and 18: Short and long-term financial assets and liabilities.

2.5 Functional and presentation currency

These consolidated annual accounts are presented in thousand of euros. The euro is the functional currency of the economic area in which the Group operates.

2.6 Companies included in the consolidation perimeter

a) Subsidiaries

The companies included in the consolidation perimeter 2020 and 2019 are as follows:

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Udralar, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Douro Atlántico, S.A.	PWC Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real estate development	7,432	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real estate development	3,400	100%
Maywood Invest, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	285	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	12,140	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	3,329	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	451	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2020.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Udralar, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Douro Atlántico, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real estate development	6,944	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real estate development	10,171	100%
Maywood Invest, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	31,914	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	–	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	7,336	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	16,180	100%
Vía Célere Gestión de Proyectos, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	381	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	1	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2019.

In 2019, Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos, S.A. changed their registered offices to Rua Castilho nº 13 D. Edificio Espaço Castilho no. 6-D, Lisbon.

In 2020 and 2019 there were no changes to the consolidation perimeter.

b) Associates

The associates included in the consolidation perimeter as at 31 December 2020 and 2019 are as follows:

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	1,833	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2020.

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	5,079	50%

(*) *Net book value of each investee in the Parent Company as at 31 December 2019*

In 2020 and 2019, there were no changes to the consolidation perimeter.

3. Distribution of the result of the Parent Company's profit

The Parent company's profit for 2020 amounted to 80,223,322.87 euros, the proposed distribution of which was made by the administrative body and is pending approval by the General Shareholders' Meeting, the offsetting of losses from previous years amounting to 71,497,262.47 euros, the allocation to retained earnings amounting 703,728.11 euros and the allocation to the legal reserve amounting to 8,022,332.29 euros.

The distribution of the Parent Company's profit for 2019, approved by the General Shareholders' Meeting on 1 April 2020, was to set aside the legal reserve in the amount of 181,794.81 euros and to offset the losses of previous years by 1,636,153.31 euros.

The amount of the non-distributable reserves is limited to the balance of the legal reserve, which amounts to 30,090 thousand of euros as at 31 December 2020 (29,908 thousand of euros as at 31 December 2019).

As at 31 December 2020 and 2019, the Parent Company maintains limitations on dividend distributions as a result of the corporate financing agreement signed on 2 January 2019 and novated on 26 June 2020 (Note 18.1.3).

With the exception of the preceding paragraph, there are no significant limitations on the distribution of dividends, except that the total equity remaining after the distribution of any dividend must not fall below half of the share capital.

4. Accounting policies

The accounting policies set out below have been applied consistently in the consolidated annual accounts.

a) Basis of consolidation

Subsidiaries

Subsidiaries, including structured entities, are defined as entities over which the Parent Company exercises control, either directly or indirectly through subsidiaries. The Parent Company controls a subsidiary when it is exposed to or entitled to variable returns and when it has the ability to influence those returns. The Parent Company has capacity when it holds sufficient voting rights to provide it with the ability to manage the significant business activities of the investee. The Parent Company is exposed to, or is entitled to, variable returns from its involvement in the subsidiary when the returns it obtains from such involvement may vary depending on the economic performance of the entity (IFRSs 10.6, 10 and 15). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is the date on which the Group effectively obtains control over them. Subsidiaries are excluded from consolidation from the date on which control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated in the consolidation process. However, unrealised losses have been considered as an indicator of impairment of the transferred assets.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events in similar circumstances.

The annual accounts of the subsidiaries used in the consolidation process refer to the same reporting date and period as those of the Parent Company.

Business combinations

The Group applies the acquisition method in business combinations with the exception of the cases indicated in this Note. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the fair values of the assets transferred at the acquisition date, the liabilities incurred or assumed, the equity instruments issued and any contingent payments on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

The consideration given does not include any payment that is not part of the exchange of the acquired business. Acquisition costs are recognised as an expense when they are incurred.

At the acquisition date, the Group recognises the assets acquired and the liabilities assumed at fair value. Non-controlling interests in the company acquired are recognised for the proportional share in the fair value of the net assets acquired. The criterion applies only to non-controlling interests that provide access at that time to the economic benefits and the right to a pro rata share of the net assets of the acquiree in the event of liquidation.

Except for lease and insurance contracts, assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the date of acquisition.

The difference (excess) between the consideration paid plus the value assigned to non-controlling interests and the net amount of the assets acquired and liabilities assumed is recognised as goodwill. After assessing the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, any difference is recognised in consolidated profit or loss.

In addition, the Company's management body concludes the following from an accounting point of view for the following transactions:

- In accounting for acquisitions of subsidiaries between entities under common control, in the case of consideration transferred in non-cash form, the Group applies fair value accounting by recording any result of the transaction in the consolidated reserves, as was the case in the Aelca merger agreement (see Notes 1 and 7).

- In accounting for acquisitions of subsidiaries between entities under common control, in the case of consideration transferred in the form of cash, the Group applies fair value accounting based on the IFRS 3 methodology, as the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole, as occurred in the acquisition of Maywood Invest, S.L.U. in 2017.

Associates

These are entities over which the Group has the capacity to exercise significant influence, without effective control or joint management. This ability is usually manifested in a holding (direct or indirect) of 20 % or more of the voting rights of the investee.

The Group's investments in associates are accounted for in the consolidated annual accounts using the equity method from the date on which significant influence commences until the date on which influence ceases. Gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate, less any impairment of individual interests. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Any excess of the cost of acquisition over the portion of the fair values of the identifiable net assets of the associate attributable to the Group at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any deficiency of the cost of acquisition in relation to the portion of the fair values of the identifiable net assets of the associate held by the Group at the date of acquisition is recognised in consolidated profit or loss in the year of acquisition.

If, as a result of losses incurred by an associate, its equity were negative, the Group's consolidated statement of financial position would include a zero value, unless the Group had an obligation to provide financial support for the associate.

The accounting policies of equity accounted investees are changed when necessary to ensure consistency with the policies adopted by the group.

Note 2.6.b to these 2020 consolidated annual account details the associates included in the consolidation perimeter and the information relating to these companies.

Impairment

The Group applies the criteria for impairment described in the accounting policy for financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

The Group applies the criteria indicated in the accounting policy for financial instruments, including valuation adjustments for impairment to other financial instruments to which the equity method is not applied, including those that form part of the net investment in the associated entity.

Impairment is calculated by comparing the carrying amount of the net investment in the subsidiary with its recoverable amount. Recoverable value is the higher of value in use and fair value less costs to sell. In this regard, value in use is calculated on the basis of the Group's share of the present value of the estimated cash flows from ordinary activities and the income generated on the final disposal of the associate.

No impairment losses are assigned to goodwill or other assets implicit in the investment in associates arising from the application of the equity method. In subsequent years, reversals of investments are recognised in consolidated profit and loss to the extent that the recoverable amount increases. Impairment losses are presented separately from the Group's share of the results of associates.

Joint ventures

Investments in joint ventures are accounted for using the equity method. This method involves including the value of the net assets and any possible goodwill relating to the interest in the joint venture of companies accounted for using the equity method in the consolidated statement of financial position. The net annual profit/(loss) corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as profit/(loss) for the year of the companies carried by the equity method.

The distribution of dividends from joint ventures is recorded as a decrease in the value of the investments. Joint venture losses attributable to the Group are limited to the extent of its net investment, unless the Group has legal obligations or payments have been made on behalf of the joint ventures.

Non-controlling interests

Non-controlling interests are initially measured by the proportional interest in the identifiable net assets of the acquired company at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The companies comprising the Group have no non-controlling interests.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions and balances and flows

(i) Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency by applying the spot exchange rates between the functional currency and the foreign currency at the dates when the transactions take place.

Monetary assets and liabilities denominated in foreign currencies were translated to euros at the year-end exchange rate, while non-monetary assets and liabilities measured at historical cost were translated at the exchange rates applied on the date of the transaction. Finally, non-monetary assets that are valued at fair value have been translated into euros at the exchange rate on the date when the asset was recorded.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currency are translated to euros at the exchange rates prevailing on the date on which the flows occurred.

Differences resulting from the settlement of foreign currency transactions and the translation to euros of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated income statement. However, exchange differences arising on monetary items forming part of the net investment in foreign operations are recorded as translation differences in other comprehensive income.

During 2020 and 2019, the Group has not carried out any transactions in foreign currency.

c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;

- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, the calculation of interest income returns to the gross basis.

d) Borrowing costs

The Group includes in the cost of intangible assets, property, plant and equipment, investment property and inventories that require a period of more than one year to be ready for use, operation or sale, the borrowing costs related to specific or generic financing directly attributable to the acquisition, construction or production.

To the extent that financing has been specifically obtained, the amount of interest to be capitalised is determined on the basis of the related financial expenses incurred during the year, less the returns obtained on investments of temporary funds. In cases where the financing has not been used temporarily to fund assets under construction, the related financial expenses are not capitalised. The amount of interest to be capitalised relating to general non-trade financing is determined by applying a weighted average interest rate to the investment in progress, discounting the portion specifically financed, up to the limit of total accumulated interest expense in the consolidated income statement.

The capitalisation of interest begins when the interest on the expenses related to the inventories has been incurred and the activities necessary to prepare the assets, or part of them, for their intended use or sale are being carried out, and ends when all or substantially all the activities necessary to prepare the assets or part of the assets for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods of interrupted activity if those periods are significantly extended, unless the temporary delay is necessary to bring the asset into operating condition or to sell it.

The capitalisation of interest is recognised under "Finance Costs" in the consolidated income statement (see Note 23.10).

e) Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised over their useful lives.

i) Goodwill

Goodwill is the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and is

measured at cost less accumulated impairment. The gain or loss on the sale of an entity includes the carrying amount of goodwill related to the entity sold.

ii) Computer software

Computer software acquired and developed by the Group, including website development expenses, are recognised to the extent that they meet the conditions indicated for development expenses. Expenditure on the development of a website for promotional purposes or to advertise the Group's products or services is recognised as an expense when incurred. IT maintenance expenses are expensed as incurred.

iii) Patents, licences, brands and similar

The Group has recorded in this account the costs incurred in the new image and brand.

iv) Amortisation

Computer software, patents, licences, brands and similar items are amortised on a straight-line basis over their useful lives at the following rates:

Description	Years	Rate
Patents, licenses, brands and similar	10	10%
Computer software	4	25%

The Group evaluates and determines impairment losses and reversals of impairment losses on intangible assets in accordance with the criteria set out in Note 4-h.

f) Property, plant and equipment

i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less any accumulated depreciation and any accumulated impairment loss.

The cost of assets comprises the acquisition price, less trade discounts or rebates, and plus any costs directly related to locating the asset in its intended use and to establishing conditions necessary for it to be capable of operating in the manner intended by the governing body, the initial estimate of the costs of dismantling or removing the asset and restoring the place where it is located, provided that they constitute obligations incurred as a result of use and for purposes other than the production of inventories.

Any gain or loss on the sale of an item of property, plant and equipment (calculated as the difference between the profit obtained and the carrying value of the item) is recognised in consolidated income.

ii) Subsequent costs

Subsequent expenses are capitalised only when it is probable that future economic benefits related to the expense will flow to the Group. Ongoing repair and maintenance costs are recorded as expenses when incurred.

iii) Depreciation

Depreciation of tangible fixed assets is carried out on a straight-line basis over their useful life. For these purposes, the depreciable amount is understood to be the cost of acquisition less its residual value.

Items are depreciated from the date they are installed and ready for use.

Depreciation of assets is determined as follows:

Description	Rate
Buildings	2%
Plant and machinery	10%-33%
Other property, plant and equipment	20%-25%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each year. Possible modifications to the initial criteria are recognised as a change in estimate.

The Group assesses and determines the losses and reversals of impairment losses on non-financial assets in accordance with the criteria set forth in Note 4-h.

g) Investment property

Investment property is property (including property in progress or under development for future use as investment property) that is held wholly or partly to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for sale in the ordinary course of business. Investment property is initially recognised at cost, including any transaction costs.

The interest and other financial expenses incurred during the construction period of the buildings intended to be rented and accrued for the specific financing received for that purpose are considered as capitalisation of the corresponding buildings. No amount was recognised in this connection in 2020 and 2019.

The same criteria are used for the measurement and amortisation of investment property, the estimation of its respective useful lives and the recognition of any impairment losses as those described in relation to property, plant and equipment, as indicated in Note 4-f.

The Group reclassifies an investment property to property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies an investment property to inventories when it commences work to produce a substantial transformation of the property with the intention of selling it.

The Group reclassifies property, plant and equipment to investment property when it ceases to use the property in the production or supply of goods or services, or for administrative purposes, and uses it to obtain income or capital gains or both.

The Group reclassifies inventories of investment property when the property becomes the subject of an operating lease.

h) Impairment of non-financial assets

The Group evaluates whether there is any indication that non-financial assets (except inventories and deferred tax assets) subject to depreciation or amortisation may be impaired, in order to ascertain whether their carrying amount exceeds their recoverable amount, which is taken to be the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the consolidated income statement.

The recoverable amount should be calculated for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The Group assesses at each closing date whether there is any indication that the impairment loss recognised in prior years no longer exists or may have decreased. Impairment losses on goodwill, if any, are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable value.

The reversal of the impairment loss is recognised with a credit to the consolidated income statement. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation, had no impairment been recognised.

Once the valuation adjustment for impairment or reversal has been recognised, the amortisation of subsequent years is adjusted to the new carrying amount.

However, if the specific circumstances of the assets reveal a loss that is irreversible, this loss is recognised directly as a loss on non-current assets in the consolidated income statement.

i) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial assets. Classification and subsequent measurement

At initial recognition, IFRS 9 contains three main categories in the classification of financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financials instrument as a whole is assessed for classification.

Financial Assets	Classification under IFRS 9
Loans and receivables	Amortised cost
Cash and Cash equivalent	Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Subsequent measurement:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) *Financial liabilities. Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the income statement.

(iv) *Basis of offsetting*

A financial asset and a financial liability are only off-set when the Group has a legally enforceable right to offset the recognised amounts and has the intention of liquidating the net amount or of realising the asset and settling the liability simultaneously.

(v) *Derecognition*

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred, and the Group has substantially transferred the risks and rewards incidental to their ownership.

Full derecognition of a financial asset involves recognition of a gain/loss arising from the difference between its carrying amount and the total consideration received, net of transaction costs, including assets obtained or liabilities accepted, and any deferred gain or loss in recognised income and expense under equity.

A financial liability, or part of it, is derecognised when the Group either discharges the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group recognises the difference between the carrying amount of the financial liability, or part thereof, cancelled or transferred to a third party and the consideration paid, including any asset transferred different to the cash or liability assumed, charged or credited to the income statement.

(*vi*) *Impairment of financial assets*

IFRS 9 uses a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The Group recognises in the consolidated income statements a value adjustment due to expected credit losses of the financial assets valued at amortised cost, fair value with changes in other comprehensive income, accounts receivable for financial leases, assets by agreement, loan commitments and financial guarantees.

For the financial assets appraised at fair value with changes in other comprehensive income, the expected credit loss is recognised in other comprehensive income and the fair value of the assets is not reduced.

At each closing date, the Group values the valuation adjustment at an amount equal to the expected credit losses over the following twelve months, for financial assets for which the credit risk has not significantly increased since the initial recognition date or when it considers that the credit risk of a financial asset has not significantly increased.

At the end of each year, the Group estimates whether the credit risk of an individual instrument or a group of instruments considered collectively has increased significantly since initial recognition.

(*vii*) *Financial liabilities*

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss, are initially recognised at fair value, less any transaction costs directly attributable to their issue. Subsequent to initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

However, financial liabilities are measured at their nominal value if they do not have an established interest rate, the amount matures or is expected to be received in the short term and the effect of discounting is not significant.

(viii) Surety deposits

The bonds received as a result of the operating lease contracts are measured in accordance with the criteria set out for financial liabilities. The difference between the amount received and its fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

The bonds provided as a result of operating leases are valued according to the criteria set out for financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

In accordance with the legislation of the autonomous communities in which the Group operates, the Group deposits rental and guarantee deposits at government offices that request them to reasonably ensure the

guarantees received from the tenants of the investment properties owned by the Group. These bonds are valued according to the criteria for financial assets. The difference between the amount delivered and the fair value is recognised as an advanced collection which it is taken to the consolidated income statement during the term of the lease (during the period in which the service is rendered).

The advances to be applied over the long term are subject to discounting at the close of each financial period depending on the market interest rate at the time of its initial recognition. In the case of short-term guarantees, cash flows are not discounted if their effect is not significant.

(ix) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objective and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

j) Shareholders distribution

IFRIC 17 "Distributions of Non-cash Assets to Owners" does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

Furthermore, as indicated in paragraph 3 of IFRIC 19 " Extinguishing Financial Liabilities with Equity Instruments", the Group will not apply this Interpretation to transactions in which the creditor is also a direct or indirect shareholder and is acting in its current capacity as a direct or indirect shareholder.

IAS 8, "Accounting policies, changes in accounting estimates and errors", paragraph 10, states that "in the absence of an IFRS that is directly applicable to the transaction, other event or circumstance, management shall apply its judgement in developing and applying an accounting policy".

Consequently, the Company's administrative body has analysed these transactions and concluded the following from an accounting point of view:

- Dividends, in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at the Annual General Shareholders' Meeting. The liability is recognised at the time the dividend is approved, measured at the fair value of the assets to be delivered. At the settlement date, the difference between the carrying amount of the assets delivered recognised in the consolidated annual accounts under EU-IFRSs at the date of the transaction and the amount of the liability is recognised in reserves in the consolidated statement of changes in equity.

- In accounting for division transactions, including distributions in kind, whether in the form of non-monetary assets, businesses or investments in other entities or groups, which are carried out between entities under common control, the Group applies book value accounting (predecessor).

- The capitalisation of loans granted by shareholders to the Company in the form of equity instruments is not within the scope of IFRIC 19. Therefore, the Group chose as its accounting policy the derecognition of the debt at its carrying amount, recording the equity instrument to be delivered at fair value and recognising the difference between those amounts as a gain or loss in the consolidated income statement. Equity instruments issued should be initially recognised and measured at the date on which the liability arises. IFRS 13 *Fair Value Measurement*was applied in the valuation of newly issued equity instruments.

Acquisitions and disposals that do not give rise to a change of control are accounted for as equity transactions in other reserves and no gain or loss is recognised in the consolidated income statement and goodwill is not remeasured. The difference between the consideration given or received and the decrease or increase in minority interest (non-controlling interest), respectively, is recognised in reserves.

As at 31 December 2020 and 2019, the Parent Company had restrictions on the distribution of dividends as a result of the corporate financing agreement signed on 2 January 2019 (see Note 18.1.3).

k) Inventories

This heading in the consolidated statement of financial position includes the assets that the Group holds:

- Maintains for sale in the ordinary course of its business.
- It is under construction or development for sale;
- It is expected to be consumed in the production process or in the provision of services.

The Group considers that its inventories do not meet the requirements of IAS 40 to be considered as investment property. Therefore, land and other properties held for sale or for inclusion in a property development in the ordinary course of the Group's business are deemed to be inventories and not for appreciation or rental purposes.

The Group uses the following criteria in the valuation of its inventories:

- Land and plots acquired for disposal or for the development of real estate developments are recorded at their acquisition price, which includes the expenses directly related to their purchase (registration expenses, fees, expenses for studies and technical projects prior to the acquisition of plots, etc.).
- The Group does not capitalise, as an increase in the value of the land and plots, any financial expense accrued on loans obtained to finance their purchase during the period between the date of acquisition and the time when the building licence is applied for.
- As "Property Developments in Progress", the costs incurred at source in the developments in the execution phase are recorded. These costs include, for each development, the amounts corresponding to the acquisition price of the plot, development and construction costs, as well as other costs directly related to the development (studies and projects, licences, etc.) and the financial expenses accrued by the specific financing obtained during the construction period.

Short-cycle Property Developments in Progress are all those accumulated costs of developments whose completion period (undertaking and development) is estimated not to exceed 12 months.

At the end of each development, the Group follows the procedure of transferring the cost corresponding to those developments still pending sale from the Property Developments in Progress account to the Completed Property Developments account.

The Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of the inventories is lower than their acquisition price or production cost. This net realisable value is based on valuations performed by an independent expert.

Valuation adjustments and reversals for impairment of inventories are recognised under "Changes in inventories of finished goods and work in progress" or "Raw materials and other consumables used", depending on whether they are developments in progress or completed or land and plots of land.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in demand deposits at banks. This also includes other short-term, highly liquid investments with an original maturity of three months or less are also included, provided they can readily be converted to specific cash amounts and where the risk of change in value is insignificant. In the balance sheet, bank overdrafts are classified as financial debt under current liabilities.

This item includes cash and banks received as advances from the customer and deposited in a special account separately from the rest of the Group's funds allocated to cover the costs arising from the corresponding development.

m) Provisions and contingencies

In preparing the consolidated annual accounts, the Parent Company's management body differentiates between

a) Provisions: credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.

b) Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recognised in the consolidated annual accounts but are disclosed in the notes to the consolidated annual accounts, unless the possibility of an outflow is considered to be remote.

The amounts recognised in the consolidated statement of financial position for provisions correspond to the best estimate at the closing date of the disbursements required to settle the present obligation, after considering the risks and uncertainties related to the provision and, where significant, the financial effect of the discount, provided that the disbursements to be made in each year can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date. No provisions are recognised for future operating losses.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, except in the event of a legal link by which part of the risk has been externalised and by virtue of which the Group is not liable. In this situation, the compensation will be taken into account to estimate the amount for which the corresponding provision will be made, if any.

Provisions are reversed in the consolidated income statement when it is not probable that an outflow of resources will be required to settle the obligation.

Contingent liabilities recognised in a business combination

A contingent liability in a business combination is initially recognised at fair value. Subsequently, this contingent liability is recognised until it is settled, cancelled or expires at the higher of the amount initially recognised, less the amounts to be allocated to consolidated profit or loss in accordance with the rule for measuring income from customer contracts and the amount resulting from the rule for measuring provisions.

n) Corporate income tax

The income tax expense or benefit for the year is the tax payable or receivable on the taxable income for the current year based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Therefore, the tax expense or benefit comprises both current and deferred tax.

Assets or liabilities due to current taxes on profits are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax rates and regulations in force or approved and pending publication at year-end.

Current and deferred tax is recognised in the consolidated income statement, unless it arises from a transaction or economic event that is recognised, in the same or another year, directly in equity, or from a business combination.

As at 31 December 2020, all the Group companies, except for Célere Fórum Barcelona S.L., Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos S.A., belonged to a tax group for income tax purposes, of which the Parent Company was the head.

The corporate taxes payable by companies filing a consolidated return are determined taking into account, in addition to the corresponding parameters for individual taxation, the following:

- Temporary and permanent differences arising from the elimination of gains or losses on transactions between companies in the tax group arising from the process of determining the consolidated tax base.
- The deductions and tax credit corresponding to each company in the tax group under the consolidated tax return regime. For these purposes, the deductions and allowances are allocated to the company that carried out the activity or obtained the yield necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from the elimination of profit or loss between companies in the tax group are recognised in the company that generated the profit or loss and are measured at the tax rate applicable to it.

As a result of the negative tax results from some of the companies in the tax group that have been offset by the other companies in the tax group, a reciprocal credit and debit arises between the companies to which they correspond and the companies that offset them. In the event that there is a tax loss that cannot be offset by other companies in the consolidated tax group, the tax credits for offsetting losses are recognised as deferred tax assets and the tax group is considered the taxpayer for recovery purposes.

The Parent Company records the total amount payable (refundable) for consolidated corporate income tax with a charge /(credit) to Credits (Debts) with group companies and associates.

The amount of the receivable/(payable) corresponding to the subsidiaries is recorded with a credit/debit to accounts receivable from/payable to Group companies and associates.

(i) *Recognition of deferred tax liabilities*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(ii) *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that

- It is likely that there will be sufficient future taxable profits to offset them or when tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the government.

However, assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the date of the transaction affects neither accounting profit nor taxable profit are not recognised;

- Relate to temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profit is expected to be generated to offset the differences.

The Group recognises the conversion of a deferred tax asset into a receivable from the government when it becomes due under current tax legislation. For this purpose, the derecognition of the deferred tax asset is recognised with a charge to the deferred income tax expense and the account receivable is recognised with a credit to current income tax. Similarly, the Group recognises the exchange of a deferred tax asset for government debt securities when title is acquired.

The Group recognises the payment obligation arising from the provision of equity as an operating expense with a credit to the government debt.

It is considered probable that the Group has sufficient taxable profits to recover deferred tax assets provided that there are sufficient taxable temporary differences related to the same tax authority and relating to the same taxpayer that are expected to reverse in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against prior or subsequent gains. When the only future taxable temporary differences arise, deferred tax assets arising from offsetting tax losses are limited to 70% of the amount of deferred tax liabilities recognised.

In order to determine future taxable profits, each Group takes tax planning opportunities into account whenever it intends to adopt them or is likely to adopt them.

(iii) *Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that will apply to the years when the assets are expected to be realised or the liabilities are expected to be settled, based on the regulations and rates that are substantially effective or approved, and after considering the tax consequences that will arise from the manner in which each company expects to recover the assets or settle the liabilities. For these purposes, each Group considered the deduction for reversal of temporary measures developed in transitional provision thirty-seven of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of depreciation in 2013 and 2014.

The Group reviews the carrying amount of deferred tax assets at the end of the year to reduce the value of these assets to the extent that it is not probable that there will be any future taxable income to offset them.

Deferred tax assets that do not meet these conditions are not recorded in the consolidated statement of financial position. At the end of the year, the Group reconsiders whether the conditions for recognition of deferred tax assets that had not been previously recognised are met.

(iv) *Offsetting and classification*

The Group only offsets deferred tax assets and liabilities when it has a legal right to do so and the assets and liabilities relate to the same tax authority and the same taxpayer, or to different taxpayers who expect to settle or realise current tax assets and liabilities for their net amount, or to realise the assets and settle the liabilities simultaneously, in each of the future years in which significant deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

Tax benefits acquired as part of a business combination that do not meet the criteria for separate recognition at that date will be recognised subsequently if information about the facts and circumstances changes. The adjustment is treated as a reduction of goodwill (provided that it does not exceed such goodwill) if it was incurred during the measurement period, or is recognised in the consolidated income statement.

o) Revenue from contracts with customers

Sales of goods

The Group recognises ordinary income so that the transfer of committed goods or services to its customers is recognised at the amount that reflects the consideration that the entity expects to receive in exchange for those goods or services, analysed as follows:

- Identification of the contract.
- Identification of the different performance obligations.
- Determination of the transaction price.
- Allocation of the transaction price to each of the performance obligations.
- Recognise revenue at the time when performance obligations are satisfied.

As the characteristics of the contracts entered into with customers do not differ significantly, and in accordance with the standard, the Group applies a collective accounting treatment to these contracts. With regard to sales of real estate developments, the Group companies recognise sales and the cost thereof when the properties and land have been delivered and the ownership of the properties and land has been transferred. For these purposes, it is understood that the sale of the completed residential product takes place when the keys are handed over, which coincides with the execution of the public deed. Otherwise, the sale is not deemed to be completed for accounting purposes.

Ordinary income does not include discounts, VAT and other sales-related taxes. The Group recognises the income upon delivery of the property to the customer, although three different documents are signed throughout the process (the pre-reservation and/or reservation, and the private deed of sale contract). Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Customer advances

Customers make advances on the future delivery of the homes, which are recognised as a contractual liability. Since the period between delivery of the advance and recognition of the income exceeds twelve months, the Group recognises a finance charge with a credit to the liability from the time when the advance is collected until the income is recognised. The interest rate used to recognise the interest expense is determined by the discount rate that would be reflected in a stand-alone financing transaction between the Group and the customer at the inception of the contract. However, since customer advances are specifically used to finance work in progress, financial expenses are capitalised in inventories in progress, as indicated in section 4.k.

Consequently, the application of IFRS 15 resulted in the recognition of 4,307 thousand of euros as at 31 December 2020 (4,746 thousand of euros as at 31 December 2019) under "Inventories" to recognise the aforementioned financial component (see Note 15).

Commissions

In some property developments there are commissions for sales that are granted to a third party. These commissions are normally charged to property developments within the indirect costs charged. The commissions are specific to each contract and would not have been incurred if the contract had not been obtained. These commissions arise at two moments: at the signing of the private purchase contract and at the formalisation of the deed of sale. The second part of the commission is paid at the moment of the transfer of control. IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognised as an asset if certain criteria are met. Any capitalised contract costs assets must be amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

p) Classification of assets and liabilities between current and non-current

The Group distinguishes between current and non-current assets and liabilities in its consolidated statement of financial position. Except as mentioned in Note 18, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised or sold or consumed in the course of the Group's normal operating cycle, are held primarily for trading purposes, are expected to be realised within twelve months after the balance sheet date or are cash or equivalent liquid assets, except in those cases in which they cannot be exchanged or used to settle a liability, at least within twelve months after the balance sheet date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, are held primarily for trading, have to be settled within twelve months from the balance sheet date or the Group does not have the unconditional right to defer the settlement of liabilities for twelve months from the balance sheet date.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for more than twelve months and there is a refinancing or restructuring agreement for long-term payments that was concluded after the balance sheet date and before the consolidated annual accounts were prepared.

q) Exchanges of property, plant and equipment and/or inventories (swap)

An item of property, plant and equipment and/or inventory is deemed to be acquired by exchange when it is received in exchange for the delivery of non-monetary assets or a combination thereof with monetary assets.

In exchanges of a commercial nature, property, plant and equipment and/or inventories received are measured at the fair value of the asset delivered plus the monetary consideration given in exchange, unless there is clearer evidence of the fair value of the asset received and with the limit of the latter. Any differences arising from the derecognition of the item delivered in exchange shall be recognised in the consolidated income statement for the period in which the difference arises.

An exchange of a commercial nature has been considered when:

- The risk, timing and amount of cash flows of the asset received differs from the configuration of the cash flows of the asset delivered; or
- The present value of the after-tax cash flows of the Company's activities affected by the exchanges as a result of the exchange.

When the exchange is not of a commercial nature or when a reliable estimate of the fair value of the items involved in the transaction cannot be obtained, the property, plant and equipment and/or inventories received

are measured at the lower of the carrying amount of the asset delivered plus, where appropriate, the monetary consideration that would have been given in exchange, up to the limit, where available, of the fair value of the asset received.

These criteria also apply to exchanges of building land in exchange for completed dwellings, which are valued at the fair value of the completed dwellings to be delivered in the future.

r) Foreclosed assets in payment of loans

The Group recognises non-monetary assets awarded in payment of loans at the lower of the book value of the loans, plus any expenses incurred as a result of the transaction, or the fair value of the non-monetary assets.

If the non-monetary assets meet the conditions for classification as non-current assets held for sale at the grant date, they are measured at the lower of the carrying amount of the loans plus any expenses incurred as a result of the transaction and the fair value less costs of disposal of the foreclosed assets.

s) Statement of cash flows

In the consolidated statement of cash flows, prepared under the indirect method, the following terms are used with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, i.e. short-term, highly liquid investments with no significant risk of changes in value.
2. Operating activities: the Group's main source of ordinary income, as well as other activities that cannot be classified as investment or financing activities.
3. Investing activities: the acquisition or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of net equity and liabilities that are not part of operating activities.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn ordinary income and incur expenses, whose operating results are reviewed regularly by the Group's chief operating decision maker to decide on the resources to be allocated to the segment in order to assess its performance and for which differentiated financial information is available (see Note 6).

u) IFRS 16 – Leases

IFRS 16 came into force on 1 January 2019. The Group assessed the impact of the application of IFRS 16 on its consolidated annual accounts, as described below, and concluded that it has no impact on them.

IFRS 16 introduced a single lease accounting model in the consolidated statement of financial position for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. the lessor continues to classify leases as finance or operating leases.

IFRS 16 superseded existing lease guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC-15 *Operating Leases: Incentives* and SIC-27 *Evaluation of the substance of transactions taking the legal form of a lease*.

Leases in which the Group is a lessee

In 2019, the Group evaluated the impact of this standard and concluded that it was not relevant and in 2020 the Group has not identified any new assets or liabilities for its office, car rental and construction site operating leases in application of the recognition exemptions described in the preceding paragraphs. If identified in the future, the nature of the expenses related to the leases will change because the Group will have to recognise a depreciation charge for the right-of-use asset and interest expense on the lease obligations.

At year-end there was no impact on the Group's finance leases.

v) Employee benefits and severance payments

Except in the case of dismissal for cause, companies are obliged to compensate their employees when they terminate their services.

In the absence of any foreseeable need for abnormal termination of employment and since employees who retire or terminate their services voluntarily do not receive severance payments, severance payments, when they arise, are expensed at the time that a valid expectation has arisen vis-à-vis those affected that the termination of employment will occur.

The Group does not have any employee benefits that are settled with equity instruments.

5. Earnings per share

Basic earnings per share

Basic earnings per share are determined by dividing the net profit attributable to shareholders of the Parent Company (after tax and non-controlling interests) by the weighted average number of shares outstanding during the year, excluding the number of treasury shares held in the same period. According to it:

	2020 Thousand of Euros
Profit for the year attributable to Parent Company shareholders (Thousand of Euros)	49,657
Weighted average ordinary shares in circulation (thousands of shares)	68,527
Basic earnings per share (Euros)	**0.72**

	2019 Thousand of Euros
Loss for the year attributable to Parent Company shareholders (Thousand of Euros)	22,435
Weighted average ordinary shares in circulation (thousands of shares)	67,100
Basic earnings per share (Euros)	**0.33**

The weighted average number of common shares is calculated as follows:

In thousand of euros	2020	2019
Shares outstanding at 1 January	68,527	34,031
Effect of shares issued	–	33,069
Weighted average number of ordinary shares outstanding at 31 December	**68,527**	**67,100**

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Diluted earnings per share

Diluted earnings per share are established on a similar basis to that of basic earnings per share. However, the weighted average number of shares outstanding is increased by the number of shares outstanding for all dilution effects inherent in potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, the Board of Directors considers that there is only one segment, the residential development business.

The Parent Company does not make decisions or prepare separate financial information for each line of business (developments and non-strategic) and, therefore, considers that there is only one operating segment.

7. Business combinations

MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L., Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. and with the companies in which the aforementioned companies have an interest, with Aelca Desarrollos Inmobiliarios, S.L. and with certain of its investees (see Note 1).

On 30 October 2018, the transaction was authorised by the Comisión Nacional del Mercado y Competencia (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

Based on IFRS 3 *Business Combinations*, paragraph B1 of the application guidance for IFRS 3 *Business Combinations of entities under common control* states that 'a business combination of entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory'. The Parent Company, with the support of advisors and experts, concluded that the transactions described in Note 1(ii) and (iii) were transactions under common control because they were shared by the same majority shareholder, i.e. Värde Partners. As a result, and in accordance with paragraph 10 of IAS 8 on defining an accounting policy for transactions not covered by EU-IFRSs, the management body chose to record the contribution to the carrying amounts at which the assets and liabilities received were recognised in the books, rather than at the amounts at which the contribution was made. The difference between the values at which the contribution was made (item iii) and the consideration paid in cash (items i and ii) and the carrying amount of the assets and liabilities received was recognised in 2019 under "Voluntary Reserves".

The Board of Directors of the Parent Company considered the transactions and agreements described in this section to be an integral part of a single transaction. This interpretation was agreed on the basis that the operations and agreements were carried out for the benefit of the merged companies and the timing of these were defined in a single framework of the merger, not generating profit for the previous owners except those who receive as part of the merged entity.

The operation described above was subjected to the special tax regime for mergers, divisions, contributions of assets, exchange of securities and change of registered office of a European company or a European cooperative from one Member State to another of the European Union regulated in Heading VII of Chapter VIII of Royal Legislative Decree 4/2014, of 27 November, on Corporation Tax.

The detail of the assets acquired and liabilities assumed at the date of the business combination was as follows:

Business combination	(Thousand of euros)
Fixed assets (Note 9)	296
Long-term financial investments and loans	4,539
Inventories (Note 15)	575,691
Trade and other receivables	9,637
Financial investments in associates	23
Short-term financial investments and loans	26,078
Accruals	89
Cash and other equivalent liquid assets	71,617
Total assets	**687,970**
Long-term provisions (Note 17)	1,128
Long-term financial debt	54
Debt with associates	19
Short-term financial debt (Note 18)	113,574
Long-term payables to associates	57,659
Trade and other payables	105,257
Total liabilities	**277,691**
Value of the net assets	**410,279**
Payment to minority shareholders	**(166,772)**
Paid consideration	**(647,966)**
Merger reserve	**(404,459)**

The expenses incurred in the merger of Aelca amounting to 5,506 thousand of euros were recognised in the Parent Company's equity (see Note 16.1).

The cash outflow produced in the business combination was as follows:

		Thousand of Euros
	Country	Consideration paid in cash
Acquisition 10%-20% from minority shareholders (i)	Spain	126,031
Acquisition 100% "Aelca operating companies" (ii)	Spain	40,741
Contributed companies (80-90%) (iii)	Spain	–
Contribution 100% "Posnova" (iv)	Spain	–

The net turnover and profit attributable to the combination from the acquisition date up to 31 December 2019 amounted to 100,251 thousand of euros and 22,843 thousand of euros, respectively.

8. Intangible Assets

The changes in intangible assets in 2020 and 2019 were as follows:

	Thousand of Euros			
	Computer software	Patents, licenses, trademarks and similar	Goodwill	Total
cost				
1 January 2019	244	120	5	369
Additions	15	–	–	15
Disposals	–	(25)	–	(25)
31 December 2019	259	95	5	359
1 January 2020	259	95	5	359
Additions	39	–	–	39
31 December 2020	298	95	5	398
Amortisation				
Accumulated at 1 January 2019	(154)	(93)	–	(247)
Amortisation charge	(44)	(2)	–	(46)
Accumulated at 31 December 2019	(198)	(95)	–	(293)
Accumulated at 1 January 2020	(198)	(95)	–	(293)
Amortisation charge	(43)	–	–	(43)
Accumulated at 31 December 2020	(241)	(95)	–	(336)
Net carrying amount at 31 December 2019	**61**	**–**	**5**	**66**
Net carrying amount at 31 December 2020	**57**	**–**	**5**	**62**

The cost of fully depreciated assets is 164 thousand of euros as at 31 December 2020 (120 thousand of euros as at 31 December 2019).

The additions of Computer software correspond entirely to the acquisition of new software for accounting and administrative use.

No intangible assets were derecognised during the year 2020. The derecognitions in 2019 had no impact on the consolidated income statement.

As at 31 December 2020 and 2019, there were no impairment indicators for the carrying amount of intangible assets.

Information on goodwill is presented in Note 12.

9. Property, plant and equipment

The changes in property, plant and equipment in 2020 and 2019 were as follows:

	Thousand of Euros				
	Land and Buildings	Plant and machinery	Other property plant and equipment	Work in progress	Total
Cost					
1 January 2019	2,836	453	946	217	4,452
Additions	(1)	451	461	18	929
Additions by Merger (Note 7)	–	172	124	–	296
Transfers	192	–	–	(192)	–
31 December 2019	3,027	1,076	1,531	43	5,677
1 January 2020	3,027	1,076	1,531	43	5,677
Additions	218	35	392	–	645
Disposals	–	(117)	(13)	–	(130)
Transfers	–	–	18	(18)	–
31 December 2020	3,245	994	1,928	25	6,192
Amortisation					
Accumulated at 1 January 2019	(53)	(281)	(518)	–	(852)
Depreciation charge for the year	(20)	(114)	(257)	–	(391)
Accumulated at 31 December 2019	(73)	(395)	(775)	–	(1,243)
Accumulated at 1 January 2020	(73)	(395)	(775)	–	(1,243)
Depreciation charge	(38)	(97)	(222)	–	(357)
Disposals	–	117	8	–	125
Accumulated at 31 December 2020	(111)	(375)	(989)	–	(1,475)
Impairment					
Accumulated at 1 January 2019	(54)	–	–	–	(54)
Impairment losses for the period	54	–	–	–	54
Accumulated at 31 December 2019	–	–	–	–	–
Net carrying amount at 31 December 2019	**2,954**	**681**	**756**	**43**	**4,434**
Net carrying amount at 31 December 2020	**3,134**	**619**	**939**	**25**	**4,717**

Additions in 2020 mainly correspond to the acquisition of furniture and computer equipment, as well as the construction of worksite sales huts for various developments.

In 2020 items of property, plant and equipment with a net carrying amount of 5 thousand of euros were derecognised, giving rise to a gain of 22 thousand of euros (see Note 23.11).

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company added 296 thousand of euros of property, plant and equipment to its net assets.

Additions in 2019 mainly related to the acquisition of furniture, equipment and other technical installations.

The cost of fully depreciated assets as at 31 December 2020 and 2019 amounts to 619 thousand of euros and 760 thousand of euros, respectively.

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The Group has taken out various insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage of these policies is considered sufficient.

The Group assessed the existence of indications that might indicate the potential impairment of the assets comprising property, plant and equipment as at 31 December 2020 and 2019, and determined a reversal for impairment of 54 thousand of euros in constructions in 2019 (see Note 23.11).

As at 31 December 2020, there was no indication of impairment in the carrying amount of property, plant and equipment.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousand of Euros		
	Land	Buildings	Total
cost			
1 January 2019	75	41	116
31 December 2019	75	41	116
1 January 2020	75	41	116
31 December 2020	75	41	116
Depreciation			
Accumulated at 1 January 2019	–	(2)	(2)
Depreciation charge	–	(2)	(2)
Accumulated at 31 December 2019	–	(4)	(4)
Accumulated at 1 January 2020	–	(4)	(4)
Depreciation charge	–	(2)	(2)
Accumulated at 31 December 2020	–	(6)	(6)
Net carrying amount at 31 December 2019	**75**	**37**	**112**
Net carrying amount at 31 December 2020	**75**	**35**	**110**

As at 31 December 2020 and 2019, investment property includes a commercial space located in Valdemoro, with a carrying amount of 110 thousand of euros and 112 thousand of euros, respectively.

11. Leases

As at 31 December 2020 and 2019, the Group, in its capacity as lessor, had contracted the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases in CPIs or future updates of contractually agreed rents:

	Thousand of Euros	
	2020	2019
Up to a year	2	11
Between 1-5 years	–	–
More than five years	–	–
	2	**11**

12. Goodwill

As at 31 December 2020 and 2019, the Group had goodwill on consolidation generated by the business combination of Torok Investments 2015 S.L.U. amounting to 5 thousand of euros.

13. Equity – accounted investees

The detail of movements in companies accounted for using the equity method in 2020 and 2019 is as follows:

	Thousand of Euros	
	Célere Forum Barcelona, S.L.	Total
Balance as at 31 December 2018	**12,682**	**12,682**
Profit for the year 2019	6,240	6,240
Return of the share capital	(2,100)	(2,100)
Interim dividends	(9,089)	(9,089)
Balance as at 31 December 2019	**7,733**	**7,733**
Profit for the year 2020	97	97
Return of benefits	(2,600)	(2,600)
Balance as at 31 December 2020	**5,230**	**5,230**
Impairment		
Opening balance 31 December 2018	–	–
Endowment	(2,654)	(2,654)
Opening balance 31 December 2019	**(2,654)**	**(2,654)**
Endowment	(743)	(743)
Closing balance 31 December 2020	**(3,397)**	**(3,397)**
Total Investment in associates at 31 December 2019	**5,079**	**5,079**
Total Investment in associates at 31 December 2020	**1,833**	**1,833**

Célere Fórum Barcelona, S.L. is the only shareholding of the Group in associates.

Célere Fórum Barcelona, S.L. ("Célere Fórum") was recognised as coming from a joint venture and is accounted for using the equity method (see Note 4-a).

Célere Fórum is a joint venture with AREO, S.A.R.L., whose objective is to promote the "Fórum" project, in which the Group holds a 50% stake. This joint venture is structured as an independent vehicle.

On 31 December 2020, Célere Fórum resolved by means of a General Shareholders' Meeting the distribution of an interim dividend out of unrestricted reserves totalling 4,000 thousand of euros, which has been paid in full.

Likewise, on 24 May 2019, Célere Fórum resolved by means of a General Shareholders' Meeting the reduction of share capital in order to return contributions to the shareholders of the investee amounting to 4,201 thousand of euros, with the share capital represented by 3,000 fully subscribed and paid-up shares of 1 euro par value each. The total amount of the contributions returned to the members of Célere Fórum in cash came to 4,201 thousand of euros, and the distribution of an interim dividend totalling 13,866 thousand of euros, which was paid in full.

The financial information of Célere Fórum as at 31 December 2020 is as follows:

Description	2020 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	5,235
Current liabilites	(3,932)
Total net assets	**1,303**
Percentage of ownership	50%
Participation in net assets	652
Fair value adjustment	4,578
Impairment	(3,397)
Carrying value of the participation	**1,833**
Profit and Loss account information	
Income from continuing operations (100%)	194
Total (50%)	**97**

As at 31 December 2019, it was as follows:

Description	2019 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	–
Current assets	15,760
Current liabilites	(10,650)
Total net assets	**5,110**
Percentage of ownership	50%
Participation in net assets	2,555
Fair value adjustment	5,186
Impairment	(2,663)
Carrying value of the participation	**5,079**
Profit and Loss account information	
Income from continuing operations (100%)	18,973
Total (50%)	**9,486**

14. Financial investments

Classification of financial investments by category

	Thousand of Euros			
	Non- current		Current	
	2020	2019	2020	2019
Amortised Cost				
Loans to associates (Note 24)	–	–	36	51
Financial assets	3,600	1,800	9,596	12,263
Trade receivables for sales and services	–	–	119	1,818
Receivables from Group companies and associates (Note 24)	–	–	305	498
Other accounts receivable	–	–	5,038	1,175
Fair Value with change in Profit and Loss				
Derivatives	–	1	–	–
	3,600	**1,801**	**15,094**	**15,805**

As at 31 December 2020 and 2019 the Board of Directors considers that the difference between the amortised cost and the fair value of these financial assets is not significant.

14.1. Financial Assets

The breakdown of "Financial Assets" as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros			
	Non-current		Current	
	2020	2019	2020	2019
Loans to third parties	269	289	3,570	7,859
Deposits and guarantees	3,331	1,511	6,026	4,404
	3,600	**1,800**	**9,596**	**12,263**

Loans to third parties

As at 31 December 2020 and 2019, these included mainly loans acquired through assignment agreements with financial institutions, which were secured by mortgages on land amounting to 3,570 thousand of euros and 7,703 thousand of euros, respectively.

In 2020, loans amounting to 4,265 thousand of euros (26,250 thousand of euros as at 31 December 2019) were foreclosed as a result of the extrajudicial execution of mortgages.

Also, in 2019, as part of the merger process (see Notes 1 and 7), the Company included in its net assets 26,078 thousand of euros, of which 24,911 thousand of euros related to loans to third parties in arrears secured by land, of which in 2019 the Company foreclosed on the purchase and sale of these assets as a result of the extrajudicial foreclosure of a mortgage amounting to 17,200 thousand of euros.

The fair value of loans to third parties amounted to 7,505 thousand of euros as at 31 December 2020 and 18,353 thousand of euros as at 31 December 2019.

14.2. Trade and other receivables

The detail of trade and other receivables is as follows:

	Thousand of Euros	
	2020	2019
Associates		
Trade receivable (Note 24)	305	498
Non-related parties		
Customers	119	1,974
Other accounts receivable	11,099	4,273
Bad debt provision (Note 17)	(6,061)	(3,254)
	5,462	**3,491**

As at 31 December 2020, Other receivables mainly include 6,061 thousand of euros pending collection due to penalties invoiced to construction companies for breach of contract which are fully provisioned (4,613 thousand of euros as at 31 December 2019). During 2020, out of the total amount of 6,061 thousand of euros provisioned, an amount of 2,963 thousand of euros has been provisioned, with an expense being recorded in the consolidated income statement as a result of the entry by one of the construction companies into insolvency proceedings (3,098 thousand of euros in 2019) (see Note 17.3).

As at 31 December 2020, it also includes in Other receivables the amount of 4,748 thousand of euros pending receipt for the sale of a plot of land located in Seville.

The Group considers that the consolidated carrying amount of trade and other receivables approximates their fair value.

The Group does not have a significant concentration of credit risk, and its exposure is distributed among a large number of counterparties and customers.

14.3. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an initial maturity of three months or less. The carrying amount of these assets approximates their fair value.

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company included 71,617 thousand of euros of cash and cash equivalents in its assets.

The detail of the composition of this balance as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Available cash	102,327	83,031
Restricted cash	38,854	93,093
	141,181	**176,124**

As at 31 December 2020 and 2019 there were no restrictions on the use of cash except for the amounts regulated by Law 20/2015, according to which advances received in relation to residential developments must be deposited in a special account separate from the Group's other funds and may only be used to cover expenses arising from the construction of the respective developments.

As at 31 December 2020, the cash available from companies accounted for using the equity method amounted to 400 thousand of euros (4,926 thousand of euros as at 31 December 2019).

15. Inventories

The composition of the balances of this heading in the consolidated statement of financial position as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Raw Material	101	740
Land and plots	881,883	988,875
Property developments in progress	648,687	779,793
Completed developments	159,971	119,468
Advances to suppliers	2,425	11,987
Impairment	(441,908)	(484,175)
	1,251,159	**1,416,688**

As at 31 December 2020, the detail of the net carrying value of inventories by geographical area is as follows

	Thousands of euros		
	2020		
City	Cost	Impairment	Net book value
Madrid	624,368	(191,115)	433,253
Málaga	274,127	(22,139)	251,988
Valladolid	162,067	106,138	55,929
Barcelona	97,140	(547)	96,593
Seville	104,133	(5,286)	98,847
La Coruña	63,612	(28,024)	35,588
Valencia	83,326	–	83,326
Portugal	51,453	–	51,453
Other	230,416	(87,443)	142,973
	1,690,642	**(440,692)**	**1,249,950**

Note: The above breakdown does not include advances to vendors.

As at 31 December 2019, the detail of the net carrying amount of inventories by geographical area was as follows:

	Thousand of Euros		
	2019		
City	Coste	Impairment	Net Book Value
Madrid	737,115	(197,962)	539,153
Barcelona	320,946	(38,533)	282,413
Málaga	182,309	(104,805)	77,503
Seville	122,374	(117)	122,257
Valladolid	100,253	(5,009)	95,244
La Coruña	83,533	(43,403)	40,130
Islas Baleares	76,048	–	76,048
Portugal	46,981	(6,186)	40,795
Others	219,317	(86,944)	132,373
	1,888,876	**(482,959)**	**1,405,917**

Note: The above breakdown does not include advances to vendors.

The movement in inventories during 2020 and 2019 is as follows:

	Thousand of Euros					
						Property
	Raw material	Lands and plots	Completed developments	Property Developments in progress	Advances to suppliers	Total
Cost as at 1 January 2019	**1,180**	**679,594**	**6,298**	**481,934**	**9,315**	**1,178,321**
Additions	568	108,353	–	333,465	5,120	447,506
Merger additions	–	383,279	8,370	183,689	353	575,691
Disposals	–	(5,110)	(292,743)	–	(2,801)	(300,654)
Transfers	(1,008)	(177,241)	397,543	(219,294)	–	–
Cost as at 31 December 2019	**740**	**988,875**	**119,468**	**779,794**	**11,987**	**1,900,864**
Cost as at 1 January 2020	**740**	**988,875**	**119,468**	**779,794**	**11,987**	**1,900,864**
Additions	924	44,432	–	323,087	13,967	382,410
Derecognitions	(1,531)	(47,756)	(510,191)	(7,200)	(23,529)	(590,207)
Transfers	(32)	(103,668)	550,694	(446,994)	–	–
Cost as at 31 December 2020	**101**	**881,883**	**159,971**	**648,687**	**2,425**	**1,693,067**
Impairment losses as at 1 January 2019	**–**	**(408,365)**	**(1,497)**	**(91,617)**	**(1,216)**	**(502,695)**
Charges	–	(9,812)	(265)	(7,439)	–	(17,516)
Reversals	–	13,495	18,078	4,462	–	36,035
Transfers	–	48,633	(19,471)	(29,162)	–	–
Impairment losses as at 31 December 2019	**–**	**(356,049)**	**(3,155)**	**(123,756)**	**(1,216)**	**(484,176)**
as at 1 January 2020	**–**	**(356,049)**	**(3,155)**	**(123,756)**	**(1,216)**	**(484,176)**
Charges	–	(7,436)	(62)	(2,378)	–	(9,876)
Reversals	–	14,450	32,742	4,952	–	52,144
Transfers	–	(17,606)	(37,336)	54,942	–	–
Impairment losses as at 31 December 2020	**–**	**(366,641)**	**(7,811)**	**(66,240)**	**(1,216)**	**(441,908)**
Net carrying amount at 31 December 2019	**740**	**632,826**	**116,313**	**656,038**	**10,771**	**1,416,688**
Net carrying amount at 31 December 2020	**101**	**515,242**	**152,160**	**582,447**	**1,209**	**1,251,159**

As “Property Developments in Progress” the Group records the cost of short-cycle and long-cycle developments in progress. In the same way, for “Short-cycle developments in progress” the accumulated costs of the developments are considered, for which the expected completion date of the construction does not exceed 12 months.

As at 31 December 2020 and 2019, the detail of the net carrying amount of property assets divided between short and long term is as follows:

	Thousands of Euros	
	2020	2019
Short-cycle	447,604	416,624
Long-cycle	802,245	988,553
Total inventories (less Advances to suppliers)	**1,249,849**	**1,405,177**
Total current assets	**1,420,325**	**1,627,303**
Debt related to stock financing (Long-cycle)	50,584	46,268
Debt related to stock financing (short-cycle)	326,372	333,221
Total shot term debt (less interests)	**376,956**	**379,489**
Total current liabilities	**662,452**	**694,192**

As at 31 December 2020, the short cycle property developments are: Célere Cortijo Norte IV, Célere Cruces (flats), Célere Ciencias 17, Célere Vega, Célere MT22, Célere Urbam, Célere Miraflores, Célere Doña Julia, Célere Cubic III and Célere Austral.

As at 31 December 2019, the short cycle property developments are: Célere Harmony, Célere Nueva Gavia, Célere Arco, Célere Monet, Célere Cortijo Norte (phase I), Célere Castelo, Célere Navis, Célere Nacari, Célere Mairena (phase I), Célere Casa Banderas (phase II), Célere Retamar II, Célere Sant Feliu, Célere Terran, Célere Jalón, Célere Serenity, Célere Cortijo Norte (phases II-III), Célere Llum Patraix, Célere Perales, Célere Els Ametllers, Célere Cubic II, Célere Bremen, Célere Domeny (phase I), Célere Cala Serena, Célere Lemos, Célere Nova Rivas, Célere Las Rosas and Célere Cuatro Caminos

The Group capitalises the borrowing costs incurred during the year for financing the development of property developments, provided that they relate to inventories with a production cycle of more than one year. In 2020, capitalised finance costs amounted to 14,248 thousand of euros (8,843 thousand of euros in 2019) (see Note 23.10). In addition, in 2020 and 2019, 6,519 thousand of euros and 7,214 thousand of euros relating to staff costs and 59 thousand of euros and 157 thousand of euros relating to external services costs, respectively, were recognised as an increase in the value of the property developments in progress (see Note 23.2).

15.1. Land and plots

The balance of this account corresponds to the purchase price of various pieces of land and plots of land which, as at 31 December 2020 and 2019, were being prepared for urban development or were in the planning stage.

As at 31 December 2020 and 2019, the surface area of the Group’s land portfolio amounted to 2,024,844 square metres and 2,213,251 square metres, respectively, with approximately 76% and 70% of the land, respectively, classified as “fully authorised” developments.

The detail of the Group's land by geographical area is as follows:

	Total m2	
City	2020	2019
Madrid	803,470	820,864
Málaga	366,959	406,311
Seville	275,859	332,078
Valencia	127,805	144,999
Barcelona	59,291	82,329
Valladolid	81,464	72,563
Others	309,996	354,106
	2,024,844	2,213,251

The main plots included under this heading are:

- Plots in Barajas, Pozuelo de Alarcón, Berrocales, Los Cerros, Guadarrama, Boadilla del Monte and Getafe in Madrid.
- Plots in Aznalfarache, Dos Hermanas and Airport in Seville;
- Plot in Condomina, in Murcia;
- Plot in Laderas Sur, in Valladolid;
- Plot in La Lastra, in Leon;
- Land in Quinta dos Moinhos, in Porto (Portugal);
- Land in Finistrelles, Barcelona;

The main movements in 2020 were:

- The execution of a purchase option held by ARPO on various plots of land forming part of UZ 2.4-03 in Pozuelo de Alarcón (Madrid) for an amount of 25,270 thousand of euros.
- The acquisition of land through the foreclosure of the third-party loans described in Note 14.1 for an amount of 4,265 thousand of euros, located in Tres Cantos (Madrid).
- The execution of an exchange for an amount of 7,000 thousand of euros for a development in progress located in Marbella (Málaga).
- Derecognitions relating to the sale of land for a net amount of 47,088 thousand of euros, with an associated cost of 44,981 thousand of euros. The most significant sales correspond to the divestment of 10 plots in Oeiras, in Lisbon (Portugal), for a cost of 18,313 thousand of euros, the sale of two plots in Seville for a cost of 7,568 thousand of euros and the sale of a development in progress in Madrid for a cost of 2,667 thousand of euros.

The main movements in 2019 were:

- The acquisition of a plot of land in Berrocales (Madrid) for 11,475 thousand of euros.
- The acquisition of a plot of land called "Coslada RML1" (Madrid) for 5,232 thousand of euros, of which 4,709 thousand of euros were outstanding as at 31 December 2019.

- The execution of the option on a piece of land held in Barajas (Madrid) for approximately 24,000 thousand of euros, with 17,621 thousand of euros outstanding as at 31 December 2019.
- The acquisition of the land through the foreclosure of the third-party loans described in Note 14.1 for 43,530 thousand of euros.
- Derecognitions relating to the sale of land for a net amount of 7,216 thousand of euros, with an associated cost of 4,825 thousand of euros. The most significant sale corresponds to the sale of Sevilla Este 13G for 4,745 thousand of euros and to Pechina (Valencia) for 1,650 thousand of euros.

As at 31 December 2020 and 2019, certain “Land and Plots of Land”, with a net cost of 35,303 thousand of euros and 92,747 thousand of euros, respectively, were mortgaged to secure the repayment of various bilateral bank loans of which 37,859 thousand of euros and 47,500 thousand of euros, respectively, were drawn down (see Note 18.1.2).

15.2. Commitments to acquire land and plots

As at 31 December 2020, there were no commitments for the acquisition of land and plots of land, but pledge or option contracts for land and plots of land exercised in previous years still have outstanding obligations of 30,000 thousand euros.

As at 31 December 2019 the Group had entered into pledge agreements or agreements with purchase options on land and building plots totalling approximately 62,000 thousand of euros, and had delivered interim amounts of 2,342 thousand of euros.

As at 31 December 2019, the main commitments for the acquisition of land and plots of land were as follows

- The purchase option contract formalised on 6 April 2017 with Resto HG, S.L. on several pieces of land that were part of UZ 2.4-03 “ARPO”. This contract granted the Group two purchase options. On 11 February 2020, the option to purchase this land was exercised.

15.3. Completed developments

The “Completed Developments” heading includes the cost of the unsold portion of completed developments.

As at 31 December 2020, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Célere Cortijo Norte; Célere Perales; Célere Jarama; Célere Las Rosas; Célere Cubic II).
- ***Málaga*** (Célere Cala Serena; Célere Serenity; Célere Duna Beach).
- ***Barcelona*** (Célere Els Ametllers; Célere Terram).
- ***Valladolid*** (Célere Arco).
- ***Seville*** (Célere Lemos).
- ***La Coruña*** (Célere Cuatro Caminos).
- ***Valencia*** (Célere Llum Patraix).

As at 31 December 2019, the geographical distribution of the main property developments completed was as follows:

- ***Madrid*** (Célere Nacari; Célere Monet; Célere Boreal III; Célere Harmony and Célere Nueva Gavia)

- ***Málaga*** (Célere Churriana; Célere Duna Beach; Célere Casa Banderas)
- ***Barcelona*** (Célere Aviació)
- ***Valladolid*** (Celere Ponce de Leon)

In 2020, derecognitions amounting to 510,191 thousand of euros were recorded under "Completed Developments" (292,743 thousand of euros in 2019), relating to the cost of the developments delivered in the year.

The main sales in 2020 relate to the developments of Las Rosas, Cortijo, Perales, Nacari, Méndez Alvaro and Cubic II in Madrid, Casa Banderas (Phase II), Serenity, Cala Serena and Duna Beach in Málaga and Sant Feliu in Barcelona (Francos Rodriguez, Méndez Alvaro, Casa la Cierva, Móstoles and Residencial Báltico in Madrid, Casa Forestier in Seville, Casa Banderas and Residencial Barama in Málaga during 2019).

As at 31 December 2020 and 2019, certain residential assets recognised under "Completed Developments" in the consolidated statement of financial position had a net cost of 110,091 thousand of euros and 8,647 thousand of euros, respectively, and were mortgaged to secure the repayment of various bank loans, the balances of which at those dates amounted to 51,403 thousand of euros and 59,511 thousand of euros, respectively (see Note 18.1.2).

15.4.Property developments in progress

The balance of this account as at 31 December 2020 and 2019 relates to the total costs incurred up to that date in the development of the residential developments in progress, including the cost of purchasing the land.

As at 31 December 2020, the main developments included under this heading were:

- Célere Miraflores residential development located in Oeiras (Lisbon), owned by the Group company "Parquesoles Inversiones Inmobiliarias y Proyectos, S.A."
- Residential development located in the Old Tobacco Factory in La Coruña M2, owned by the Group company "Udralar S.L.U."
- Residential Developments Célere Cruces, Célere Cubic III, Célere Nova Rivas, Célere Vega, Célere Urbam, Célere Alocs, Célere Doña Julia, Célere Ciencias 17, Célere Domeny, Célere Finestrelles, Célere Finestrelles II, Célere Parque Norte and Célere Port Avenue belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A."

As at 31 December 2019, the main developments included under this heading were:

- Residential development located in Las Rosas, owned by the Group company "Vía Célere, S.L.U.".
- Residential development located in the Old Tobacco Factory in La Coruña M2 and M4, owned by the Group's company "Udralar S.L.U.
- Residential developments Casares (Doña Julia) (Málaga), Ariza in Valladolid, Cortijo Norte and Perales del Rio in Madrid and Ibiza UA14 Phase I belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.".

Of the property developments in progress as at 31 December 2020 and 2019, several, which were recognised at those dates at a net cost of 377,531 thousand of euros and 539,485 thousand of euros, respectively, are mortgaged to secure the repayment of bilateral loans, the balances of which at those dates amounted to 177,786 thousand of euros and 165,110 thousand of euros, respectively (see Note 18.1.2).

15.5. Commitments to sell residential developments in progress and constructed buildings

The Group recognises under "Trade and Other Payables" the amount, in cash or in commercial bills receivable, received from customers with whom it has entered into such sales commitments.

As at 31 December 2020 and 2019, the Group had signed contracts for the sale of residential developments in progress as at that date, or of buildings constructed, for a total of 762,370 thousand of euros and 1,073,263 thousand of euros, respectively. Of the total sales commitments, as at 31 December 2020 and 2019 the Group had received advances totalling 128,718 thousand of euros and 163,015 thousand of euros, respectively (see Note 18.2).

As a standard procedure, almost all contracts of sale are subject to compensation clauses for non-delivery of the homes, consisting mostly of legal interest on the amounts delivered during the period between the scheduled delivery date in the contract and the actual delivery date. The Group does not estimate any impact on these consolidated annual accounts for this reason, mainly due to the historical experience of recent years, as well as the fact that the delivery date foreseen in the contracts takes into account a safety margin. Also, in general, pre-sales include compensation for the Group in the event of cancellation by the customer, although no amount is recorded for this item until it materialises.

15.6. Impairment of inventories

Each year the Group commissions studies from independent experts to determine the net realisable value of its inventories at year-end. As of 31 December 2020 and 2019 the studies were carried out by "Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U." ("Savills"). The valuations were carried out on the basis of the market value in accordance with the definition adopted by the Royal Institution of Chartered Surveyors (RICS) and with the International Valuation Standards (IVS), published by the International Valuation Standards Committee (IVSC), organisations that incorporate the international and European property valuation organisations, respectively.

To calculate the values of the various properties in the Group's portfolio, the discounted cash flow method, the sales comparison method and the dynamic residual method were used.

The discounted cash flow method, as defined by Savills, comprises analysing the property development and its sale upon completion, discounting the costs required to bring the project to completion (building, architecture, urban planning and cost of sale, among others) and recognising the income upon completion. This results in a cash flow that is updated to the valuation date by means of the IRR that indicates the level of risk the developer is willing to take and the benefits he expects to achieve.

In relation to impairment losses, in 2020 the Group recognised additions of 9,876 thousand of euros (17,516 thousand of euros in 2019) and disposals of 52,144 thousand of euros (36,035 thousand of euros in 2019). These amounts include:

- Impairment write-downs on disposal of assets, net amounting to 43,031 thousand of euros (in 2019, 13,921 thousand of euros), which is recognised under "changes in inventories of completed goods and work in progress" and "raw materials and other consumables used".
- As well as impairment by valuation of assets in portfolio for a net amount of 763 thousand of euros (expense) (4,330 thousand of euros of income in 2019), which is recorded under the headings of "changes in inventories of completed goods and work in progress" and "Impairment of real estate inventories". The latter valuation impairments are made in order to adjust the carrying amount of inventories to their net realisable value, without exceeding cost, determined on the basis of Savills' valuations.

As at 31 December 2020 and 2019, the overall fair value of the Group's inventories resulting from the aforementioned studies amounted to 1,759,734 thousand of euros and 2,166,924 thousand of euros, respectively.

Savills' main assumptions in the valuation as at 31 December 2020 are as follows:

Selling price (EUR/m2)	Margin	Internal Rate of Return
950 – 7,863	1% –48%	6% –25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.7 % for the year 2020, as follows:

IRR (%)	Discount rate (%) 31.12.2020
Projects in progress	8.9%
Fully authorised land	12.4%
Strategic land	15.2%
TOTAL	**12.7%**

Savills' main assumptions in the valuation as at 31 December 2019 are as follows:

Selling price (EUR/m2)	Margin	Internal Rate of Return
951 – 8,451	1% –48%	6% –25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.7 % for the year 2019, as follows:

IRR (%)	Discount rate (%) 31.12.2019
Products in progress	9.8%
Fully authorised land	12.2%
Strategic land	15%
TOTAL	**12.4%**

The outbreak of COVID-19, considered a global pandemic by the WHO in 2020, has affected global financial markets. Savills, in accordance with RICS VPS 3 and VPGA 10, highlights the existence of a material uncertainty in the valuation and also recommends in its report that the valuation of the assets be kept under regular review.

In line with the above, the Company's directors commissioned Savills to perform a sensitivity analysis of the valuations in order to determine the effects of changes in key valuation assumptions on the net book value of the Company's inventories. This sensitivity exercise was performed assuming that all other valuation variables remain constant. The results of the sensitivity analysis are as follows:

- In the case of the discount rate, a sensitivity of +/- 100 basis points has been established based on different short and medium-term economic scenarios, as well as the consideration of the rate of return required by other property developers with characteristics other than those of the Group.
- In the case of the sales price, sensitivity analyses of +/-1%, +/-5% and +/-10% were performed.

This sensitivity exercise was performed assuming that all other variables remain constant.

Changes in the net book value of inventories would be affected as follows if key assumptions changed:

	Thousand of euros	
	Discount rate Increase /(decrease)	
Assumption	**1%**	**(1%)**
Market Value	1,721,001	1,811,319
Net Book Value	1,241,423	1,253,578

	Thousand of euros					
	Sell price Increase /(decrease)					
Assumption	**1%**	**(1%)**	**5%**	**(5%)**	**10%**	**(10%)**
Market Value	1,793,529	1,734,640	1,907,560	1,613,392	2,050,027	1,461,707
Net Book Value	1,251,260	1,243,320	1,265,767	1,222,835	1,283,545	1,178,851

The impact that these sensitivities would have on the assessments made by the independent expert is as follows:

- A decrease of 100 basis points in the discount rate would result in an increase in the valuation of 51,585 thousand of euros, and an increase of 100 basis points would result in a decrease in the valuation of 38,733 thousand of euros.
- A 1% decrease in the sale price would lead to a decrease in the valuation of 25,095 thousand of euros, and a 1% increase would lead to an increase in the valuation of 33,795 thousand of euros.
- A 5% decrease in the sale price would lead to a decrease in the valuation of 146,342 thousand of euros, and a 5% increase would lead to an increase in the valuation of 147,826 thousand of euros.
- A 10% decrease in the sale price would lead to a decrease in the valuation of 298,028 thousand of euros, and a 10% increase would lead to an increase in the valuation of 290,292 thousand of euros.

15.7. Insurance policy

The Group's policy is to take out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the Parent Company's opinion, the coverage of the policies taken out is sufficient.

16. Equity

16.1. Share caputal

On 9 January 2019 the deed of merger of the Aelca Group with the Parent was executed, which involved a capital increase by contribution, as approved by the shareholders at the Annual General Shareholders' Meeting held on 31 October 2018, through the issue of 31,746,987 new shares with a par value of 6 euros each and with the same rights as the existing shares. On 10 January 2019 it was filed with the Companies Registry of Madrid and on 8 March 2019 it was duly registered.

On 15 March 2019, a capital increase of 37,177 thousand of euros was granted in a public deed approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 1,821,490 new shares with the same rights as those existing at that date. This increase was made by means of monetary contributions and is registered in the Companies Registry of Madrid on 1 April 2019.

On 15 March 2019, a capital increase of 18,924 thousand of euros was granted in a public deed, approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 927,189 new shares with the same rights as the existing ones. This increase was made by means of credit compensation and is registered in the Companies Registry of Madrid on 27 June 2019.

There were no increases or decreases of share capital in 2020.

Following the transactions described above, as at 31 December 2020 and 2019, the Parent Company's share capital amounted to 411,161,118 euros and is made up of registered shares of 6 euros par value each, all of them authorised, subscribed and paid up, not listed on the stock exchange, all with the same corporate rights.

The shareholders of the Company as at 31 December 2020 and 2019 were as follows:

	2020		2019	
Company	**Number of shares**	**Percentage of ownership**	**Number of shares**	**Percentage of ownership**
Maplesville Invest, S.L.U	17,828,983	26.0%	17,828,983	26.0%
Windham Spain, S.L.U.	10,170,558	14.8%	10,170,558	14.8%
Lewistown Invest, S.L.U.	10,042,179	14.7%	10,042,179	14.7%
Glenwock Invest, S.L.U.	8,258,332	12.1%	8,258,332	12.1%
Rimbey Spain, S.L.U.	6,024,597	8.8%	6,024,597	8.8%
Green coat B.V.	5,513,934	8.0%	5,513,934	8.0%
Trinity Investment Ltd.	5,112,989	7.5%	5,112,989	7.5%
Merrill Lynch International Limited	2,229,368	3.3%	2,229,368	3.3%
MELF B.V.	1,832,276	2.7%	1,832,276	2.7%
Barclays Bank PLC	1,329,208	1.9%	1,329,208	1.9%
Deutsche Bank AG, London Branch	97,877	0.1%	97,877	0.1%
JP Morgan Securities PLC	86,552	0.1%	86,552	0.1%
	68,526,853	**100.0%**	**68,526,853**	**100.0%**

The expenses incurred in the merger of Aelca during 2019 amounting to 5,506 thousand of euros were recognised in the Parent Company's net equity.

During 2020 there was no movement in the number of shares between shareholders and nor capital increases neither decreases.

The movement in the number of shares during 2019 was as follows:

Company	Number of shares at 31.12 2018	Capital increase "Operation Aelca" (10.01.2019)	Capital increase (15.03.2019)	Capital Increase from Credit Clearing (15.03.2019)	Transfers	Number of shares at 31.12.2019
Maplesville Invest, S.L.U . . .	17,828,983	–	–	–	–	17,828,983
Greencoat B.V.	5,513,934	–	–	–	–	5,513,934
Trinity Investment Ltd.	5,112,989	–	–	–	–	5,112,989
MELF B.V.	1,832,276	–	–	–	–	1,832,276
Barclays Bank PLC	1,329,208	–	–	–	–	1,329,208
Merrill Lynch International Limited	2,229,368	–	–	–	–	2,229,368
Deutsche Bank AG, London Branch	97,877	–	–	–	–	97,877
JP Morgan Securities PLC . .	86,552	–	–	–	–	86,552
Lewistown Invest, S.L.U. . . .	–	8,217,065	897,925	–	927,189	10,042,179
Glenwock Invest, S.L.U.	–	7,758,416	499,916	–	–	8,258,332
Rimbey Spain, S.L.U.	–	5,986,150	38,447	–	–	6,024,597
Windham Spain, S.L.U	–	9,785,356	385,202	–	–	10,170,558
Aelca Desarrollos Inmobiliarios, S.L.U.	–	–	–	927,189	(927,189)	–
	34,031,187	**31,746,987**	**1,821,490**	**927,189**	–	**68,526,853**

16.2.Share premium

The Capital Company Act expressly permits the use of the share premium balance to increase the share capital of the entities in which it is registered and establishes the same restrictions as regards its availability as the voluntary reserves. The share premium at 31 December 2020 and 2019 amounts to 736,387 thousand of euros.

16.3. Legal reserve

Under the Spanish Companies Act, 10% of net income of the Parent Company for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in that part of its balance that exceeds 10% of the increased capital. Except for this purpose, until it exceeds 20% of the share capital, this reserve may only be used to offset losses and provided that sufficient other reserves are not available for this purpose.

The legal reserve amounts to 30,090 thousand of euros as at 31 December 2020 (2019: 29,908 thousand of euros).

The Group holds other reserves in the negative amount of 407,574 thousand of euros (2019: 427,465 thousand of euros), mainly due to the merger transaction with Aelca which was accounted for at predecessor values and resulted in a negative impact of 409,965 thousand of euros in 2019.

16.4. Restrictions on the distribution of dividends

As at 31 December 2020 and 2019, the Parent Company had restrictions on the distribution of dividends as a result of the corporate financing agreement signed on 2 January 2019 and novated on 26 June 2020 (see Note 18.1.3).

16.5.Own shares

As at 31 December 2020 and 2019 the Group did not hold any treasury shares and had not carried out any transactions involving treasury shares during the year.

16.6. Capital Management

The Group's capital management is focused on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy allows the creation of value for the shareholder to be made compatible with access to the financial markets at a competitive cost to cover the needs both of refinancing the debt and of financing the investment plan not covered by the generation of funds from the business.

17. Provisions and contingencies

The detail of the balances of these headings in the consolidated statement of financial position at the end of 2020 and 2019 is as follows:

	Thousand of euros 2020				
	Opening Balance as at 31 December 2019	Additions	Applications	Reversals	Closing Balance as at 31 December 2020
Non-current provisions					
Provisions for contingencies and expenses	12,147	8,232	(595)	(9,728)	10,056
Current provisions					
Aftersales provision	549	960	(196)	(150)	1,163
Provisions for insolvency	3,254	3,253	–	(446)	6,061
Traffic provisions and others	6,509	9,922	(3,963)	(2,622)	9,846
	22,459	**22,367**	**(4,754)**	**(12,946)**	**27,126**

	Thousand of Euros 2019					
	Opening Balance as at 31 December 2018	Additions	Applications	Reversals	Merger addittion	Closing Balance as at 31 December 2019
Non-current provisions						
Provisions for contingencies and expenses	8,823	3,588	(1,389)	(3)	1,128	12,147
Current provisions						
Aftersales provision	–	549	–	–	–	549
Provisions for insolvency	156	3,098	–	–	–	3,254
Traffic provisions	421	7,471	(1,382)	(1)	–	6,509
	9,400	**14,706**	**(2,771)**	**(4)**	**1,128**	**22,459**

As at 31 December 2020 and 2019, the provision for contingencies and expenses relates mainly to contingencies that the Group considers likely to arise from legal proceedings relating to its ordinary activities. The outcome of these related contingencies depends on the resolution of the corresponding legal proceedings.

17.1. Provisions for contingencies and expenses

As at 31 December 2020 and 2019, the most significant procedures maintained by the Group were as follows

- The Parent Company has received claims from construction companies during 2020 amounting to 4,685 thousand of euros, for which it has made provisions.
- Also, the Group subsidiary Via Célere, S.L.U. received a claim for compensation for an alleged delay in the delivery of the property covered by the transaction, for which it has made a provision of 1,352 thousand of euros.

During 2020, the provision in the amount of 7,900 thousand of euros was reversed, due to the procedure maintained by the Parent Company for having delivered two letters of guarantee to Antigua Rehabitalia, S.A., an indirect subsidiary of the Parent Company until 29 December 2017, covering two mortgage loans between Antigua Rehabitalia, S.A. and SAREB amounting to 12,400 thousand of euros to secure two properties owned by Antigua Rehabitalia, S.A. located in the sector of Conil de la Frontera (Cádiz). During 2017, Antigua Rehabitalia, S.A. entered into insolvency proceedings. As a result, the Group decided to make a provision of 7,900 thousand of euros relating to the difference between the guarantee and the fair value of the land, which remained at year-end 2019. The claim action for said amount was time-barred on 7 October 2020.

During 2020, the Parent Company was in the process of being inspected by the tax authorities for corporate income tax for 2015, whereby the tax values of the assets contributed in 2010 by Grupo San José in favour of Vía Celere Desarrollos Inmobiliarios are being questioned.

In addition, the subsidiary Vía Célere S.L.U. has received a tax claim for an amount of 200 thousand of euros from Via Agora, S.L.U. in relation to the corporate income tax audit for 2013 and 2014 in which it belonged to the consolidated tax group whose Parent Company was Via Agora S.L.U.

In 2019 the Parent Company registered 1,707 thousand of euros in the provisions for liabilities and charges in respect of property tax (IBI) relating to the foreclosure of loans to third parties, of which 1,177 thousand of euros have been reversed in the year, and 530 thousand of euros were outstanding in this connection as at 31 December 2020 and 2019.

In 2019, as part of the merger process (see Notes 1 and 7), the Parent incorporated provisions amounting to 1,128 thousand of euros in connection with potential liabilities arising from the business activities of the absorbed companies.

17.2. Aftersales provision

In 2020, the Group decided to create a provision for possible after-sales customer claims for the developments delivered, amounting to 960 thousand of euros (549 thousand of euros during 2019), for the real estate developments delivered during the year. In addition, payments applied to the post-sale provision of 196 thousand of euros were made, as well as reversals in the amount of 150 thousand of euros.

17.3. Provisions for insolvency

As at 31 December 2020 and 2019, the Group's provision for bad debts is mainly due to invoices issued to different construction companies which are currently in insolvency proceedings for the amount of 6,061 thousand of euros and 3,098 thousand of euros, respectively (see Note 14.2).

17.4.Traffic provisions and others

During 2020 the Group has made provisions, mainly, for the completion of work costs of construction services received but not yet invoiced for delivered developments amounting to 5,648 thousand of euros (7,471 thousand of euros in 2019). They are recognised at the date of transfer from work in progress to completed work on the property assets, according to the best estimate of the possible expense incurred by the Group and for the amount required to settle the Group's liability.

In the opinion of the Board of Directors, the provisions recorded at 31 December 2020 and 2019 reasonably cover the existing risks, not considering that significant additional losses may arise from the resolution of litigation in progress.

18. Long and short-term liabilities and trade payables

The classification of financial liabilities by category is as follows:

	Thousand of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Back borrowings	4,029	376,975	222,401	384,099
Commercial paper programme	–	1,700	–	-
Payables to related parties and associates	–	143	–	143
Payable to employees	–	31	–	2,674
Payables to suppliers	–	110,220	–	122,704
Customers advances	–	128,718	–	163,015
Other financial liabilities	10	236	10	164
	4,039	**618,023**	**222,411**	**672,799**

Irrespective of the effective date of repayment, the Group classifies as "current" the financial liabilities affecting the financing of goods or assets classified in the consolidated statement of financial position as "current".

The reconciliation of liability movements to cash flows resulting from financing activities is as follows:

	Thousand of Euros
	Bank borrowings current and non current
Balance as at 31 December 2019	606,500
Changes from financing activities	
Proceeds from bank borrowings	285,300
Repayment of bank borrowings	(524,171)
Total changes from financing cash flows	**(238,871)**
Other changes	
Interest expense	39,589
Interest paid	(24,419)
Other changes	(1,796)
Balance as at 31 December 2020	**381,003**

	Thousand of Euros	
	Bank borrowings current and non current	Associate companies
Balance at December 2018	238,957	142
Changes from financing activities		
Proceeds from related parties	–	1
Proceeds from bank borrowings	331,015	–
Repayment of bank borrowings	(78,273)	–
Total changes from financing cash flows	252,742	1
Other changes		
Additions by Aleca Merger (Note 7)	113,574	–
Interest expense	31,189	–
Interest paid	(31,189)	–
Other changes	1,227	(143)
Balance at 31 December 2019	**606,500**	**–**

18.1. Non-current and current payables

18.1.1. Bank borrowings

The detail by maturity of the items (in thousand of euros) included in short and long-term debts to credit institutions is as follows:

		Dispose short term				Maturity					
Instrument	**Limit**	**Long cycle**	**Short cycle**	**Dispose long term**	**Total drawn down**	**2021**	**2022**	**2023**	**2024**	**2025 and rest**	**Total**
Mortgage loans secured by inventories (Note 19.1.3)	756,080	50,584	216,464	–	**267,048**	216,464	46,323	4,261	–	–	**267,048**
Credit lines	85,700	–	82,269	3,284	**85,553**	82,269	1,518	1,018	518	229	**85,553**
Accrued interests (Note 19.1.3)	–	173	1,546	–	**1,719**	1,719	–	–	–	–	**1,719**
Other loans	31,017	–	27,639	745	**28,384**	27,387	160	164	167	506	**28,384**
Borrowings as at 31/12/2020	**872,796**	**50,757**	**327,918**	**4,029**	**382,705**	**327,839**	**48,002**	**5,443**	**685**	**736**	**382,704**

		Dispose short term				Maturity					
Instrument	**Limit**	**Long cycle**	**Short cycle**	**Dispose long term**	**Total drawn down**	**2020**	**2021**	**2022**	**2023**	**2024 and rest**	**Total**
Mortgage loans secured by inventories (Note 19.1.3)	1,089,582	46,268	225,853	–	**272,121**	226,552	39,688	1,740	4,141	–	**272,121**
Credit lines	147,476	–	107,368	37,377	**144,745**	16,550	128,195	–	–	–	**144,745**
Accrued interests (Note 19.1.3)	–	3,501	1,109	–	**4,610**	4,610	–	–	–	–	**4,610**
Other loans	186,640	–	–	185,024	**185,024**	154	183,873	160	164	673	**185,024**
Borrowings as at 31/12/2019	**1,423,698**	**49,769**	**334,330**	**222,401**	**606,500**	**247,866**	**351,756**	**1,900**	**4,305**	**673**	**606,500**

The total balance drawn down in 2020 and 2019 is shown net of fees pending amortisation amounting to 9,814 thousand of euros and 12,812 thousand of euros, respectively, and increased by interest payable of 1,719 thousand of euros and 4,610 thousand of euros, respectively.

Credit lines include 4 ICO loans for a total amount of 12 million euros signed during 2020 and maturing between June 2021 and December 2025.

Other credits include a line for the issuance of promissory notes in MARF of which the balance drawn down as at 31 December 2020 is 1,700 thousand of euros.

The Company continuously explores existing alternatives to optimise and diversify its funding sources.

All these loans have an interest rate linked to EURIBOR plus a spread in line with market conditions.

As a result of the merger and the financing agreement described in Note 18.1.3, in 2019 the Parent Company and certain subsidiaries obtained waivers from the following financial institutions and insurance companies: Bankia, S.A., BBVA, S.A., Liberbank, S.A., Caixabank, S.A., Abanca, S.A., Unicaja Banco, S.A., Bankinter, S.A., Banco Sabadell, S.A., Kutxabank, S.A., Banco Santander, S.A., Liberty Mutual Insurance Europe Limited and QBE Insurance (Europe) Limited, to comply with the clauses included in certain contracts.

In view of these waivers, at the date of these consolidated annual accounts the Parent Company's management considers that the Group complies with all the covenants in the loan agreements.

Credit lines as at 31 December 2020 and 31 December 2019 include the amount drawn down, recorded at amortised cost, of a credit line arranged with Banco Popular to finance the purchase of land, with an available limit of 28 million euros, of which 26 million euros were drawn down as at 31 December 2020 (121 million euros of limit in 2019 and 105 million euros drawn down as at 31 December 2019).

The debts of the associates amounted to 1,663 thousand of euros as at 31 December 2020 and 2,235 thousand of euros as at 31 December 2019.

18.1.2. Mortgage loans secured by inventories

The "Development Loans" on developments under construction and on buildings constructed amounting to 229,189 thousand of euros and the "Loans for the Purchase of Land" amounting to 37,859 thousand of euros are defined as mortgage loans secured by inventories, totalling 267,048 thousand of euros (see Note 15).

The total liability for financial liabilities associated with "Inventories" is presented under current liabilities in the accompanying consolidated statement of financial position, irrespective of the date on which it is actually repaid.

The detail of loans secured by mortgages on inventories as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Mortgage loans secured by property developments in progress	**177,786**	**165,110**
Of the Parent	150,072	116,799
Of the subsidiaries	27,714	48,311
Mortgage loans secured by completed developments	**51,403**	**59,511**
Of the Parent	39,134	48,011
Of the subsidiaries	12,269	11,500
Mortgage loans secured by land and plots	**37,859**	**47,500**
Of the Parent	29,570	37,097
Of the subsidiaries	8,289	10,403
	267,048	**272,121**

The main changes in 2020 in mortgage loans on inventories relate to transactions for the repayment of these loans through the delivery of assets to secure the loans, totalling 257,924 thousand of euros in 2020 (56,613 thousand of euros in 2019).

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company incorporated bank borrowings amounting to 113,574 thousand of euros relating to mortgage loans on inventories of the absorbed companies.

Certain development loan agreements provide for accrued interest to be capitalised as principal on each interest payment date. The cost of capitalised interest as at 31 December 2020 and 2019 amounted to 17,251 thousand of euros and 13,078 thousand of euros, respectively.

Mortgage loans bear annual interest at a variable rate. In 2020, the rates were from 1.00% to 3.5% (same percentage in 2019).

18.1.3. Senior syndicated loan

On 2 January 2019 the Parent Company signed a senior syndicated loan agreement amounting to 223,000 thousand of euros as the original borrower. The Parent Company, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial entities as original lenders, and Credit Suisse International as agent and security agent. The initial amount was distributed by means of an Acquisition facility (loan) amounting to 185,331 thousand of euros, which was fully drawn down and classified as Other Loans, and a Revolving Credit Facility (RCF) amounting to 37,669 thousand of euros classified as a line of credit. During 2019, the guarantee on the companies Maywood Invest, S.L.U and Udralar, S.L.U. was released.

The syndicated senior loan had a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions were met, and accrued an interest rate based on the EURIBOR plus a market differential. On 26 June 2020, the Parent Company extended the financing agreement until 31 December 2021 on a half-yearly payment schedule.

During 2020, the Parent Company has made repayments of 150 million euros, leaving an outstanding balance as at 31 December 2020 of 73 million euros.

In addition, during 2020, a guarantee has been granted on the shares of Maywood Invest, S.L.U., becoming the guarantor of this syndicated loan.

The Parent Company undertakes to comply with certain covenant financial obligations during the term of the loan and relating to its quarterly Consolidated Financial Statements. These obligations are as follows:

- Commitment to comply with a ratio known as “LTV”, understood as the quotient between: *Net Debt* and Gross *Assets* Value (“GAV”).

  This ratio must be less than 45%, which was met as at 31 December 2020.

- Commitment to comply with at least 85% of the consolidated EBITDA, the contribution by the guarantor companies of the senior syndicated loan and at least 5% of the total aggregate assets (calculated on a non-consolidated basis and excluding all intragroup elements and investments in investees). The ratio as at 31 December 2020 is complied.

18.2. Trade and other payables

The “Trade and other payables” heading includes mainly the amounts payable for trade purchases and related expenses. Its detail are as follows:

	Thousand of Euros	
	2020	2019
Current payables to suppliers	110,220	122,704
Payable to employees	31	2,674
Customer advances (note 15.5)	128,718	163,015
	238,969	**288,393**

19. Average Supplier Payment Period. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010"

The detail of payments to suppliers by Spanish consolidated company is as follows:

	Payments made and outstanding at the reporting date	Payments made and outstanding at the reporting date
	2020	2019
	Days	Days
Average period of payment to suppliers	64	64
Ratio of paid transactions	71	67
Ratio of transactions pending payment	32	40
	Amount (Euros)	Amount (Euros)
Total payments made	338,545,756	340,161,631
Total payments pending	43,319,115	70,801,559

In accordance with the ICAC Resolution, the calculation of the average period for payment to suppliers has taken into account the transactions considered as commercial transactions corresponding to the delivery of goods or services accrued during each financial year, only with respect to Spanish entities.

Suppliers are defined, solely for the purposes of reporting information under this Resolution, as trade creditors of debts to suppliers of products or services, included under the heading of suppliers and other creditors of current liabilities in the consolidated statement of financial position.

The average period for payments to suppliers has been calculated, as indicated in the ICAC Resolution of 29 January 2016, by applying the weighted average of the following two ratios:

- Ratio of transactions paid: average payment period of transactions paid in the year weighted by the amount of each transaction.
- Outstanding transactions ratio: average payment period between the invoice and the end of the year weighted by the amount of each transaction.

The Group's management evaluates the necessary measures to try to reduce the average payment period in accordance with the legally established limits.

20. Financial risk management and fair value

The Group's management have evaluated the potential impacts caused by COVID-19 in the Consolidated Financial Statements as at 31 December 2020. From that evaluation has not been identified any relevant impact, except as the mentioned in the Note 15.6.

20.1. Financial risk management

Risk management framework

The Group's activities are exposed to credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme seeks to reduce these risks through a variety of methods, including the use of financial instruments.

Financial risk management is centralized in the Corporate Finance Department, which has established the necessary mechanisms to manage exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

20.2. Credit risk exposure

Credit risk is the risk of financial loss that the Group may suffer if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises in particular from the Group's customer receivables and investments in debt securities.

The Group does not have significant credit risk, since its customers and the institutions in which cash placements or derivatives are arranged are highly solvent entities in which counterparty risk is not significant.

The Group's main financial assets are cash and balances, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets, without taking into account any guarantees provided and other credit enhancement mechanisms.

The Group's credit risk is mainly attributable to its trade debts. The amounts are reflected in the consolidated statement of financial position net of provisions for bad debts, with the expected credit loss estimated by Group management on the basis of past experience and its assessment of the current economic environment. The Group has formal procedures for the detection of objective evidence of impairment of trade debts, in line with the provisions of IFRS 9. The impairment of trade receivables as at 31 December 2020 amounted to 6,061 thousand of euros (3,254 thousand of euros in 2019) (see Note 14.2). The balances of trade debts without credit risk are not included in this provision at the end of 2020 and 2019.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are banking entities that have been assigned high ratings by international credit rating agencies.

The Group does not have a significant concentration of credit risk. Risk exposure is diversified among numerous clients.

The Group monitors and has established specific credit management procedures, establishing conditions for the acceptance of orders and carrying out periodic monitoring of these orders.

20.3. Interest rate risk exposure

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with short-term maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2020 and 2019 all financial liabilities with floating interest rates were denominated in euros.

20.4. Liquidity risk exposure

The Group manages its liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions. The Group determines its cash requirements through the cash budget, with a time horizon of 12 months. The Group considers that the agreed financing framework is sufficiently flexible to accommodate the dynamic needs of the underlying businesses.

The Group also presents the necessary financing for the development of the assets classified as “Property developments in progress”. These loans are conditional upon the specific construction of the developments to which they are associated, and their decrease is presented gradually with the progress of the construction work and, therefore, the Group depends solely on the cash available as at 31 December 2020 to guarantee the continuity of the business.

21. Tax matters

Since 1 January 2016, the Parent Company has been taxed under the consolidated corporate income tax regime (Group 0258/16). Subsidiaries in the tax group are all subsidiaries resident in Spain in which the Parent Company has a direct or indirect ownership interest of 75% or more.

At 31 December 2020 and 2019, the tax consolidation group is as follows:

	Tax Group
	2020
Parent	
Via Celere Desarrollos In mo binaries, S.A.	
Subsidiaries	
Copaga, S.A.	
Udralar, S.L.U.	
Udrasur Inmobiliaria, S.L.U.	
Torok Investment 2015, S.L.U.	
Via Celere, S.L.U.	
Via Celere 1, S.L.U.	
Via Celere 2, S.L.U.	
Via Celere Gestidn de Proyectos, S.L.U.	
Conspace, S.L.U.	
Via Celere Catalunya, S.L.U.	
Maywood Invest, S.L.U.	

21.1. Tax receivables and payables

The composition of balances receivable from public authorities is as follows:

	Thousand of Euros	
	2020	2019
Deferred tax assets		
Deductible temporary differences	46,244	49,609
Credits in respect of loss carryforw ards	22,391	25,393
	68,635	**75,002**
Current:		
VAT recoverable	7,517	12,228
Withholdings and payments on account	–	7
Current tax receivable	111	109
	7,628	**12,344**
Total	**76,263**	**87,346**

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The composition of the balances payable to public authorities is as follows:

	Thousand of Euros	
	2020	2019
Non-current:		
Deferred tax liabilities	3,014	12,621
	3,014	**12,621**
Current:		
Income tax payable (VAT)	26,720	12,987
Income tax payable (CIT)	4,946	654
Social security payable	658	526
Other taxes payable	1,096	168
	33,420	**14,335**
Total	**36,434**	**26,956**

21.2. Deferred tax assets and liabilities

The detail of the balance of the heading “Deferred tax assets” at the end of 2020 and 2019 is as follows

	Thousand of Euros	
	Balance as at 31/12/2020	Balance as at 31/12/2019
Assets w ith tax value different from the accounting value	–	5,818
Reversal of 30% accounting depreciation costs	659	760
Non deductible finance costs	39,526	40,257
NOLs	22,720	25,625
Tax deductions	1,508	1,508
Others	2,246	530
Consolidation adjustments	1,976	504
Total	**68,635**	**75,002**

	Thousand of Euros				
	Balance as at 31/12/2019	Addition	Disposal	Funds transfer	Balance as at 31/12/2020
Deferred tax assets	**75,002**	**2,557**	**(10,239)**	**1,315**	**68,635**

	Thousand of Euros				
	Balance as at 31/12/2018	Addition	Disposal	Funds transfer	Balance as at 31/12/2019
Deferred tax assets	**71,089**	**4,291**	**(378)**	**–**	**75,002**

The detail of the heading “Deferred tax liabilities” as at 31 December 2020 and 2019 is as follows:

	Balance as at 31/12/2020	Balance as at 31/12/2019
Revaluation of assets from prior reorganisations	–	7,986
Exemption for reinvestment tax credits	1,034	1,539
Margin elimination	727	245
Consolidation adjustments	1,253	2,851
Total	**3,014**	**12,621**

	Thousand of Euros				
	Balance as at 31/12/2019	Addition	Disposal	Funds transfer	Balance as at 31/12/2020
Deferred tax liabilities	12,621	482	(11,404)	1,315	3,014

	Thousand of Euros				
	Balance as at 31/12/2018	Addition	Disposal	Funds transfer	Balance as at 31/12/2019
Deferred tax liabilities	13,852	–	(1,231)	–	12,621

The Group’s main deferred tax assets and liabilities are related to the following items:

Non-deductible financial expenses. In accordance with Article 16 of the Corporate Income Tax Law, net financial expenses will be deductible annually up to a limit of 30% of the year’s operating profit, and net financial expenses of 1 million euros may be deducted in any case. At the end of 2018, the Group would have recognised non-deductible financial expenses amounting to 38,500 thousand of euros (share) as a deferred tax asset. In 2019, an addition of 1,955 thousand of euros was recognised in this connection. During 2020, the Company recovered financial expenses not deducted in previous years amounting to 2,924 thousand of euros, resulting in a deferred tax write-off of 731 thousand of euros.

- Credits for loss carryforwards. In 2018, the Group recognised deferred tax assets relating to tax losses carried forward from prior years that had not yet been offset. In the current year the Group has already started to offset tax loss carryforwards.

- Limitation to book depreciation. In 2013 and 2014, only 70 % of the accounting depreciation expense was deductible for tax purposes, and the remaining 30 % was recorded as a tax credit (deferred tax asset) which is reversed on a straight-line basis over 10 years.

- Difference between book and tax value of assets from different business restructuring operations. The Company has derecognised both the deferred asset and the deferred liability in this respect as they are not recoverable.

To assess the recoverability of deferred tax assets, the Company has also taken into account the valuation of inventories at year-end 2020 carried out by Savills, which reflects a fair value of 1,770,168 thousand of euros (see Note 15.6), as well as the business plan prepared by the Group for the period 2020-2030 and the development sales forecasts included in this plan, which also include those corresponding to the companies integrated during the year (see Note 1), and which have been made taking into account the characteristics of the Spanish real estate sector in which the Group operates. At 31 December 2020, the Group has signed sales

contracts amounting to 763 million euros (see Note 15.5). Based on this evidence, the Group estimates that it will recover the full amount of tax credits recognised in less than ten years.

21.3. Reconciliation of accounting profit and taxable profit

The reconciliation between consolidated accounting profit and taxable profit is as follows:

	Thousand of Euros	
	2020	2019
Consolidated profit for the year	49,657	22,435
Corporate income tax	(13,406)	4,155
Profit/(Loss) before taxes	**63,063**	**18,280**
Permanent differences	(22,410)	(29,542)
Temporary differences	3,741	16,101
Offset of negative tax bases	(15,330)	(977)
Consolidation adjustments	6,648	3,748
Income tax expense/(income)	**35,712**	**7,610**

The relationship between the income tax expense/(income) and the profit/(loss) for the year is as follows:

	Thousand of euros	
	2020	2019
Profit (loss) before tax	**63,063**	**22,435**
CIT at 25%	15,766	(4,155)
Profit (loss) before tax		
Assets with different tax and book value	(1,631)	16,101
Adjustments from previous years	(1,524)	(977)
Tax deductions and discounts from current year	(28)	3,748
Deferred tax assets for the current year	935	–
Consolidation adjustment	(200)	(7,386)
Income tax expense/(income)	**13,406**	**7,332**

The detail of the income tax expense/(income) in the consolidated income statement is as follows:

	Thousand of euros	
	2020	2019
Income tax expense/(income) for current tax and others	16,646	989
Income tax expense/(income) for deferred taxes	(3,240)	(5,144)
Income tax expense/(income)	**13,406**	**(4,155)**

The main adjustments for permanent differences to the accounting profit for 2020 are as follows:

- In 2017, as a result of the transfer of real estate in the carve-out operation carried out in favour of Dospuntos Asset Management, S.L. (an entity related to the Company under the terms established in Article 42 of the Commercial Code), an accounting loss was generated that was not considered deductible for tax purposes in application of the provisions of Article 11.9 of the Corporate Income Tax Law. In 2019, Dospuntos Asset Management, S.L. transferred to independent third parties a portion of the assets that generated the non-deductible loss at the Company's headquarters and, accordingly, the Company included in its tax base an amount of 817 thousand of euros relating to part of the loss deferred in 2017.

- In addition, Dospuntos Asset Management, S.L. has proceeded to liquidate a series of entities that were contributed in the carve-out operation, such as Udramar, S.L. Udrasol, S.L., and Douro Atlantico, S.L. When VCDI contributed these entities to Dospuntos Asset Management, S.L. in accordance with the provisions of Article 11.9 of the Spanish Corporate Income Tax Law, it did not deduct the impairment losses that had not been deductible for tax purposes when they were provided for. Therefore, since the entities have been liquidated, generating a definitive loss, VCDI has proceeded to recover the impairment losses considered non-deductible for tax purposes, incorporating a loss in the tax base in the amount of 23,963 thousand of euros.

In 2020, the main temporary tax differences in accounting profit are as follows:

- Impairment of certain inventories with carrying values different from taxable values (1,215 thousand of euros).
- Impairment of VCDI's interest in Célere Fórum Barcelona amounting to 6,032 thousand of euros.
- Positive adjustment of 7,819 thousand of euros arising from the limitation on the deductibility of financial expenses, in accordance with Article 16 of the Corporate Income Tax Law.
- Negative adjustment of 401 thousand of euros corresponding to the reversal of accounting amortisation expenses.

21.4. Tax deductions pending application

The legislation in force regarding Corporate Tax establishes various tax incentives. The tax credits earned in a given year that cannot be offset during that year because they exceed the applicable legal limits may be taken to reduce the income tax payable in subsequent years, within the limits and time periods established by the related tax legislation.

The tax credits taken in prior years are as follows:

Year	Thousand of Euros	Description
2020	8	Donation deduction
2020	20	Reinvestment deduction
	Thousand of Euros	

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21.5. Tax losses carryforwards

The Group's tax loss carryforwards at 31 December 2020 are detailed below:

(i) The individual NOLs per company are as follows:

							Thousand of Euros
Year	Vía Célere Desarrollos Inmobiliarios S.A.	Copaga, S.L.U.	Udralar, S.L.U.	Udrasur Inmobliaria, S.L.U.	Torok Investment 2015, S.L.U.	Conspace, S.L.	Total
2003	–	–	–	1	–	–	1
2006	–	35	–	–	–	–	35
2007	–	1	–	–	–	–	1
2008	–	62	7,422	1	–	–	7,485
2009	294	23	1,813	1	–	–	2,131
2010	27,374	55	1,815	–	–	–	29,244
2011	44,313	111	2,014	–	–	–	46,438
2012	54,446	–	–	–	–	–	54,446
2013	133,160	25	9,613	–	–	–	142,798
2014	1	–	–	–	–	–	1
2015	160,449	–	50,466	13	–	–	210,928
2016	946	–	–	–	1,164	–	2,110
2017	5,477	–	–	–	–	250	5,727
2018	12,283	–	–	–	–	–	12,283
TOTAL	**438,743**	**312**	**73,143**	**16**	**1,164**	**250**	**513,627**

(ii) The tax group NOLs are as follows:

				Thousands of euros
Years	Via Célere Desarrollos Inmobiliarios S.A.	Udralar, S.L.U.	Copaga, S.L.U.	Torok Investment 2015, S.L.U.
2017	16,967	331	1,299	337
TOTAL	**16,967**	**331**	**1,299**	**337**

The tax losses of the Parent Company and its subsidiaries may be offset in the future, without any time limit, but in accordance with the quantitative limits set out in Royal Decree Law 3/2016 of 2 December. As mentioned in section 2 of this note, during 2018 the Group proceeded to activate tax losses from previous years amounting to 101,376 thousand of euros.

In summary, tax loss carryforwards generated and pending offset by Group companies amount to 533 million euro at 31 December 2020, of which 91 million euro are capitalised (102 million euro at 31 December 2019), corresponding to 22.7 million euro in instalments (25%) recognised as deferred tax assets (25.6 million euro at 31 December 2019).

21.6.Restructuring operations

During 2019 the merger by absorption of the Company (as the absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. was carried out. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and

block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former (See Notes 1 and 7).

The merger by absorption was subject to the tax neutrality regime provided for in Heading VIII, Chapter VII of the LIS, and the corresponding notification was made to the Tax Authorities within the term provided for in the LIS.

Although the merger was tax-neutral, there is no difference between the book and tax values, since all the assets were recorded in the same accounts as those of the absorbed entities.

21.7. Years open to review and tax inspection

At present, all the Group companies resident in Spain have the following taxes open for review by the tax authorities

	Years open to inspection
Corporate income tax	2015-2019
Value Added Tax	2017-2020
Personal Income Tax	2017-2020
Capital gains tax	2017-2020
Social Security	2017-2020
Non-Resident Income tax	2017-2020

Corporate income tax year 2020 cannot be reviewed until the tax return has been filed (July 2021).

However, the right of the tax authorities to check or investigate tax losses used or not yet used, double taxation deductions and deductions to encourage the performance of certain activities applied or not yet applied prescribes 10 years from the day following the end of the period established for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or apply for it arose. Once this period has elapsed, the Group must accredit the negative tax bases or deductions, by means of the exhibition of the settlement or self-assessment and of the accounting, with accreditation of its deposit during the stipulated period in the Companies Registry.

With respect to the rest of the dependent entities not resident in Spain, the years open for inspection are all the years established as maximums by each of the legislation in force in the country of residence.

On 8 March 2019, the Parent Company of the tax group received notification from the Spanish tax authorities of the commencement of inspection, verification and investigation actions in relation to the following Taxes and periods, years taxed as a subsidiary of the San José Group of companies:

- Corporateb1 income tax: 2013 and 2014.
- Value-added tax: 04/2014 to 06/2015.

In July 2020, the Company signed the A04 statement in relation to the Corporate Income Tax and VAT inspection for the 2013 and 2014 financial years.

In July 2020, the Company received notification of the extension of the 2015 tax audit proceedings. It was a year in which the entity was taxed for corporate income tax purposes on an individual basis because it left the consolidated tax group whose parent company was Grupo Empresarial San José in that year.

In July 2017 notification was received of the commencement of tax audits by Vía Célere, S.L.U. and Vía Célere 2, S.L.U. in relation to income tax (2013 to 2014), VAT (periods 07/2013 to 12/2014) and personal income tax (period 07/2013 to 12/2014).

During the 2019 financial year, the minutes of compliance referring to the inspection of VAT and deductions were signed, resulting in an amount to be paid of zero euros. However, for corporate income tax purposes, minutes were signed because they did not agree with the valuations carried out by the Technical Office of the Special Delegation of the Tax Administration on certain assets, and therefore the Company has requested a contradictory expert valuation.

In August 2020 a new settlement agreement was received, taking into account the report of the contradictory expert appraisal, which had been quite beneficial for VC, significantly reducing the amount to be paid. However, the appeal has been pursued and an Economic Administrative Claim has been filed against the new settlement proposal.

On 1 September 2017, the Company received notification of the processing of allegations and proposal for the provisional liquidation of the corporate income tax for the year 2015. Under the proposal, the tax authorities made the following deductions as a result of a formal error in the completion of the 2014 consolidated tax return filed by Grupo Empresarial San José (the parent company of the tax group in which the Company was then integrated), in which all of the tax losses corresponding to the Company were allocated:

1. Consolidated tax loss carryforwards: reduction of 259,713 thousand of euros.

2. Tax credits for double taxation: a reduction of 48 thousand of euros.

On 10 April 2018, the tax authorities requested the Company to clarify the allocation of negative tax bases that were pending compensation at the beginning of fiscal year 2016, and that coincided with those credited in the self-assessment for fiscal year 2015.

Grupo Empresarial San José presented a rectification of the self-assessment of the consolidated tax, recognising the rights questioned by the tax administration in the aforementioned procedure.

On 3 May 2018, the tax administration notified the positive resolution of the open procedure on the negative tax bases for 2106. Therefore, once the tax loss carryforwards declared by the Company in 2016 were validated, the tax loss carryforwards that were questioned with respect to 2015 were tacitly validated.

As a result of this procedure, no sanctioning procedures have been opened.

In any event, the Parent Company's Board of Directors considers that the aforementioned taxes have been properly settled and, therefore, even if discrepancies arise in the current legal interpretation of the tax treatment of the transactions, any resulting liabilities, if any, would not materially affect these consolidated annual accounts.

22. Guarantee commitments to third parties and litigation

The Group has contingent liabilities for bank guarantees and other collateral related to the normal course of business amounting to 270,421 thousand of euros (283,847 thousand of euros at the end of 2019). The Parent Company's governing body considers that no additional liabilities will arise for the Group as a result of the transactions covered by these guarantees and warranties.

23. Income and expenses

23.1. Revenue

The detail of the Group's revenue in 2020 and 2019, by type of product and geographical area, is as follows:

	Spain		Portugal		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sale of property developments	643,472	362,703	13,494	–	656,966	362,703
Revenue from property leases	2	11	–	–	2	11
	643,474	**362,714**	**13,494**	**–**	**656,968**	**362,714**

As indicated in Note 6, the Group has a single segment, the residential development business, in which a distinction is made between the results generated by assets that will be developed and promoted (developments) and those generated by assets that form part of the Group's core business and are considered to be non-strategic (legacies).

In addition, income recognised as a result of accounting for the significant financing component arising from advances received from customers in line with the requirements of IFRS 15 amounts to 4,307 thousand of euros (31 December 2019: 1,465 thousand of euros).

In 2020 and 2019, the revenues correspond to:

- the sale of property developments, which amounted to 609,809 thousand of euros (354,678 thousand of euros in 2019).
- the sale of land amounting to 47,088 thousand of euros (7,216 thousand of euros in 2019)
- and sales of non-strategic assets, which amounted to 69 thousand of euros in 2020 (809 thousand of euros in 2019).

23.2. Changes in inventories and procurements

The breakdown of "Changes in inventories of completed goods and work in progress" is as follows:

	Thousand of Euros	
	2020	2019
Cost of goods sold	**(510,191)**	**(292,743)**
Impairment of finished goods and work in progress	35,254	14,836
Changes in inventory of land and work in progress	**349,273**	**428,742**
Raw material capitalised	342,690	421,371
Other expenses capitalised	64	157
Personnel expenses capitalised (Note 23.4)	6,519	7,214
Total	**(125,664)**	**150,835**

23.3. General information on the employees

The average number of employees at the Group in 2020 and 2019, by professional category, was as follows:

	2020	2019
General Management	5	5
Directors and dep a rment heads	93	98
Technicians	116	119
Commercial staff	39	42
Staff	80	80
Other	96	117
	429	**461**

The distribution of the Group's staff, by professional category and gender, at the end of 2020 and 2019 is as follows:

	2020		2019	
	Women	Men	Women	Men
General Management	1	4	3	2
Directors and deparment heads	27	61	34	65
Technicians	54	47	64	61
Commercial staff	24	8	36	12
Staff	46	23	54	32
Other	–	53	3	116
	152	**196**	**194**	**288**

As at 31 December 2020 and 2019, the members of the Parent Company's governing body were 5 and 4 respectively, and all of them were men.

The Group's average workforce with a degree of disability of 33% or more during the financial years 2020 and 2019 is as follows:

	2020	2019
General Management	–	–
Directors and deparment heads	–	–
Technicians	1	1
Commercial staff	–	1
Staff	2	2
Other	1	2
	4	**6**

23.4. Personnel expenses

The detail is as follows:

	Thousand of Euros	
	2020	2019
Wages, salaries and similar	(19,283)	(20,017)
Employee benefits expense	(5,292)	(5,395)
Severance payments/indemnities	(5,457)	(38)
Total	**(30,032)**	**(25,450)**

In 2020, personnel expenses amounted to 30,032 thousand of euros (25,450 thousand of euros during 2019), of which 2,107 thousand of euros related to internal commercial staff in 2020 (2,119 thousand of euros in 2019) (this amount is allocated in the contribution margin).

Staff costs capitalised to "Property developments in progress" in 2020 amounted to 6,519 thousand of euros (7,214 thousand of euros in 2019) (see Note 23.2).

23.5. Audit Fees

The fees for the services provided by the auditing firms for the Group's annual accounts for the years ended 31 December 2020 and 2019, PricewaterhouseCoopers Auditores, S.L. and KMPG Auditores, S.L., respectively, regardless of the time of invoicing, are as follows:

	Thousand of Euros	
	2020	2019
Audit services	160	
Other services	247	–
Total PwC services rendered	**407**	**–**
Audit services	–	247
Other services	–	5
Total KPMG services rendered	**–**	**252**
Total	**407**	**252**

In addition, other affiliates of the main auditing firm invoiced the Group in the years ended 31 December 2020 and 2019 for fees for professional services, as detailed below:

	Thousand of Euros	
	2020	2019
Audit services	15	–
Total PwC services rendered	**15**	**–**
Audit services	–	18
Total KPMG services rendered	**–**	**18**
Total	**15**	**18**

The Group did not receive services from other auditors during the years ended 31 December 2020 and 2019.

23.6. Other expenses

The detail is as follows:

	Thousand of Euros	
	2020	2019
External services	(18,997)	(25,196)
Tributes	(7,538)	(6,329)
Other	(3,498)	(9,080)
Total	**(30,033)**	**(40,605)**

In 2020 the Parent Company incurred expenses for independent professional services (audit, legal and judicial consultancy, etc.) amounting to 7,887 thousand of euros (7,495 thousand of euros during 2019). Also, in 2019 this heading includes 1,200 thousand of euros relating to expenses associated with the "Initial Public Offering" and 1,485 thousand of euros relating to the reversal of expenses associated with the "Initial Public Offering" capitalised to current assets due to the low probability of success. This amount was recorded under "Other expenses".

External services expenses capitalised as "Property developments in progress" as at 31 December 2020 amounted to 64 thousand of euros (1,338 thousand of euros in 2019).

The heading "Other Expenses" in 2020 includes a provision for bad debts amounting to 3,253 thousand of euros, arising from the invoicing of penalties to a construction company for breach of contract (3,098 thousand of euros in 2019) (see Note 17).

It also includes provisions for liabilities and charges amounting to 6,340 thousand of euros (530 thousand of euros and 1,640 thousand of euros in 2019, respectively) (see Note 17).

This heading also includes the reversal of the provision of 7,900 thousand of euros, due to the Parent Company's proceedings for having delivered two letters of guarantee to Antigua Rehabitalia S.A. (see Note 17).

The heading "External Services" in 2019 included 6,199 thousand of euros relating to advisory services, legal, administrative and financial management, technical assistance and marketing services provided in the first three months of 2019 by Aelca Desarrollos Inmobiliarios as a result of the merger described in Note 1.

23.7. Compensation in kind

As at 31 December 2020 and 2019 there was no significant remuneration of this nature.

23.8. Leases

External services includes not capitalizable lease expenses of 1,643 thousand of euros as at 31 December 2020 (1,645 thousand of euros as at 31 December 2019).

23.9. Financial income

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousand of Euros	
	2020	2019
Marketable securities and other	467	538
	467	**538**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

23.10.Financial costs

The detail is as follows:

	Thousand of Euros	
	2020	2019
Finance cost capitalised (Note 15)	14,249	8,843
Debt interest	(39,589)	(35,541)
Interest arising from revenue contracts	3,002	4,234
Total	**(22,338)**	**(22,464)**

23.11. Impairment losses and gains (losses) from disposal of non-current assets

The detail of these results is as follows:

	Thousand of Euros	
	2020	2019
Gains/(losses) on disposal of property, plant and equipment (Note 9)	22	–
Impairment losses on property, plant and equipment (Note 10)	–	54
	22	**54**

23.12. Impairment losses and gains (losses) on disposal of non-current assets

During 2020 and 2019, there have been no impairments or gains or losses on disposal of financial instruments.

23.13. Changes in the fair value of financial instruments

The detail of changes in the fair value of financial instruments is as follows

	Thousand of Euros	
	2020	2019
Change in fair value of loans capitalised (Notes 16 and 18)	(1)	–
Other	–	(24)
	(1)	**(24)**

24. Transactions and balances with companies accounted for using the equity method and related parties

Details of transactions with related companies

The detail of transactions with related parties during 2020 and 2019 is as follows:

	Thousand of Euros		
	2020		2019
	Provision of services	Provision of services	Other expenses (Note 23.6)
Aelca Desarrollos In mobiliarios., S.L.	–	–	6,199
Celere Forum Barcelona, S.L.	215	675	–
	215	**675**	**6,199**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Income from services rendered corresponds to Célere Fórum Barcelona, S.L. (a company accounted for using the equity method (see Note 13) for the provision of management, marketing and accounting services.

Breakdown of balances with related parties and associates

The amount of the balances recorded in the consolidated statement of financial position with related companies is as follows:

	2020	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Forum Barcelona, S.L.	305	1
Maplesville Invest, S.L.U	–	142
Dospuntos Asset Management S.L.U.	36	–
	341	**143**

	2019	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Forum Barcelona, S.L.	498	–
Maplesville Invest, S.L.U	–	143
Dospuntos Asset Management S.L.U.	51	–
	549	**143**

All transactions and outstanding balances with related parties were carried out at market values.

25. Remuneration of members of the Board of Directors and Senior Management

José Ignacio Morales Plaza was the managing director during 2020 and until the date of authorisation for the formalisation of the Company's annual accounts.

As at 31 December 2020, there are five members of the Board of Directors (five men) and five members of Senior Management (four men and one woman), one of whom is a member of the Board of Directors.

During 2020, two members left the Board and three new members joined.

25.1. Remuneration of the Board of Directors and Senior Management

During 2019 the members of the Board of Directors of the Company did not receive any remuneration for their position as directors. During 2020, the members of the Board of Directors received remuneration of 19 thousand of euros for their directorships. Senior executives' remuneration in 2020 and 2019 amounted to 2,413 thousand of euros and 1,611 thousand of euros, respectively. These amounts include the remuneration of one director with executive role.

There are no advances or loans granted to all the members of the boards of directors.

In 2020 no obligations were assumed on behalf of the management bodies by way of guarantee, and civil liability insurance premiums for damage caused by acts or omissions in the year of office of 74 thousand of euros were paid (56 thousand of euros in 2019). The Group also has life insurance commitments related to current members of senior management.

25.2. Transactions outside the ordinary course of business or under non-market conditions by the Directors and by the members of the Parent's Control Committee.

In relation to the ownership interests in the share capital of the members of the managing bodies and, in particular, of the members of the Board of Directors of the Parent Company or persons related to them, in 2020 and 2019 the directors and members of the Committee did not perform transactions with the Company or with Group companies that were not in the ordinary course of business or on terms and conditions other than those prevailing in the market.

25.3. Situations of conflict of interest of the Directors of the Parent Company

Except as detailed below, the members of the Parents governing bodies and the persons related to them have not found themselves in any conflict of interest that has had to be reported in accordance with the provisions of Article 229 of the TRLSC:

Mr Jaime Echevarría Aguirre and his related persons have not, since January 2020 and up until 16 December 2020, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Jaime Echevarría Aguirre has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. given his status as Director of Dospuntos Asset Management, S.L.

Mr Francisco Milone and his related persons have, during 1 January 2020 and up until 21 October 2020, found themselves in a situation of direct or indirect conflict with the Parent's interests, and therefore have had to abstain from intervening in resolutions or decisions relating to this situation of conflict. In particular, he had to abstain from the first resolution of the Parent Company's Board of Directors meeting on 15 October 2020. It should also be added that Mr Francisco Milone is a director of Finca Global Assets, SOCIMI, S.A. and maintains a professional relationship with Värde Partners, Inc, the entity that manages the funds held, directly or indirectly, by shareholders who together hold the majority of the share capital of the Parent Company.

Mr Héctor Serrat Sanz and his related persons have not, during the 2020 financial year and until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Mr. Héctor Serrat Sanz has responsibilities whose purpose is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. due to his position as director of La Finca Global Assets, SOCIMI, S.A., director of Mansfield Invest SOCIMI, S.A., Chairman of the board of Dospuntos Asset Management, S.L., and also maintains a professional relationship with Värde Partners, Inc. which manages the funds owned, directly or indirectly, by shareholders who together hold the majority of the Parent Company's share capital.

Mr Jorge Morán Sánchez and his related persons have not, since 21 October 2020 and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Jorge Morán Sánchez has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A., given his status as a member of the board of directors of La Finca Global Assets SOCIMI, S.A., La Finca Somosaguas Golf, S.L., La Finca Real Estate Management, S.L. and Castellana Properties SOCIMI, S.A.

Mr Anthony Iannazzo and his related persons have not, since 21 October 2020 and until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the

Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. Nevertheless, he maintains a professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Parent Company's share capital.

Mr Álvaro Travesedo Juliá and his related persons have not, since 16 December 2020 and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Álvaro Travesedo has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. as a member of the board of directors of Bahía Azul Propco 1, S.L.U., Comercial Inversora Cornellá Sur, S.L.U., JC 19 Propco 4, S.L.U., GN 43 Propco 5, S.L.U., Match Propco, S.L.U., Vasiloma, S.L.U., San Cugat Activos, S.L.U., Miristela, S.L.U., Trigacia, S.L.U., Ordesa Propco, S.L.U. and Dospuntos Asset Management, S.L.

Mr José Ignacio Morales Plaza and his related persons have, during the 2020 financial year and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the interests of the Company, and therefore have had to abstain from intervening in resolutions or decisions relating to such situation of conflict, given his position as the Parent Company's Managing Director. In particular, he had to abstain from the second resolution of the Parent Company's Board of Directors meeting on 21 October 2020. Also, in his capacity as the individual representing the position of sole director or that held by the Parent Company at various Group companies, as well as joint director of Célere Fórum Barcelona, S.L., neither he nor his related persons found themselves in a situation of direct or indirect conflict with the interests of the Parent Company in the 2020 financial year and up until the date of preparation of these consolidated annual accounts, and therefore he did not have to abstain from intervening in resolutions or decisions relating to this situation of conflict. Finally, Mr José Ignacio Morales Plaza participates in the management of or holds an interest in Navamolo, S.L. and Moviplamopla, S.L., entities with a similar corporate purpose to Via Celere.

26. Environmental information

In view of its activity as a property developer, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

27. Events after the reporting period

Between the date of the financial year-end and the date of preparation of the annual accounts, no circumstances have arisen that would have entailed the inclusion of adjustments or changes in the consolidated annual accounts or that would affect the application of the going concern principle.

Appendix I – Scope of companies acquired from Aelca in 2019

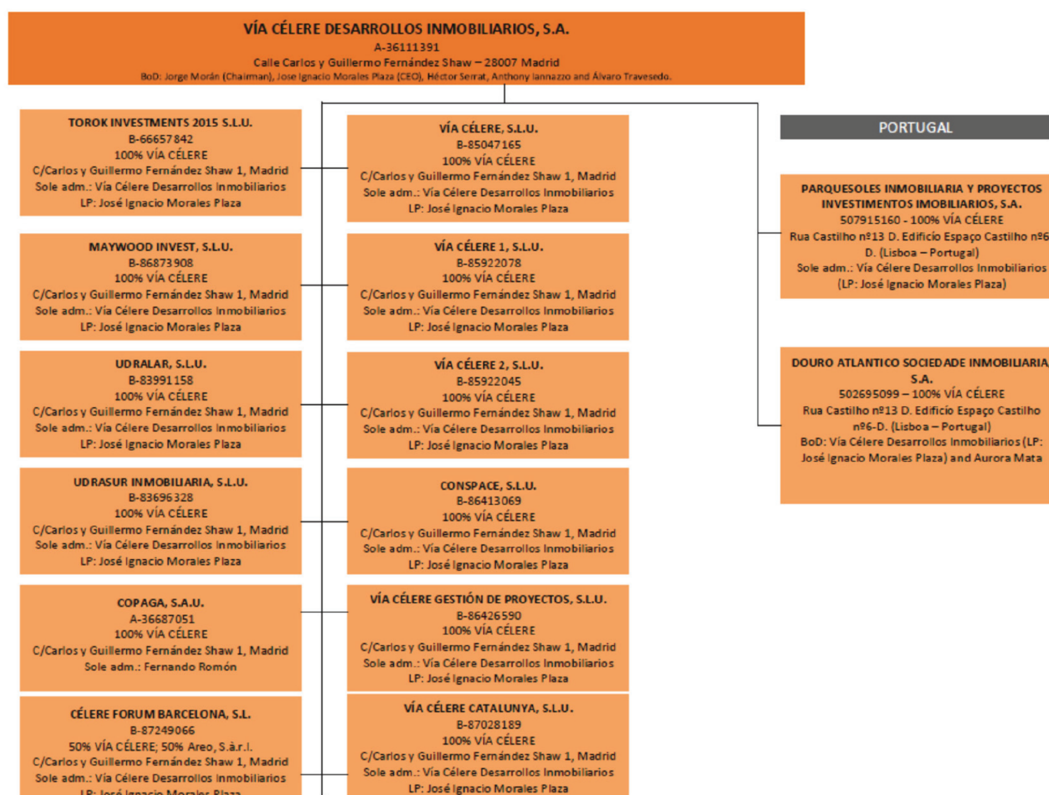
	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
1	Habitatio Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
2	Novo solum Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
3	Ponsnova Inmuebles, S.L.U.	Lewistown Invest, S.L.U.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
4	Campuslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
5	Segeslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
6	Generlar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
7	Numen Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
8	Velan Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
9	Promyva Inmuebles, S.L.	Myjoja, S.L. Lewistown Invest, S.L.U.	20% 80%	KPMG	Special Purpose Vehicule	Real estate devolpment
10	Promyva Inmuebles I, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
11	Promyva Inmuebles II, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
12	Promyva Inmuebles III, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
13	Promyva Inmuebles IV, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
14	Promyva Inmuebles V, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
15	Promyva Inmuebles VI, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
16	Promyva Inmuebles VII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
17	Promyva Inmuebles VIII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
18	Promyva Inmuebles IX S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
19	Myvain Inmuebles, S.L.	Myjoja, S.L. Lewistown Invest, S.L.U.	20% 80%	KPMG	Special Purpose Vehicule	Real estate devolpment
20	Myvain Inmuebles I, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
21	Myvain Inmuebles II, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
22	Myvain Inmuebles III, S.L.U.	Myvain Inmuebles, S.L	100%	Unaudited	Operanting Company	Real estate devolpment
23	Myvain Inmuebles IV, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
24	Myvain Inmuebles V, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
25	Myvain Inmuebles VI, S.L.U.	Myvain Inmuebles, S.L	100%	Unaudited	Operanting Company	Real estate devolpment
26	Myvain Inmuebles VII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
27	Myvain Inmuebles VIII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
28	Nalentia Urbana, S.L.	Myjoja, S.L. Lewistown Invest, S.L.U.	20% 80%	KPMG	Special Purpose Vehicule	Real estate devolpment
29	Nalentia Urbana I, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
30	Nalentia Urbana IV, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
31	Nalentia Urbana V, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
32	Nalentia Urbana VII, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
33	Invamy Urbana, S.L.	Myjoja, S.L. Lewistown Invest, S.L.U.	20% 80%	KPMG	Special Purpose Vehicule	Real estate devolpment
34	Invamy Urbana I, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
35	Invamy Urbana II, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
36	Invamy Urbana IV, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
37	Invamy Urbana V, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
38	Invamy Urbana VI, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
39	Nirbe Inmuebles, S.L.	Myjoja, S.L. Glenwock Invest, S.L.U.	10% 90%	KPMG	Special Purpose Vehicule	Real estate devolpment
40	Nirbe Inmuebles 1, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
41	Akantia Urbana 1, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
42	Naiva Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
43	Invamy Urbana III, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
44	Invamy Urbana VII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
45	Invamy Urbana VIII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
46	Nalentia Urbana II, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
47	Nalentia Urbana VI, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
48	Akantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
49	Selantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
50	Akantia Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
51	Nuarca Inmuebles, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
52	Nirbe Costa Este, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
53	Nirbe Meseta, S.L.	Myjoja, S.L. Rimbey Spain, S.L.U.	10% 90%	KPMG	Special Purpose Vehicule	Real estate devolpment
54	Selantia Urbana I, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
55	Selantia Urbana, S.L.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
56	Nirbe Costa Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
57	Nirbe Norte, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
58	Nirbe Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
59	Nirbe Este, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
60	Nirbe Oeste, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
61	Nalentia Urbana III, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
62	Nirbe Sierra, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
63	Nalentia Urbana VIII, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
64	Promyva InmueblesX, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
65	Nirbe Costa Norte, S.L.	Myjoja, S.L. Windham Spain, S.L.U.	10% 90%	KPMG	Special Purpose Vehicule	Real estate devolpment
66	Lancaster Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
67	Argao Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
68	Makati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
69	Laonan Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
70	Cebu Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
71	Luzon Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
72	Manarola Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
73	Sangat Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
74	Dunadry Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
75	Limavady Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
76	Derrylin Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
77	Craigavon Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
78	Strabane Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
79	Colorado Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
80	Manati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
81	Duncan Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
82	Moraine Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
83	Baracoa Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
84	Lora Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
85	Cienfuegos Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

CONSOLIDATED MANAGEMENT REPORT

1. Structure and background

The corporate structure of the Via Celere Group as at 31 December 2020 is as follows:



The Parent Company, whose shareholders are listed below, is controlled indirectly by investment funds managed by Värde Partners:

Company	2020 Number of shares	2020 Percentage of ownership
Maplesville Invest, S.L.U	17,828,983	26.0%
Windham Spain, S.L.U.	10,170,558	14.8%
Lewistown Invest. S.L.U.	10,042,179	14.7%
Glenwock Invest, S.L.U.	8,258,332	12.1%
Rimbey Spain, S.L.U.	6,024,597	8.8%
Greencoat B.V.	5,513,934	8.0%
Trinity Investment Ltd.	5,112,989	7.5%
Merrill Lynch International Limited	2,229,368	3.3%
MELF B.V.	1,832,276	2.7%
Barclays Bank PLC	1,329,208	1.9%
Deutsche Bank AG, London Branch	97,877	0.1%
JPMorgan Securities PLC	86,552	0.1%
	68,526,853	**100.0%**

The Group's main operational decision-making body is the Board of Directors of the Parent Company, which is made up of the following directors:

Name and surname(s)	Date of appointment	Position
Jorge Morán Sánchez	21/10/2020	Chairman
Jose Ignacio Morales Plaza	17/07/2019	Managing Director
Héctor Serrat Sanz[1]	03/08/2015 and 16/12/2020	Board Member
Anthony Clifford Iannazzo[1]	21/10/2020	Board Member
Álvaro Travesedo Julia[2]	16/12/2020	Board Member

Executive Committee

Furthermore, the Board of Directors, at its meeting of 22 December 2020, resolved to permanently delegate certain powers of the Board of Directors to the Executive Committee. Its operating rules are set out in Article 16 of the Board of Directors' Regulations, and its initial composition was set as follows:

Name and surname(s)	Date of appointment	Position
Jorge Morán Sánchez	21/10/2020	Chairman
Jose Ignacio Morales Plaza	17/07/2019	Board Member
Héctor Serrat Sanz[3]	03/08/2015 and 16/12/2020	Board Member

In addition, the company has the following internal decision-making bodies or committees:

Executive Committee on Development

The Executive Development Committee was an internal body of the Parent Company's senior management, in force from its constitution until 22 December 2020, when the Parent Company's Board of Directors resolved to dissolve it, made up of senior executives of the Company, members of the Board of Directors of the Parent Company and external parties, and subject to the supervision and control of the Board of Directors of the Parent Company. Its initial composition and functions are set out in its operating regulations.

Executive Committee

The Executive Committee is set up as an internal management body. The objective of the Executive Committee is to ensure, together with the Board of Directors and senior management, the viability and growth of the Group's businesses. The Investment Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Rosa María Peña Alonso	Member	Chief Operating Officer
Miguel Ángel González Galván	Member	Managing Director of Business
Jaime Churruca Azqueta	Member	Chief Financial Officer
Drazen Primorac	Member	Managing Director of Transformation
Aurelio Díez Ramos	Member	Director for Land
Aurora Mata Toboso	Secretary	Corporate Legal Director

[1] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.

[2] Professional link with Greencoat, B.V. and Melf, B.V., shareholders of the company.

[3] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.

2. Core business and ancillary activities

The Company has a diversified portfolio of real estate properties comprising land and developments in progress, property assets and loans to third parties with a fair value of 1,770,169 thousand of euros, with a clear focus on property development for the sale of residential property.

The assets represent a total buildable area of 2,024,844 square metres distributed geographically as follows:

	Total m2	
	2020	2019
Madrid	803,470	820,864
Málaga	366,959	406,311
Seville	275,859	332,078
Valencia	127,805	144,999
Barcelona	59,291	82,329
Valladolid	81,464	72,563
Other	309,996	354,106
	2,024,844	**2,213,251**

As at 31 December 2020, the Group had 36 projects under construction. The total building area is 352,550 square metres for 2,978 homes, of which 61% are expected to be delivered in 2021, 37% in 2022 and 2% in subsequent years.

In 2020, the company acquired plots of land for a total of 45 million euros. The building area corresponding to the main land purchases is 139,549 m², for an estimated volume of 1,340 homes. By region, 100% of the main land purchases are in Madrid. In total, the buildability acquired in 2020 represents 7% of the total portfolio. All the purchases correspond to land on which residential developments are planned to be developed and which are the object of the Group's main activity.

In 2020, the Group sold 3 plots of non-strategic land for a total of 69 thousand of euros.

3. Business performance and financial position, key figures and trends.

The Group recorded a net profit of 49,657 thousand of euros in 2020. At the equity level, the Group has total assets of 1,499,282 thousand of euros, equity of 819,721 thousand of euros and current and non-current liabilities of 679,561 thousand of euros.

Revenue and EBITDA

Revenues amounted to 656,968 thousand of euros, of which 609,809 thousand of euros were sales of property developments delivered during the year: 926 housing units in the Central zone, 534 housing units in the South zone, 285 housing units in the East and 176 housing units in the North; 47,088 thousand of euros of land sales and 69 thousand of euros of completed product stock (Legacy). The Group's EBITDA amounted to 85,983 thousand of euros.

Adjusted EBITDA

The adjusted EBITDA for 2020 is 93,383 thousand of euros. The main adjustments are: reversal of higher cost of products sold by PPP (units delivered) amounting to 2,212 thousand of euros, elimination of the endowment/reversal of impairment of completed products, work in progress and land for valuation amounting to 763 thousand of euros, elimination of accruals and reversals of non-recurring provisions amounting to 2,997 thousand of eurosand elimination of non-recurring expenses related to the Group's core business amounting to 1,450 thousand of euros.

Net result

In the year ended 31 December 2020, the Group recorded a net profit of 49,657 thousand of euros.

Financial situation

Current and non-current liabilities as at 31 December 2020 amounted to 679,561 thousand of euros, a fall of 261,810 thousand of euros compared to 31 December 2019, mainly due to the amortisation of corporative debt described in Note 18.

Financial Debt: the balance of current and non-current financial debt as at 31 December 2020 is as follows:

		Dispose short term			
Instrument	**Limit**	**Long-cycle**	**Short-cycle**	**Dispose long term**	**Total drawn down**
Mortgage loans secured by inventories (Note 18.1.2)	756,080	50,584	216,464	–	**267,048**
Credit lines	85,700	–	82,269	3,284	**85,553**
Accrued interests (Note 18.1.2)	–	173	1,546	–	**1,719**
Other loans	31,017	–	27,639	745	**28,384**
Borrowing as at 31/12/2020	**872,796**	**50,757**	**327,918**	**4,029**	**382,705**

4. Environmental matters and human resources

As detailed in Note 26 to the consolidated annual accounts, in view of the business activity carried on, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Additionally, the Group does not have any circumstances related to greenhouse gas emission rights.

As at 31 December 2020, the average number of employees in Group companies was 429. The total number of resources at the end of 2020 was 348. The gender distribution of employees is:

	2020		2019	
	Women	**Men**	**Women**	**Men**
General Management	1	4	3	2
Directors and deparment heads	27	61	34	65
Technicians	54	47	64	61
Commercial staff	24	8	36	12
Staff	46	23	54	32
Other	–	53	3	116
	152	**196**	**194**	**288**

The average distribution of staff by category is as follows:

	2020
General Management	5
Directors and deparment heads	93
Technicians	116
Commercial staff	39
Staff	80
Other	96
	429

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

5. Liquidity and capital resources

Note 20 to the consolidated annual accounts sets out the Group's capital management and liquidity risk policy. In addition, the Group has a sufficient level of cash to carry out its activities.

In 2020, the Group arranged fourteen developer loans for a total principal amount of 214,154 thousand of euros, of which 53,397 thousand of euros have been drawn down, guaranteeing the financing of almost all the developments that commenced construction work during the year. The Group's current approach is to finance the construction of the developments through developer-type bank loans, linking the loan provisions to the degree of progress of the work. The company's policy regarding the financing of the plots: "Initially, the Company considers the use of its own resources to acquire new plots of land, although it does not rule out bank financing of no more than 50% of the purchase price, provided that the conditions of profitability, level of commercial risk and urban development status allow it." In addition, four ICO lines have been formalised for an amount of 12 million euros, fully drawn down, and a line for the issuance of promissory notes in MARF of which the balance drawn down as at 31 December 2020 is 1.7 million euros.

6. Key risks and risk management

The risk management policies within the different areas in which the Group taking into account the macroeconomic environment and the situation of the financial markets, as well as the analysis of the management of the assets composing the Group. To this end, we have instruments that allow us to identify them sufficiently in advance or to avoid them, minimising risks.

The most significant financial risks may be:

Market risk

Exposure to interest rate risk

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with short-term maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2020 and 2019 all financial liabilities with floating interest rates were denominated in euros.

Exposure to price risk

Property assets are subject to future changes in market price. Every year the Group commissions market valuations from reference firms in order to detect possible accounting impairments.

Credit risk

The Group does not have a significant credit risk with third parties arising from its own real estate business, since it collects substantially all of its sales at the time of formalisation, either through subrogation of the buyer in the part of the development loan that corresponds to him or by another method, at the buyer's choice. The credit risk arising from payment deferrals in transactions involving the sale of land or completed buildings is mitigated by obtaining guarantees from the buyer or establishing resolutory conditions that can be registered in the Public Registry in the event of non-payment that would result in the recovery of title to the asset sold and the collection of compensation.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Exposure to solvency risk

The Group regularly analyses the risk of insolvency of its accounts receivable by updating the related impairment provision. The Board of Directors considers that the amount of trade and other receivables approximates their fair value.

Liquidity risk

In general, the Group maintains its cash and cash equivalents at financial institutions with a high credit rating. At year-end, the Group had 141,181 thousand of euros of cash available for operations, which is considered sufficient to cover cash requirements for the next 12 months.

7. Events after reporting period

Between the date of the financial year-end and the date of preparation of the annual accounts, no circumstances have arisen that would have entailed the inclusion of adjustments or changes in the annual accounts or that would affect the application of the going concern principle.

8. Outlook for the group in 2021

The Group plans to continue with the disposal of inventories of completed products and the cancellation of the associated financial debt. To achieve the objective, trade policies and agreements with local commercial agents will be carried out to maximise the return on investment.

By 2021, the Group aims to continue acquiring new land plots in accordance with its strategic growth objectives, both geographically and in terms of identifying new housing demand niches with strong growth prospects in the coming years.

For the deliveries of homes scheduled for 2021, the Group plans to continue with its customer service policy to ensure a unique delivery experience and a high level of customer's satisfaction.

9. Innovation

The relevant activities carried out by the Group in 2020 in the area of research, development and innovation were as follows:

Lean process management

Our organisational work philosophy as a company is focused on the continuous improvement of processes through the incorporation of collaborative tools that improve communication, coordination, planning, monitoring, control and optimisation of processes.

With this model we achieve the standardisation of processes, eliminate activities that do not add value, minimise risks and help our employees to be more efficient. We encourage teamwork by involving all our employees in the entire management process of the company.

We rely on sharepoint or WRKE tools for business management, and on LPS (Last Planner System) planning methodologies for our projects. This system changes the traditional way of executing a building, improving above all the coordination between trades.

WRIKE helps us to improve coordination between areas in the company's strategic cross-cutting projects, share information between teams and manage workflows securely on a large scale.

WRIKE is the ideal tool for implementing this project-based work methodology because it favours the visibility and transparency of all the projects carried out at Company level, facilitates continuous communication between different areas and helps decision-making.

Business Intelligence

We use strategies and sophisticated tools to process a myriad of descriptive and prescriptive data that enable us to transform information into knowledge, improving the process and anticipation of decision making. We collect, process, analyse and present insights to help our employees to have secure and reliable information, which helps them to have a single version of reality that allows them to draw conclusions and support decisions for the improvement and competitiveness of our business in the market.

We align processes with key business data to ensure the integrity, availability and security of information. Thanks to BI, we achieve a greater depth in the analysis of information with the appropriate means to make projections and analyses that allow excellence in decision-making.

Digital Signature

We continue to be at the forefront of PropTech with the incorporation of new technological tools that transform the traditional way of operating. We have implemented the possibility of formalising the purchase of the property through electronic signature. Our clients will be able to sign reservations, contracts and any other additional document without leaving home and in a 100% legal and secure way. The technology used complies with national and European regulations and the strictest international security and compliance standards.

Virtual Office

We have reinforced our digital channels to ensure the best service to our customers, adapting to the new needs and preferences of the market, marked to a large extent by the limitations of geographical mobility due to the situation caused by Covid-19.

We have implemented among our channels the new Havalook tool, a comprehensive Online Sales Office and Virtual Show Flat platform that offers the possibility of an online visit assisted by a sales advisor in real time and to obtain all the technical and contractual documentation necessary to facilitate the sale of a property in a new 100% digital environment.

Célere Wish

We are incorporating Amazon's voice service, Alexa, into our homes, making us the first Spanish developer to add this technology to its developments. The homes in the selected developments have a Smart Home kit, compatible with Amazon Alexa, which consists of an Amazon Echo dot speaker, as well as other devices such as light bulbs and smart plugs. In addition, we have exclusively developed an Alexa skill, with which each of the residents of the development will be able to ask questions and manage the services of the communal areas of their home.

Lean Construction

We are implementing lean techniques to adjust our production model and achieve higher efficiency and safety ratios.

Building Information Modelling (BIM): BIM technology allows us to construct buildings virtually before they are physically built. With this tool we anticipate problems and can correct them in the project. We project the entire building in 3 dimensions with structure, partition walls, installations, carpentry, etc. Any interference or incompatibility is automatically detected.

Last Planner System (LPS): This system changes the traditional way of executing a building, improving above all the coordination between the trades on site. It is an approach that assumes that the person who is going to carry out a certain job (the painter or the plumber, for example) knows, better than anyone else, how to do their job and what things they need to carry it out. This improves on-site safety and the quality of the final product.

10. Own shares

The Group did not carry out transactions with its own shares during 2020 and did not hold any treasury shares as at 31 December 2020.

11. Average supplier payment period. "Information requirement", Third additional provision of Law 15/2010 of 5 July 2010"

The detail of payments to suppliers by Spanish consolidated companies is as follows:

	Payments made and outstanding at the reporting date
	2020
	Days
Average period of payment to suppliers	64
Ratio of paid transactions	71
Ratio of transactions pending payment	32

	Amount (Euros)
Total payments made	338,545,756
Total payments pending	43,319,115

The Group's management evaluates the necessary measures to try to reduce the average payment period in accordance with the legally established limits.

12. Alternative performance measurements

As indicated in Note 1 to the consolidated financial statements, the Group prepares its annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). In addition, it presents some Alternative Performance Measures ("APMs") to provide additional information that favours the comparability and understanding of its financial information, and facilitates decision making and evaluation of the Group's performance.

The APMs must be considered by the user of the financial information as complementary to the aggregates presented in accordance with the basis of presentation of the consolidated annual accounts. The APMs have limitations in terms of analytical tools and should not be considered separately or as a substitute for analysis of our results under EU-IFRS.

Comparative: the Parent Company presents the figures of the previous year for comparison purposes. The observations are as follows:

1. The Parent incorporated the figures of the Aelca Group during 2019 (Note 1).

2. Revenue from sales of property developments in 2020 increased by 255,130 thousand of euros with respect to 2019 due to the delivery of 1,920 units (1,098 units in 2019).

The main APMs related to the Company's performance and its reconciliation to the consolidated financial statements (in thousand of euros) are as follows:

12.1. Revenue

Definition: sale of real estate developments + sale of land + disposal of non-strategic assets (legacy) + services provided.

Explanation of usage: The board considers that ordinary revenue to be a measure of performance, as it includes information on how revenue is generated, both from sales of property developments and non-strategic assets and from services rendered.

The following table presents our estimates of revenues for the years ended 31 December 2020 and 31 December 2019.

	Thousand of Euros	
	2020	2019
Sale of property developments – Note 23.1	609,809	354,679
Sale of land – Note 23.1	47,088	7,216
Legacy Assets disposal – Note 23.1	69	809
Services rendered	2	10
Revenue	**656,968**	**362,714**

12.2. Impairment losses

Definition: impairment + reversal of impairment losses on inventories.

Explanation of use: the Parent's management considers that impairment losses are a measure of performance, since they provide information on the net impairment of inventory losses (impairment loss less reversal).

The following table presents our estimates of impairment losses for the year ended 31 December 2020 and 31 December 2019:

	Thousand of Euros	
	2020	2019
Impairment – Note 15.6	(9,876)	(17,516)
Reversal of impairment losses of inventories – Note 15.6	52,144	36,035
Impairment losses	**42,268**	**18,519**

12.3. Gross Margin

Definition: Revenue – changes in inventories of completed products and work in progress – raw materials and other consumables used – internal construction staff costs – other non-capitalised costs

Explanation of use: the Parent's management body considers the gross margin to be a measure of performance, since it provides information on how our business is performing, starting with sales revenue and subtracting the costs incurred on those sales.

The following table presents our gross margin calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Sales – Note 23.1	**656,968**	**362,714**
Sale of property developments	609,809	354,679
Sale of land	47,088	7,216
Legacy Assets disposal	69	809
Others	2	10
Changes in inventory of finished goods and Work in Progress – Note 23.2	**(125,664)**	**150,835**
Cost of goods sold (units delivered)	*(484,540)*	*(276,558)*
Changes in inventory of land and developments in progress	*358,876*	*427,393*
Raw materials and other consumables used	**(389,123)**	**(423,350)**
Purchase of land and developments in progress	*(389,123)*	*(423,350)*
Internal commercial staff expenses (workforce) and others cost of sale (non capitalized)	**(13,459)**	**(13,949)**
Gross Margin	**128,722**	**76,250**

12.4. Adjusted gross margin

Definition: gross margin + cost of products sold—non-strategic assets +reversal of higher cost of products sold per PPP (units delivered) + endowment/reversal of higher cost of land per PPP + endowment/reversal of impairment of completed products, work in progress and land for valuation +/- expenses—non-recurring income.

Explanation of use: the Parent's governing body considers the adjusted gross margin to be a measure of the performance of its core business, since it provides information on the profits made on property developments. The adjusted gross margin does not include the higher cost of products sold per PPP is considered to be a factor that distorts the accounting and the endowment / reversal of impairment of completed products and work in progress recorded before revenue is recognised. This performance measure is calculated and included to show the ability of senior management to increase property development margins.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Margin	**128,722**	**76,250**
Reversal of higher cost of goods sold due to PPA (units delivered)	2,212	(266)
Impairment gain/ losses on real estate inventories—Note 15	763	(3,129)
One off expenses	339	2,210
Adjusted Gross Margin	**132,036**	**75,065**

12.5. Contribution margin

Definition: gross margin – internal commercial staff costs – sales and marketing costs included in other costs.

Explanation of use: the Parent's governing body considers that the contribution margin is a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated income during the period. The contribution margin is calculated on the basis of the gross margin, net of certain costs associated with the marketing and sale of the relevant property developments.

The following table presents our contribution margin calculations for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Margin	**128,722**	**76,250**
Internal commercial staff expenses – Note 23.4	(2,107)	(1,521)
Other expenses, sales & marketing expenses	(15,448)	(12,521)
Contribution Margin	**111,167**	**62,208**

12.6. Adjusted contribution margin

Definition: Adjusted gross margin – internal commercial staff costs – sales and marketing and other costs +/- costs – non-recurrent income.

Explanation of use: the Parent's governing body considers the contribution margin to be a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated revenue during the period, excluding the sales and marketing expenses incurred. The adjusted contribution margin is calculated on the basis of the adjusted gross margin.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted Gross Margin	**132,036**	**75,065**
Internal commercial staff expenses	(2,107)	(1,521)
Other expenses – Sales and marketing expenses	(15,448)	(12,521)
One off expenses	–	1,707
Adjusted Contribution Margin	**114,481**	**62,730**

12.7. EBITDA

Definition: contribution margin + other income – personnel expenses (excluding internal commercial personnel expenses and internal construction personnel expenses) – other operating expenses (excluding sales and marketing expenses) + impairment losses and gains/(losses) on disposal of fixed assets.

Explanation of use: the Parent's management considers EBITDA to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest, taxes and amortisation). In addition, EBITDA is a measure widely used by investors in the valuation of companies.

The following table presents our EBITDA calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Contribution Margin	**111,167**	**62,208**
Other income	2,464	3,399
Personnel expenses (excluding internal commercial staff expenses)	(18,606)	(16,716)
Other expenses (excluding sales and marketing expenses)	(9,064)	(15,216)
Impairment losses and gain/(losses) on disposal of non-current assets	22	54
EBITDA	**85,983**	**33,729**

12.8. Adjusted EBITDA

Definition: adjusted contribution margin + other income + personnel expenses (excluding expenses for internal commercial personnel and expenses for internal construction personnel) – other operating expenses (excluding sales and marketing expenses) +/- costs – non-recurrent income.

Explanation of use: the Parent's governing body considers that adjusted EBITDA is a measure of the Group's recurring business performance, since it provides an analysis of operating results excluding inventory impairments that do not represent cash outflows and transactions not considered to be core business.

The following table presents our estimates of adjusted EBITDA for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted Contribution Margin	**114,481**	**62,730**
Other income	2,464	3,399
Personnel expenses (excluding internal commercial staff expenses)	(18,606)	(16,716)
Other expenses (excluding sales and marketing expenses)	(9,064)	(15,216)
One off expenses	4,108	5,573
Adjusted EBITDA	**93,383**	**39,770**
Associate companies EBITDA (100%)	**576**	**24,789**
Adjusted EBITDA (including Forum 100%)	**93,959**	**64,559**

12.9. EBIT

Definition: EBITDA – depreciation and amortisation expense

Explanation of use: the Parent's governing body considers EBIT to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest and taxes). In addition, EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use EBIT to assess debt against net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
EBITDA	**85,983**	**33,729**
Depreciation and amortization charge	(402)	(439)
EBIT	**85,581**	**33,290**

12.10. Adjusted EBIT

Definition: Adjusted EBITDA – depreciation and amortisation expense

Explanation of use: the Parent's governing body considers adjusted EBIT a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest and taxes), as an approximation of the operating cash flows reflecting the generation of cash. In addition, adjusted EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use adjusted EBIT to evaluate debt compared to net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted EBITDA	**93,383**	**39,770**
Depreciation and amortization charge	(402)	(439)
Adjusted EBIT	**92,981**	**39,331**

12.11. Net Result

Definition: EBIT + financial income/(expense) + share of profit for the year from investments accounted for using the equity method—tax +/- provisions

Explanation of use: adjusted net profit is considered to be a measure of performance, since it provides useful information for analysing the profitability of companies in order to show the net profit of the Parent's main activity and to eliminate the effect of the variation associated with certain items.

The following table presents our estimates of net income for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
EBIT	**85,581**	**33,290**
Net finance income/(cost)	(21,872)	(21,950)
Share of loss on investments accounted for using the Equity	(646)	6,940
Income tax	(13,406)	4,155
Net Result	**49,657**	**22,435**

The most significant APMs referring to the company's financial debt situation are as follows:

A. Gross financial debt (borrowings)

Definition: debts to credit institutions (classified into short-term and long-term creditors) + obligations and other marketable securities.

Explanation of use: the Parent's governing body considers that the loans (Borrowings) are a measure of the performance of its activity, since they show the net financial position of the company, which is necessary for the calculation of the leverage ratios normally used in the market.

The following table presents our estimates of loans for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Non-current payables – Bank borrowings – Note 18	4,029	222,401
Current payables – Bank borrowings – Note 18	378,675	384,099
Gross Financial debt (Borrowings)	**382,704**	**606,500**

B. Net financial debt

Definition: loans + other financial liabilities (classified under long-term and short-term liabilities)—cash or cash equivalents (Note 14.3).

Explanation of use: the Parent's management considers financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our estimates of net financial debt for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Financial debt (Borrowings)	**382,704**	**606,500**
Non-current payables – Other financial liabilities – Note 18	10	10
Current payables – Other financial liabilities – Note 18	236	307
Cash and cash equivalents – Note 14.3	(141,181)	(176,124)
Net Financial Debt	**241,769**	**430,693**

C. Adjusted net financial debt

Definition: net financial debt + restricted cash + loans from companies carried by the equity method + deferred payments for optional land – cash from companies carried by the equity method – deferred receivables for land sold – other pending collections

Explanation of use: the Parent's management considers adjusted financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our estimates of adjusted net financial debt for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Net Financial Debt	**241,769**	**430,693**
Restricted cash – Note 14.3	38,855	93,093
Borrowings of subsidiaries integrated through Equity Method – Note 18.1.1	1,663	2,135
Deferred payments for optioned land	30,000	59,658
Available cash of subsidiaries integrated through Equity Method – Note 14.3	(400)	(4,926)
Deferred receivables for land sold – Note 14.2	(4,748)	–
Cash like items	(3,985)	–
Adjusted Net Financial Debt	**303,154**	**580,653**

D. Leverage

Definition: loans (borrowings) /total assets

Explanation of usage: Leverage is an indicator that measures a company's debt position. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use net financial debt to assess indebtedness.

The following table presents our estimates of leverage for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Borrowings	**382,704**	**606,500**
Total assets	1,499,282	1,713,797
Leverage ratio	**26%**	**35%**

E. Loan to Value ("LTV")

Definition: Adjusted net financial debt /value of the portfolio of inventories associated with the Company's percentage of ownership (GAV).

Explanation of use: LTV is an indicator that measures the company's debt position in relation to the market value of its property assets. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use this figure to assess indebtedness.

The following table presents our estimates of LTV for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Adjusted Net Financial Debt	**303,154**	**580,653**
Market value of inventory portfolio associated to the Company´s ownership interest percentage (GAV)	1,770,169	2,166,924
LTV	**17%**	**27%**

F. Loan to Cost ("LTC")

Definition: net financial debt / (stock—advances to suppliers)

The following table presents our estimates of LTC for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Net Financial Debt	**241,769**	**430,693**
Inventories – Note 16	1,251,159	1,416,688
Advance to suppliers – Note 16	(1,209)	(10,771)
LTC	**19%**	**31%**

G. Net financial debt / EBITDA

Definition: adjusted net financial debt/ adjusted EBITDA

The following table presents our estimates of Net financial debt / EBITDA for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted EBITDA	**93,383**	**39,770**
Adjusted Net Financial Debt	303,154	580,653
NFD / Adjusted EBITDA	**3.25**	**14.60**

H. Interest cover ratio

Definition: Adjusted EBITDA / Interest expense.

In the table below we present our calculations of Adjusted EBITDA / Interest Expense as at 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Interest Coverage Ratio		
Adjusted EBITDA	93,383	39,770
Interest Expenses	22,338	22,464
	4.2	**1.8**

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Álvaro Travesedo Julia

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Álvaro Travesedo Julia

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Héctor Serrat Sanz

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Héctor Serrat Sanz

Reunidos los Administ
radores de la sociedad Vía Célere Desarrollos Inm obiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Anthonny Iannazzo

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Anthonny Iannazzo

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Jorge Morán Sánchez

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Jorge Morán Sánchez

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Jose Ignacio Morales Plaza

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Jose Ignacio Morales Plaza

KPMG Auditores, S.L.
Paseo de la Castellana, 259-C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.

Opinion

We have audited the consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the "Parent") and subsidiaries (together the "Group") which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts 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 regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this 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 judgement, have been considered as the most significant risks of material misstatement in the 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.

Valuation of inventories (see notes 2.4, 4.I) and 15)

At 31 December 2019, the Group has Euros 1,405,177 thousand in property inventories for development and sale in the normal course of business. The Group tests these assets for impairment every year, and to determine the net realisable value of the inventories, it uses appraisals or valuations made by independent experts. For this purpose, the valuation process for these assets has been considered as a relevant aspect of the audit insofar as the valuation techniques used often require the exercising of judgement and the use of assumptions and estimates.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our audit procedures included assessing the design and implementation of key controls relating to the valuation of property inventories, as well as evaluating the methodology and assumptions used to prepare the appraisals or valuations used in this process, for which we involved our valuation specialists. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recognition and recoverability of deferred tax assets (see notes 2.4, 4.o) and 21)

At 31 December 2019, the Group has deferred tax assets amounting to Euros 75,002 thousand. The recognition of deferred tax assets entails a high level of judgement by the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of the amount of deferred tax assets and the uncertainty associated with their recovery, this matter has been considered a relevant aspect of the audit.

Our audit procedures included assessing the design and implementation of controls over the recognition and measurement of deferred tax assets, and evaluating the key assumptions used to estimate the Group's future taxable profits, compared with data from external sources, such as economic forecasts, and the Group's historical data. In addition, we assessed the sufficiency of future taxable profits to offset deferred tax assets and we evaluated whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Management Report

Other information solely comprises the 2019 consolidated management report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated management report. Our responsibility for the consolidated management report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated management report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated management report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated management report is consistent with that disclosed in the consolidated annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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

Auditor's Responsibilities for the Audit of the Consolidated 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 prevailing legislation regulating the audit of accounts 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 economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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's Directors.

- Conclude on the appropriateness of the use by the Parent's Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 a true and fair view.

- 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.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We communicate with the Directors of the Parent 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 to the Directors of Vía Célere Desarrollos Inmobiliarios, S.A., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

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

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Francisco Rabadán Molero
On the Spanish Official Register of Auditors ("ROAC") with No. 15797

20 March 2020

Vía Célere Desarrollos Inmobiliarios, S.A. and subsidiaries

Consolidated annual accounts and consolidated management report for the year ended 31 December 2019

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(IN THOUSAND OF EUROS)

Assets	Note	31.12.2019	31.12.2018
Intangible assets	**8**	**66**	**122**
Patents, licences, brands and similar		–	27
Computer software		61	90
Goodwill		5	5
Property, plant and equipment	**9**	**4,434**	**3,546**
Land and buildings		2,954	2,729
Plant and machinery		681	172
Other property, plant and equipment		756	428
Work in progress		43	217
Investment property	**10**	**112**	**114**
Land		75	75
Buildings		37	39
Investments in associates		**5,079**	**12,682**
Equity instruments	**13**	5,079	12,682
Non-current financial assets	**14**	**1,801**	**27,349**
Deposits and guarantees		1,511	635
Derivative financial instruments		1	26
Loans to third parties		289	26,688
Deferred tax assets	**21.2**	**75,002**	**71,089**
Total non-current assets		**86,494**	**114,902**
Inventories	**15**	**1,416,688**	**675,624**
Raw material		740	1,180
Land and plots		632,826	271,229
Completed developments		116,313	4,801
Property developments in progress		656,038	390,315
Advances to suppliers		10,771	8,099
Trade and other receivables		**15,835**	**10,090**
Trade receivables for sales and services	14	1,818	3,438
Receivables from Group companies and associates	14, 24	498	121
Other receivables from public administrations	21.1	12,231	2,952
Current tax receivable	21.1	113	96
Other accounts receivable	14	1,175	3,483
Current investments in associates	**14, 24**	**51**	**365**
Loans to associates		51	365
Current financial assets	**14**	**12,263**	**419**
Loans to third parties		7,859	–
Other financial assets		4,404	419
Prepayments and accrued income		**6,342**	**3,890**
Cash and cash equivalents	**14.3**	**176,124**	**56,236**
Cash		17	11
Treasury		176,107	56,225
Total current assets		**1,627,303**	**746,624**
Total assets		**1,713,797**	**861,526**

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(IN THOUSAND OF EUROS)

Equity	Note	31.12.2019	31.12.2018
Capital	16.1	411,161	204,187
Share premium	16.2	736,387	239,294
Reserves		**(397,557)**	**(69,725)**
Legal reserve	16.3	29,908	20,814
Retained earnings	16.5	(427,465)	(90,539)
Profit for the year		**22,435**	**84,786**
Total Equity attributable to the Parent		**772,426**	**458,542**
Total equity		**772,426**	**458,542**
Non-current provisions	**17**	**12,147**	**8,823**
Non-current payables	**18**	**222,411**	**1,497**
Bank borrowings		222,401	1,309
Other financial liabilities		10	188
Deferred tax liabilities	**21**	**12,621**	**13,852**
Total non-current liabilities		**247,179**	**24,172**
Current provisions	**17**	**7,058**	**421**
Current payables	**18**	**384,406**	**238,184**
Bank borrowings		384,099	237,648
Other financial liabilities		307	536
Current related-party payables	**24**	**–**	**142**
Trade and other payables	**18.2**	**302,728**	**140,062**
Current payables to suppliers		122,704	41,196
Customer advances		163,015	92,909
Payable to employees		2,674	1,442
Tax payables		13,681	3,454
Current tax liabilities		654	1,061
Accrued expenses and deferred income		**–**	**3**
Total current liabilities		**694,192**	**378,812**
Total liabilities		**941,371**	**402,984**
Total equity and liabilities		**1,713,797**	**861,526**

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 2019 (IN THOUSAND OF EUROS)

	Note	31.12.2019	31.12.2018
Revenue	**23.1**	**362,714**	**157,063**
Sales		362,703	157,048
Services rendered		11	15
Other Income		**9,532**	**2,136**
Overprovisions		**–**	**–**
Changes in inventories of finished goods and work in progress	**23.2**	**150,835**	**47,143**
Raw materials and other consumables used		**(423,350)**	**(163,921)**
Raw materials and other consumables used		(105,482)	(85,540)
Work carried out by other companies		(321,551)	(93,044)
Impairment losses on real estate inventories	**15**	3,683	14,663
Personnel expenses	**23.4**	**(25,451)**	**(15,322)**
Wages, salaries and similar		(20,056)	(12,249)
Employee benefits expense		(5,395)	(3,073)
Other expenses	**23.6**	**(40,605)**	**(20,752)**
Depreciation and amortisation charge	**7,8 y 9**	**(439)**	**(325)**
Impairment losses and gain/(losses) on disposal of non-current assets	**23.11**	**54**	**(85)**
Impairment and losses		54	(54)
Gains or disposals and others		–	(31)
OPERATING PROFIT		**33,290**	**5,937**
Finance income	**23.9**	**538**	**386**
From marketable securities and other financial instruments		538	386
Finance cost	**23.10**	**(22,464)**	**(8,084)**
On borrowings from associated companies		–	(56)
On payables to third parties		(22,464)	(8,028)
Change in fair value of financial instruments		**(24)**	**25,743**
Exchange differences		**–**	**–**
Impairment losses and gains/(losses) on disposal of financial instruments	**23.12**	–	**621**
NET FINANCE INCOME/(COST)		**(21,950)**	**18,666**
Share of loss of investments accounted for using the equity method		**6,940**	**(640)**
PROFIT BEFORE TAX		**18,280**	**23,963**
Income tax	**21**	4,155	60,823
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**22,435**	**84,786**
PROFIT FOR THE YEAR		**22,435**	**84,786**
Earning per share			
Basic earning per share (Euros) (See Note 5)		0.68	2.56
Diluted earning per share (Euros) (See Note 5)		0.68	2.56
Earning per share – Continuing operations			
Basic earning per share (Euros) (See Note 5)		0.68	2.56
Diluted earning per share (Euros) (See Note 5)		0.68	2.56
Earning attributed to Parent Company Shareholders		**22,435**	**84,786**

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2019 (IN THOUSAND OF EUROS)

	(Thousand of Euros)	
	Year 2019	Year 2018
Consolidated profit for the year	**22,435**	**84,786**
Items reclassified to profit and loss		
– Translation differences	–	–
Total	**–**	**–**
Total comprehensive income, net of taxes	**22,435**	**84,786**
a) Owners of the Parent	22,435	84,786
b) Non-controlling interests	–	–

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (IN THOUSAND OF EUROS)

	Attributable to owners of the Company					
	Share Capital	Share premium	Legal reserve	Retained earnings	Other Equity instruments	Total Equity
Balance at 1 January 2018	**169,433**	**159,518**	**20,814**	**(92,041)**	**41,327**	**299,051**
Total comprehensive loss for the year	–	–	–	84,786	–	**84,786**
Issue of ordinary shares (Note 17.1)	34,754	79,776	–	–	(41,327)	**73,203**
Other equity	–	–	–	1,502	–	**1,502**
Balance at 31 December 2018	**204,187**	**239,294**	**20,814**	**(5,753)**	–	**458,542**
Total comprehensive loss for the year	–	–	–	22,435	–	**22,435**
Total recognised income and expense, 2018	–	–	9,094	(9,094)	–	**–**
Aelca Merger Operation (Note 16.1;7 and 1)	190,482	457,484	–	(409,965)	–	**238,001**
Issue of ordinary shares (Note 16.1)	16,492	39,609	–	–	–	**56,101**
Other equity	–	–	–	(2,653)	–	**(2,653)**
Balance at 31 December 2019	**411,161**	**736,387**	**29,908**	**(405,030)**	–	**772,426**

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2019 (IN THOUSAND OF EUROS)

	Note	31.12.2019	31.12.2018
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit for the year		**22,435**	**84,786**
Adjustments for		**19,242**	**(150,809)**
Depreciation and amortisation charge	**8, 9, 10**	442	325
Impairment losses on real estate developments	**15**	(2,129)	(71,744)
Changes in provisions	**18**	11,367	(428)
Gains on derecognition and disposal of non-current assets	**23.11**	(12)	(26)
(Gains)/losses on derecognition and disposal of financial instruments	**23.12**	–	(1,329)
Finance income	**23.9**	(538)	(386)
Finance cost	**23.10**	22,347	8,705
Tax income		(4,043)	(60,823)
Change in fair value of financial instruments		24	(25,743)
Others income/cost		(1,392)	–
Share of loss on investments for using the equity method	**14**	(6,824)	640
Changes in working capital		**(94,903)**	**56,557**
Inventories		(106,797)	42,192
Trade and other receivables		3,999	(1,670)
Trade and other payables		13,706	22,886
Other current assets and liabilities		(2,176)	(6,230)
Other non-current assets and liabilities		(3,635)	(621)
Other cash flows used in operating activities		**(24,364)**	**(10,832)**
Income taxes paid	**21**	853	2,400
Dividends received		9,089	–
Interest paid	**23.10**	(34,844)	(13,618)
Interest received	**23.9**	538	386
Total net cash flows used in operating activities		**(77,590)**	**(20,298)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due/proceeds from investing activities		**(164,318)**	**(872)**
Associated companies		(166,772)	–
Acquisition of intangible assets	**8**	(17)	(85)
Acquisition of property, plant and equipment	**9**	(918)	(492)
Other financial assets		3,389	(295)
Proceeds from sale of investments		**71,877**	**18,309**
Investments in associates		2,685	1,116
Intangible assets		25	–
Business Combination (merger)		71,617	–
Investment property		–	57
Non-current assets held for sale	**11**	–	16,585
Other financial assets		(2,450)	551
Total net cash flows (used in)/from investing activities		**(92,441)**	**17,437**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments	**16.1, 16.8**	37,177	183
Proceeds from bank borrowings		331,015	50,377
Payment to associates companies		–	(15,001)
Repayment of bank borrowings		(78,273)	(76,508)
Total net cash flows from financing activities		**289,919**	**(40,949)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**119,888**	**(43,810)**
Cash and cash equivalents at 1 January	**14.3**	56,236	100,046
Cash and cash equivalents at 31 December	**14.3**	176,124	56,236

Notes 1 to 27 are an integral part of the 2019 consolidated annual accounts.

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts as at 31 December 2019

1. Consolidated Annual Accounts. Nature, activities and composition of the Group

A. GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A. (hereinafter, the Parent Company or the Company) was incorporated in Pontevedra on 16 August 1989 under the name "Confecciones Udra, S.A.", which changed in 1993 to "Inmobiliaria Udra, S.A.", in June 2008 to "San José Desarrollos Inmobiliarios, S.A." and in June 2016 to "Dos Puntos Desarrollos Inmobiliarios S.A.". On 20 June 2017, the Extraordinary General Shareholders' Meeting of the Company resolved to change its name to "Vía Célere Desarrollos Inmobiliarios, S.A." and to change its registered office and the consequent amendment to the bylaws, with the new registered office at calle Carlos y Guillermo Fernández Shaw 1, 28007 Madrid (Spain).

The Parent Company is the Parent of a group of companies engaging in residential property development activities and which together constitute the Vía Célere Desarrollos Inmobiliarios Group ("hereinafter the Group").

The Group's activity consists of providing the following services through Group companies: the development of all types of real estate; construction in general, whether for its own account or for that of third parties; the purchase and sale of construction, urban development and gardening equipment; the execution of public works in general; and the purchase and sale of all types of property, whether transportable or not, and both rural and urban real estate. The Group's activity is carried out in Spain and Portugal.

In 2017 the Parent Company decided to split its rental business into a newly created company, Dospuntos Asset Management, S.L., which was subsequently transferred by means of a non-monetary contribution to the Company's shareholders.

B. MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L. (hereinafter "minority shareholder"), with the companies Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. (hereinafter "the majority shareholders"), with the companies in which the former have an interest, with Aelca Desarrollos Inmobiliarios, S.L. ("Aelca" or "ADI") and with certain of its investees, for which the parties agreed to carry out the following transactions:

i) Acquisition by the Company of the minority shareholdings held by the minority shareholder (minority shareholdings of around 10-20% of the share capital) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Inmavy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (hereinafter referred to as "parent companies"). These parent companies owned 100% of the share capital of 70 residential development companies (hereinafter the "project companies" (see Appendix I).

ii) Acquisition by the Company of 100% of the ownership interest held by Aelca in Habitatio Urbana, S.L.U., Campuslar Inmuebles, S.L.U., Novosolum Urbana, S.L.U., Segeslar Inmuebles, S.L.U., Velan Urbana, S.L.U., Generlar Inmuebles, S.L.U. and Numen Inmuebles, S.L.U. (hereinafter "Aelca operating companies").

iii) Merger by absorption of the Company (as absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation majority shareholders received shares of the Company equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution (issuance and delivery of new VCDI shares to these shareholders)).

On 30 October 2018, the transaction was authorized by the National Commission on Markets and Competition (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

As a preliminary step to executing the transactions indicated in points i, ii and iii, on 2 January 2019 the Parent Company signed a senior syndicated financing agreement for 223,000 thousand of euros as the original borrower, undertaking to comply with certain financial covenant obligations over the term of the loan and relating to its quarterly consolidated financial statements (see Note 18.1.4).

On 9 January 2019, the merger deed was executed and it was registered at the Companies Registry of Madrid on 8 March 2019. The accounting effects of the merger are considered from 1 January 2019 as a transaction under common control (See Note 7).

Therefore, this merger by absorption implied (i) the dissolution and extinction of the absorbed entities, and (ii) the block transfer of their corporate assets to the Company that acquires, by universal succession, all the rights and obligations of the absorbed companies.

The issue of these new shares is equivalent to 48.26% of the Company's capital, while the remaining shareholders of the Company hold shares equivalent to 51.74% of the Company's capital.

The detail of the assets acquired and liabilities assumed at the date of the business combination and the pro-forma consolidated annual accounts as at 31 December 2018 with those assets and liabilities are detailed in Note 7.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Financial reporting standards framework applicable to the Group

These consolidated annual accounts have been prepared on the basis of the accounting records of the Company and its subsidiaries in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) (the 2018 consolidated annual accounts) in order to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 31 December 2019, of the results of its consolidated operations, of its consolidated cash flows and of the changes in consolidated equity for the year then ended.

The Parent's Board of Directors considers that the 2019 consolidated annual accounts, which were authorised for issue on 19 March 2020, will be approved by the shareholders at the Annual General Shareholders' Meeting without any material changes.

The Group's accounting policies are detailed in Note 4.

a) Changes in accounting policies and disclosures

The Group applies IFRS 16 (see A) from 1 January 2019. Other new standards are also effective from 1 January 2019, but have no material effect on the Group's consolidated annual accounts.

Due to the transition methods chosen by the Group for the application of these standards, the comparative information in these consolidated annual accounts has not been updated to reflect the requirements of the new standards.

A) IFRS 16 – Leases

The Group is required to adopt IFRS 16 *Leases* from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated annual accounts, as described below.

IFRS 16 introduces a single lease accounting model in the consolidated statement of financial position for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessor continues to classify leases as finance or operating leases.

IFRS 16 supersedes existing lease guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC-15 *Operating Leases: Incentives* and SIC-27 *Evaluation of the substance of transactions taking the legal form of a lease*.

Leases in which the Group is a lessee

The Group will recognize new assets and liabilities for its operating leases of office, car rental and work shed. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use asset and interest expense on lease liabilities.

At year-end there was no significant impact on the Group's finance leases.

At 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to 3,211 thousand of euros, on an undiscounted basis (see Note 23.8).

Leases in which the Group is a lessor

The impact is not significant for leases in which the Group is the lessor.

Transition to IFRS 16

The Group has chosen to use the exemptions proposed by the standard for leases that end within 12 months of the initial application date and for leases where the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

B) Other standards

The changes in application for the calendar year beginning on 1 January 2019 are as follows:

Amendments and/or interpretations	
Amendment to IFRS 9 Advance Cancellation Features with Negative Compensation	This amendment permits the measurement at amortised cost of certain financial assets that can be cancelled early for an amount that is less than the outstanding amount of principal and interest on that principal.
IFRIC 23 Uncertainty in Tax Treatment	This interpretation clarifies how to apply the recording and measurement criteria in IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.
Amendment to IAS 28 Long-term Interest in Associates and Joint Ventures	It clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.
Amendment to IFRS 3 Business Combinations – Annual Improvement Cycle 2015-2017	Acquisition of control over a business previously registered as a joint venture.

Amendments and/or interpretations	
Amendment to IFRS 11 Joint Ventures – Annual Improvement Cycle 2015-2017	Acquisition of joint control over a joint operation constituting a business.
Amendment to IAS 12 Income Taxes – Annual Improvement Cycle 2015-2017	Recording the tax impact of the remuneration of financial instruments classified as equity.
Amendment to IAS 23 Borrowing Costs – Annual Improvement Cycle 2015-2017	Capitalisation of interest on outstanding financing specific to an asset that is ready for use.
Amendment to IAS 19 Modification, Reduction or Liquidation of a Plan	It clarifies how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is a modification, reduction or settlement of a defined benefit plan.

The amended standards and interpretations have not had a significant impact on the Group's consolidated annual accounts.

b) Standards and interpretations issued but not yet effective

The new standards, amendments and interpretations that must be applied in years subsequent to the calendar year beginning on 1 January 2019 are:

Approved for use in the European Union		
Amendment to IFRS 3 Definition of Business	Clarifications to the definition of business	01 January 2020
Not yet approved for use in the European Union at the date of formulation		
IFRS 17 Insurance contracts	It replaces IFRS 4 and sets out the principles for the recording, measurement, presentation and disclosure of insurance contracts with the aim of enabling an entity to provide relevant and reliable information to enable users of financial information to determine the effect of insurance contracts on the financial statements.	2 January 2021 (1)
Amendments to IAS 1 and IAS 8 Definition of 'Materiality'	Amendments to IAS 1 and IAS 8 to align the definition of 'materiality' with that contained in the conceptual framework	01 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of the benchmarks.	01 January 2020

(1) The IASB has proposed that it be postponed to 1 January 2022:

These approved and pending approval standards and interpretations are not expected to have a significant impact on the Group's consolidated annual accounts in 2020.

2.2 Comparative information

In accordance with current corporate legislation, these consolidated annual accounts present, for comparative purposes, the information for the year ended 31 December 2018.

When comparing the figures for 2019 with those for 2018, the impacts of the business combination described in Note 7 should be taken into account.

2.3 Basis of measurement

These 2019 consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, when applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value, provided that it is not a transaction under common control.
- Derivative financial instruments, which are recognised at fair value.

2.4 Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information contained in these 2019 consolidated annual accounts is the responsibility of the Company's board of directors.

These 2019 consolidated annual accounts have certain relevant accounting estimates, judgements and assumptions that must be made when applying the Group's accounting policies. In this regard, the areas requiring a greater degree of judgement or which are more complex, and the areas in which the assumptions and estimates made are significant considering the 2019 consolidated annual accounts as a whole, are summarised below:

- Significant estimates and assumptions
  - Impairment of inventories: assumptions used to calculate recoverable amounts. The comparative method of valuation (of finished products) and static and dynamic residual methods (for land and developments in progress) were used to calculate inventories' fair value. Key assumptions for determining these values include growth rates of sale prices, constructions costs, discount rates and expected investment returns. The estimates, including the methodology used, may have a significant impact on the values and on impairment. For this reason, the Group uses valuations made by prestigious independent experts for the inventories (see Note 4.l).
  - Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.n).
  - The assessment of recoverable amounts of tax credits (See Note 4.o). The tax credits generated in corporate income tax are capitalised when it is probable that the Group will have future taxable profits that allow the application of these assets. Management makes estimates of the tax benefits of the tax group and the recoverability of the capitalised tax credits. The Group has recognised deferred tax assets as at 31 December 2019 amounting to 75,002 thousand of euros (71,089 thousand of euros as at 31 December 2018) relating to deductible temporary differences and part of the tax loss carryforwards (see Notes 4.o and 21).
- Changes in estimates

These estimates were made on the basis of the best information available as at 31 December 2019. However, future events may require them to be modified *(upwards or downwards)* in subsequent years. Under IAS 8, any change in accounting estimates is accounted for prospectively and the impact of changes in estimates is recognised in the consolidated income statement for the year of the change.

No significant changes have occurred during financial year 2019 to the estimates made at the end of financial year 2018.

- Determination of fair values

Certain Group accounting policies and details require the measurement of fair values, for both financial and non-financial assets and liabilities.

The valuation of the inventories is subject to significant unobservable criteria and adjustments in their valuation.

The fair value of financial assets and liabilities are determined as follows:

- The fair values of interest rate derivatives are determined using a discounted cash flow analysis based on the rates implied on the yield curve according to market conditions. To measure the fair value of the interest rate derivatives (swap or IRS), the Group uses an internal IRS model, employing long-term swaps and Euribor market curves as inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.

- Level 2: measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the year in which the change takes place.

The following Notes contain more information on the assumptions used in determining fair values:

- Notes 14 and 18: Short and long-term financial assets and liabilities.

2.5 Functional and presentation currency

These consolidated annual accounts are presented in thousand of euros. The euro is the functional currency of the economic area in which the Group operates.

2.6 Companies included in the consolidation perimeter

a) Subsidiaries

The companies included in the consolidation perimeter are as follows:

Naming	Signature auditor	Registered office	Activities	Thousand of Euros Cost of the share (*)	Percentage the Share
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	–	100%
Udralar, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	–	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	–	100%
Douro Atlántico, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real Estate Development	6,944	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificío Espaço Castilho nº 6-D, Lisboa.	Real Estate Development	10,171	100%
Maywood Invest, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	12,110	100%
Vía Célere, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	31,914	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	–	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	7,336	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real Estate Development	16,180	100%
Vía Célere Gestión de Proyectos, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	381	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	1	100%

(*) Cost of the Parent's ownership interest in each investee as at 31 December 2019.

In 2019, Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos, S.A. changed their registered offices to Rua Castilho nº 13 D. Edificio Espaço Castilho nº 6-D, Lisbon.

In 2018, Copaga, S.A.U. changed its registered office to Calle Carlos y Guillermo Fernández Shaw nº 1, Madrid.

In 2019 and 2018 there were no changes to the consolidation perimeter.

b) Associates

The associates included in the consolidation perimeter as at 31 December 2019 are as follows:

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of ownership interest (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	12,682	50%

(*) Cost of the investment recognised in the Parent as at 31 December 2019.

In 2019 and 2018, there were no changes to the consolidation perimeter.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

3. Distribution of the result of the Parent's Company profits

The Parent company's profit for 2019 amounted to 1,817,948.12 euros, the proposed distribution of which was made by the administrative body and is pending approval by the General Shareholders' Meeting, and is the offsetting of losses from previous years amounting to 1,636,153.31 euros and an allocation to the legal reserve amounting to 181,794.81 euros.

The distribution of the Parent's profit for 2018, approved by the General Shareholders' Meeting on 30 May 2019, was aside to the legal reserve an amount of 9,096,273 euros and to offset the losses of previous years by 81,866,457 euros.

The amount of the non-distributable reserves is limited to the balance of the legal reserve, which amounts to 29.908 thousand of euros as at 31 December 2019 and 2018.

There are no significant limitations on the distribution of dividends, except that the total equity remaining after the distribution of any dividend must not fall below half of the share capital.

4. Accounting policies

The accounting policies set out below have been applied consistently in the consolidated annual accounts.

a) Basis of consolidation

Subsidiaries

Subsidiaries, including structured entities, are defined as entities over which the Parent exercises control, either directly or indirectly through subsidiaries. The Parent controls a subsidiary when it is exposed to or entitled to variable returns and when it has the ability to influence those returns. The Parent has capacity when it holds sufficient voting rights to provide it with the ability to manage the significant business activities of the investee. The Parent is exposed to, or is entitled to, variable returns from its involvement in the subsidiary when the returns it obtains from such involvement may vary depending on the economic performance of the entity (IFRSs 10.6, 10 and 15).

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is the date on which the Group effectively obtains control over them. Subsidiaries are excluded from consolidation from the date on which control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated in the consolidation process. However, unrealised losses have been considered as an indicator of impairment of the transferred assets.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events in similar circumstances.

The annual accounts of the subsidiaries used in the consolidation process refer to the same reporting date and period as those of the Parent Company.

Business combination

The Group applies the acquisition method in business combinations. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the fair values of the assets transferred at the acquisition date, the liabilities incurred or assumed, the equity instruments issued and any contingent payments on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

The consideration given does not include any payment that is not part of the exchange of the acquired business. Acquisition costs are recognised as an expense when they are incurred.

At the acquisition date, the Group recognises the assets acquired and the liabilities assumed at fair value. Non-controlling interests in the company acquired are recognised for the proportional share in the fair value of the net assets acquired. The criterion applies only to non-controlling interests that provide access at that time to the economic benefits and the right to a pro rata share of the net assets of the acquiree in the event of liquidation.

Except for lease and insurance contracts, assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the date of acquisition.

The difference (excess) between the consideration paid plus the value assigned to non-controlling interests and the net amount of the assets acquired and liabilities assumed is recognised as goodwill. After assessing the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, any difference is recognised in consolidated profit or loss.

Associates

These are entities over which the Group has the capacity to exercise significant influence, without effective control or joint management. This ability is usually manifested in a holding (direct or indirect) of 20 % or more of the voting rights of the investee.

The Group's investments in associates are accounted for in the consolidated annual accounts using the equity method from the date on which significant influence commences until the date on which influence ceases. Gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate, less any impairment of individual interests.

Any excess of the cost of acquisition over the portion of the fair values of the identifiable net assets of the associate attributable to the Group at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any deficiency of the cost of acquisition in relation to the portion of the fair values of the identifiable net assets of the associate held by the Group at the date of acquisition is recognised in consolidated profit or loss in the year of acquisition.

If, as a result of losses incurred by an associate, its equity were negative, the Group's consolidated statement of financial position would include a zero value, unless the Group had an obligation to provide financial support for the associate.

Note 2.6.b to these 2019 consolidated annual account details the associates included in the consolidation perimeter and the information relating to these companies.

Impairment

The Group applies the criteria for impairment described in the accounting policy for financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

The Group applies the criteria indicated in the accounting policy for financial instruments, including valuation adjustments for impairment to other financial instruments to which the equity method is not applied, including those that form part of the net investment in the associated entity.

Impairment is calculated by comparing the carrying amount of the net investment in the subsidiary with its recoverable amount. Recoverable value is the higher of value in use and fair value less costs to sell. In this

regard, value in use is calculated on the basis of the Group's share of the present value of the estimated cash flows from ordinary activities and the income generated on the final disposal of the associate.

No impairment losses are assigned to goodwill or other assets implicit in the investment in associates arising from the application of the equity method. In subsequent years, reversals of investments are recognised in consolidated profit and loss to the extent that the recoverable amount increases. Impairment losses are presented separately from the Group's share of the results of associates.

Joint ventures

Investments in joint ventures are accounted for using the equity method. This method involves including the value of the net assets and any possible goodwill relating to the interest in the joint venture of companies accounted for using the equity method in the consolidated statement of financial position. The net annual profit/(loss) corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as profit/(loss) for the year of the companies carried by the equity method.

The distribution of dividends from joint ventures is recorded as a decrease in the value of the investments. Joint venture losses attributable to the Group are limited to the extent of its net investment, unless the Group has legal obligations or payments have been made on behalf of the joint ventures.

Non-controlling interests

Non-controlling interests are initially measured by the proportional interest in the identifiable net assets of the acquired company at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions and balances and flows

(i) Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency by applying the spot exchange rates between the functional currency and the foreign currency at the dates when the transactions take place.

Monetary assets and liabilities denominated in foreign currencies were translated to euros at the year-end exchange rate, while non-monetary assets and liabilities measured at historical cost were translated at the exchange rates applied on the date of the transaction. Finally, non-monetary assets that are valued at fair value have been translated into euros at the exchange rate on the date when the asset was recorded.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currency are translated to euros at the exchange rates prevailing on the date on which the flows occurred.

Differences resulting from the settlement of foreign currency transactions and the translation to euros of monetary assets and liabilities denominated in foreign currencies are recognized in consolidated income statement. However, exchange differences arising on monetary items forming part of the net investment in foreign operations are recorded as translation differences in other comprehensive income.

During 2019 and 2018, the Group has not carried out any relevant transactions in foreign currency.

c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, the calculation of interest income returns to the gross basis.

d) Borrowing costs

The Group includes in the cost of intangible assets, property, plant and equipment, investment property and inventories that require a period of more than one year to be ready for use, operation or sale, the borrowing costs related to specific or generic financing directly attributable to the acquisition, construction or production.

To the extent that financing has been specifically obtained, the amount of interest to be capitalised is determined on the basis of the related financial expenses incurred during the year, less the returns obtained on investments of temporary funds. In cases where the financing has not been used temporarily to fund assets under construction, the related financial expenses are not capitalised. The amount of interest to be capitalised relating to general non-trade financing is determined by applying a weighted average interest rate to the investment in progress, discounting the portion specifically financed, up to the limit of total accumulated interest expense in the consolidated income statement.

The capitalisation of interest begins when the interest on the expenses related to the inventories has been incurred and the activities necessary to prepare the assets, or part of them, for their intended use or sale are

being carried out, and ends when all or substantially all the activities necessary to prepare the assets or part of the assets for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods of interrupted activity if those periods are significantly extended, unless the temporary delay is necessary to bring the asset into operating condition or to sell it.

The capitalisation of interest is recognised under "Finance Costs" in the consolidated income statement (see Note 23.10).

e) Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised over their useful lives.

i) Goodwill

Goodwill is the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and is measured at cost less accumulated impairment. The gain or loss on the sale of an entity includes the carrying amount of goodwill related to the entity sold.

ii) Computer software

Computer applications acquired and developed by the Group, including website development expenses, are recognised to the extent that they meet the conditions indicated for development expenses. Expenditure on the development of a website for promotional purposes or to advertise the Group's products or services is recognised as an expense when incurred. IT maintenance expenses are expensed as incurred.

iii) Patents, licenses, brands and similar

The Group has recorded in this account the costs incurred in the new image and brand.

iv) Amortisation

Computer software, patents, licenses, brands and similar items are amortised on a straight-line basis over their useful lives at the following rates

Description	Years	Rate
Patents, licenses, brands and similar	10	10%
Computer software	4	25%

The Group evaluates and determines impairment losses and reversals of impairment losses on intangible assets in accordance with the criteria set out in Note 4-h.

f) Property, plant and equipment

i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less any accumulated depreciation and any accumulated impairment loss.

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The cost of assets comprises the acquisition price, less trade discounts or rebates, and plus any costs directly related to locating the asset in its intended use and to establishing conditions necessary for it to be capable of operating in the manner intended by the governing body, the initial estimate of the costs of dismantling or removing the asset and restoring the place where it is located, provided that they constitute obligations incurred as a result of use and for purposes other than the production of inventories.

Any gain or loss on the sale of an item of property, plant and equipment (calculated as the difference between the profit obtained and the carrying value of the item) is recognized in consolidated income.

ii) Subsequent costs

Subsequent expenses are capitalised only when it is probable that future economic benefits related to the expense will flow to the Group. Ongoing repair and maintenance costs are recorded as expenses when incurred.

iii) Depreciation

Depreciation of tangible fixed assets is carried out on a straight-line basis over their useful life. For these purposes, the depreciable amount is understood to be the cost of acquisition less its residual value.

Items are depreciated from the date they are installed and ready for use.

Depreciation of assets is determined as follows:

Description	Rate
Buildings	2%
Plant and machinery	10%-33%
Other fixed assets	20%-25%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each year. Possible modifications to the initial criteria are recognised as a change in estimate.

The Group assesses and determines the losses and reversals of impairment losses on non-financial assets in accordance with the criteria set forth in Note 4-h.

g) Investment property

Investment property is property (including property in progress or under development for future use as investment property) that is held wholly or partly to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for sale in the ordinary course of business. Investment property is initially recognised at cost, including any transaction costs.

Rental income is recognised as indicated in Note 4.p.

The interest and other financial expenses incurred during the construction period of the buildings intended to be rented and accrued for the specific financing received for that purpose are considered as capitalisation of the corresponding buildings. No amount was recognised in this connection in 2019 and 2018.

The same criteria are used for the measurement, depreciation of investment property, the estimation of its respective useful lives and the recognition of any impairment losses as those described in relation to property, plant and equipment, as indicated in Note 4-f.

The Group reclassifies an investment property to property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies an investment property to inventories when it commences work to produce a substantial transformation of the property with the intention of selling it.

The Group reclassifies property, plant and equipment to investment property when it ceases to use the property in the production or supply of goods or services, or for administrative purposes, and uses it to obtain income or capital gains or both.

The Group reclassifies inventories of investment property when the property becomes the subject of an operating lease.

h) Impairment of non-financial assets

The Group evaluates whether there is any indication that non-financial assets (except inventories and deferred tax assets) subject to depreciation or amortisation may be impaired, in order to ascertain whether their carrying amount exceeds their recoverable amount, which is taken to be the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the consolidated income statement.

The recoverable amount should be calculated for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The Group assesses at each closing date whether there is any indication that the impairment loss recognised in prior years no longer exists or may have decreased. Impairment losses on goodwill, if any, are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable value.

The reversal of the impairment loss is recognised with a credit to the consolidated income statement. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation, had no impairment been recognised.

Once the valuation adjustment for impairment or reversal has been recognised, the amortisation of subsequent years is adjusted to the new carrying amount.

However, if the specific circumstances of the assets reveal a loss that is irreversible, this loss is recognised directly as a loss on non-current assets in the consolidated income statement.

i) Leases

(i) Identifying a lease

The Group assesses at the beginning of a contract whether it contains a lease. A contract is or contains a lease, if it grants the right to control the use of the identified asset for a period of time in exchange for consideration. The period of time during which the Group uses an asset includes both consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is a change in the contract.

(ii) Lessor accounting

The Group has ceded the right to use property under lease agreements.

Leases in which the Group transfers substantially all the risks and rewards of ownership of the assets to third parties are classified as finance leases. Otherwise, they are classified as operating leases.

Operating leases

Assets leased to third parties under operating leases are presented according to their nature after applying the accounting principles described in Notes 4-f and 4-g (Property, plant and equipment and investment property).

Revenue from operating leases, net of incentives granted, is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis of distribution is more representative because it more appropriately reflects the time pattern of consumption of the benefits arising from the use of the leased asset.

Incentives included in operating leases, as well as grace periods, should be recorded as a reduction in income over the lease period on a straight-line basis, without prejudice to the share resulting from the application of the incentive. In any event, the accrual will commence when the Group relinquishes control of the asset, which is when the relevant contracts are signed.

The initial direct costs of the lease are included in the carrying amount of the leased asset and are recognised as an expense over the lease term by applying the same criteria as those used in revenue recognition.

(iii) Lessee accounting

The Group has opted not to apply the accounting policies indicated below to short-term leases and those in which the underlying asset has a value of less than 5 thousand of euros.

For this type of contract, the Group recognises payments on a straight-line basis over the term of the lease.

The Group recognises at the inception of the lease a right of use asset and a lease liability. The asset for right of use consists of the amount of the lease liability, any lease payments made on or before the commencement date, less incentives received, initial direct costs incurred and an estimate of any decommissioning or restoration costs to be incurred, as indicated in the accounting policy for provisions.

The Group values the lease liability at the present value of the lease payments that are outstanding at the commencement date. The Group discounts lease payments at the appropriate incremental interest rate unless it can reliably determine the lessor's implicit interest rate.

Outstanding lease payments consist of fixed payments, less any incentive to collect, variable payments dependent on an index or rate, initially valued at the index or rate applicable on the commencement date, amounts expected to be paid for residual value guarantees, the exercise price of the purchase option whose exercise is reasonably certain, and payments for termination indemnities, provided that the lease term reflects the exercise of the termination option.

The Group values the assets for right of use at cost, less accumulated depreciation and impairment losses, adjusted by any re-estimation of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease term or the asset by right of use includes the price of the purchase option, the depreciation methods indicated in the section on property, plant and equipment are applied from the start of the lease term to the end of the asset's useful life. Otherwise, the Group depreciates the asset by right of use from the start date to the earlier of the useful life of the right or the end of the lease term.

The Group applies the criteria for impairment of non-current assets indicated in section 4.h to the asset for right of use.

The Group values the lease liability by increasing it by the interest expense accrued, decreasing it by the payments made and re-estimating the carrying amount by the changes in the lease or to reflect the updating of the fixed payments in substance.

The Group records the variable payments that have not been included in the initial measurement of the liability in the income statement for the period in which the events that trigger their disbursement occur.

The Group records the re-estimations of the liabilities as an adjustment to the right-of-use asset, until it is reduced to zero and subsequently in results.

The Group re-estimates the lease liability by discounting the lease payments at a discounted rate if there is a change in the lease term or a change in the expectation of exercising the underlying asset purchase option.

The Group re-estimates the lease liability if there is a change in the expected amounts payable on a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect changes in market rents after a review of the rents.

The Group recognises a modification of the lease as a separate lease if it increases the scope of the lease by adding one or more rights of use and the amount of the consideration for the lease increases by an amount consistent with the individual price for the increase in scope and any adjustment to the individual price to reflect the particular circumstances of the contract.

If the amendment does not result in a separate lease, at the date of the amendment, the Group assigns the consideration to the amended contract as indicated above, redetermines the lease term and re-estimates the value of the liability by discounting the revised payments at the revised interest rate. The Group decreases the carrying amount of the asset by right of use to reflect the partial or total termination of the lease in the event of changes that reduce the scope of the lease and records the gain or loss in the income statement. For all other changes, the Group adjusts the book value of the asset by right of use.

j) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial assets. Classification and subsequent measurement

At initial recognition, IFRS 9 contains three main categories in the classification of financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financials instrument as a whole is assessed for classification.

Financial Assets	Classification under IAS 39	New classification under IFRS 9
Investment in Associates	Available for sale	FVTPL
Loans and receivables	Loans and receivables	Amortised cost
Cash and Cash equivalent	Loans and receivables	Amortised cost

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Subsequent measurement:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iii) Financial liabilities. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the income statement.

(iv) Basis of offsetting

A financial asset and a financial liability are only off-set when the Group has a legally enforceable right to offset the recognised amounts and has the intention of liquidating the net amount or of realising the asset and settling the liability simultaneously.

(v) Derecognition

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred, and the Group has substantially transferred the risks and rewards incidental to their ownership.

Full derecognition of a financial asset involves recognition of a gain/loss arising from the difference between its carrying amount and the total consideration received, net of transaction costs, including assets obtained or liabilities accepted, and any deferred gain or loss in recognised income and expense under equity.

A financial liability, or part of it, is derecognised when the Group either discharges the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group recognises the difference between the carrying amount of the financial liability, or part thereof, cancelled or transferred to a third party and the consideration paid, including any asset transferred different to the cash or liability assumed, charged or credited to the income statement.

(vi) Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Group recognises in the consolidated income statements a value adjustment due to expected credit losses of the financial assets valued at amortised cost, fair value with changes in other comprehensive income, accounts receivable for financial leases, assets by agreement, loan commitments and financial guarantees.

For the financial assets appraised at fair value with changes in other comprehensive income, the expected credit loss is recognised in other comprehensive income and the fair value of the assets is not reduced.

At each closing date, the Group values the valuation adjustment at an amount equal to the expected credit losses over the following twelve months, for financial assets for which the credit risk has not significantly increased since the initial recognition date or when it considers that the credit risk of a financial asset has not significantly increased.

At the end of each year, the Group estimates whether the credit risk of an individual instrument or a group of instruments considered collectively has increased significantly since initial recognition.

The Group recognises impairment losses on loans and receivables and debt instruments when a reduction or delay occurs in estimated future cash flows due to the insolvency of the debtor.

In the case of equity instruments, impairment exists when there is a lack of recoverability of the carrying value of the asset due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at amortised cost

In the case of financial assets carried at amortised cost, the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, excluding any future credit losses discounted at the asset's original effective interest rate. For variable rate financial assets, the effective interest rate for the valuation date is used in accordance with the contractual conditions.

Impairment losses are charged to the consolidated income statement and can be reversed in subsequent years if the decrease can be objectively related to an event subsequent to recognition. However, reversal of the loss is limited to the assets' amortised cost, if any, if the impairment loss had not been recognised.

(vii) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss, are initially recognised at fair value, less any transaction costs directly attributable to their issue. Subsequent to initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

However, financial liabilities are measured at their nominal value if they do not have an established interest rate, the amount matures or is expected to be received in the short term and the effect of discounting is not significant.

(viii) Security deposits

The bonds received as a result of the operating lease contracts are measured in accordance with the criteria set out for financial liabilities. The difference between the amount received and its fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

The bonds provided as a result of operating leases are valued according to the criteria set out for financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

In accordance with the legislation of the autonomous communities in which the Group operates, the Group deposits rental and guarantee deposits at government offices that request them to reasonably ensure the guarantees received from the tenants of the investment properties owned by the Group. These bonds are valued according to the criteria for financial assets. The difference between the amount delivered and the fair value is recognised as an advanced collection which it is taken to the consolidated income statement during the term of the lease (during the period in which the service is rendered).

The advances to be applied over the long term are subject to discounting at the close of each financial period depending on the market interest rate at the time of its initial recognition. In the case of short-term guarantees, cash flows are not discounted if their effect is not significant.

(ix) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objective and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses over-the-counter (OTC) derivative financial instruments to hedge the variability in cash flows arising from changes in variable interest rate (Euribor) relating to the bank borrowings. At the close of 2019, the fair value of the interest rate derivative is of 1 thousand of euros (see Note 18.1.3).

k) Shareholders distribution and common control transactions

A combination of entities or businesses under common control is not within the scope of IFRS 3 'Business Combinations', as indicated in paragraph 2 of the Standard.

IFRIC 17 "Distributions of Non-cash Assets to Owners" does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

Furthermore, as indicated in paragraph 3 of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", the Group will not apply this Interpretation to transactions in which the creditor is also a direct or indirect shareholder and is acting in its current capacity as a direct or indirect shareholder.

IAS 8, "Accounting policies, changes in accounting estimates and errors", paragraph 10, states that "in the absence of an IFRS that is directly applicable to the transaction, other event or circumstance, management shall apply its judgement in developing and applying an accounting policy".

Consequently, the Company's administrative body has analysed these transactions and concluded the following from an accounting point of view:

- In accounting for acquisitions of subsidiaries between entities under common control, in the case of consideration transferred in the form of cash, the Group applies fair value accounting based on the methodology of IFRS 3, as the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole.
- Dividends, in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at the Annual General Shareholders' Meeting. The liability is recognised at the time the dividend is approved, measured at the fair value of the assets to be delivered. At the settlement date, the difference between the carrying amount of the assets delivered recognised in the consolidated annual accounts under IFRS-EU at the date of the transaction and the amount of the liability is recognised in reserves in the consolidated statement of changes in equity.
- In accounting for segregation transactions, including distributions in kind, whether in the form of non-monetary assets, businesses or investments in other entities or groups, which are carried out between entities under common control, the Group applies book value accounting.
- The capitalisation of loans granted by shareholders to the Company in the form of equity instruments is not within the scope of IFRIC 19. Therefore, the Group chose as its accounting policy the derecognition of the debt at its carrying amount, recording the equity instrument to be delivered at fair value and recognising the difference between those amounts as a gain or loss in the consolidated income statement. Equity instruments issued should be initially recognised and measured at the date on which the liability arises. IFRS 13 *Fair Value Measurement* was applied in the valuation of newly issued equity instruments.

Acquisitions and disposals that do not give rise to a change of control are accounted for as equity transactions in other reserves and no gain or loss is recognised in the consolidated income statement and goodwill is not remeasured. The difference between the consideration given or received and the decrease or increase in minority interest (non-controlling interest), respectively, is recognised in reserves.

Similarly, when control of a subsidiary is lost, the assets, liabilities and non-controlling interests (non-controlling interests) and other items that might be recognised in accumulated other comprehensive

income of the subsidiary are derecognised from the consolidated statement of financial position, and the fair value of the consideration received and of any remaining investment is recognised. The difference between these amounts is recognised in the consolidated income statement.

At 31 December 2019, the Parent had restrictions on the distribution of dividends as a result of the corporate financing agreement signed on 2 January 2019 (see Note 18.1.4).

l) Inventories

This heading in the consolidated statement of financial position includes the assets that the Group holds:

- Maintains for sale in the ordinary course of its business.
- It is under construction or development for sale;
- It is expected to be consumed in the production process or in the provision of services.

Therefore, land and other properties held for sale or for inclusion in a property development in the ordinary course of the Group's business are deemed to be inventories and not for appreciation or rental purposes.

The Group uses the following criteria in the valuation of its inventories:

- Land and plots acquired for disposal or for the development of real estate developments are recorded at their acquisition price, which includes the expenses directly related to their purchase (registration expenses, fees, expenses for studies and technical projects prior to the acquisition of plots, etc.).
- The Group does not capitalise, as an increase in the value of the land and plots, any financial expense accrued on loans obtained to finance their purchase during the period between the date of acquisition and the time when the building licence is applied for.
- As "Property Developments in Progress", the costs incurred at source in the developments in the execution phase are recorded. These costs include, for each development, the amounts corresponding to the acquisition price of the plot, development and construction costs, as well as other costs directly related to the development (studies and projects, licences, etc.) and the financial expenses accrued by the specific financing obtained during the construction period.

Short-cycle Property Developments in Progress are all those accumulated costs of developments whose completion period is estimated not to exceed 12 months.

At the end of each development, the Group follows the procedure of transferring the cost corresponding to those developments still pending sale from the Property Developments in Progress account to the Completed Property Developments account.

The Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of the inventories is lower than their acquisition price or production cost. This net realisable value is based on valuations performed by an independent expert.

Valuation adjustments and reversals for impairment of inventories are recognised under "Changes in inventories of finished and in-progress goods" or "Consumption of raw materials and other consumables", depending on whether they are developments in progress or completed or land and plots of land.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in demand deposits at banks. This also includes other short-term, highly liquid investments provided they can readily be converted to specific cash amounts and where the risk of change in value is insignificant.

This item includes cash and banks received as advances from the customer and deposited in a special account separately from the rest of the Group's funds allocated to cover the costs arising from the corresponding development.

n) Provisions and contingencies

In preparing the consolidated annual accounts, the Parent's management body differentiates between:

a) Provisions: credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.

b) Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recognised in the consolidated annual accounts but are disclosed in the Notes to the consolidated annual accounts, unless the possibility of an outflow is considered to be remote.

The amounts recognised in the consolidated statement of financial position for provisions correspond to the best estimate at the closing date of the disbursements required to settle the present obligation, after considering the risks and uncertainties related to the provision and, where significant, the financial effect of the discount, provided that the disbursements to be made in each year can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, except in the event of a legal link by which part of the risk has been externalised and by virtue of which the Group is not liable. In this situation, the compensation will be taken into account to estimate the amount for which the corresponding provision will be made, if any.

Provisions are reversed in the consolidated income statement when it is not probable that an outflow of resources will be required to settle the obligation.

Contingent liabilities recognized in a business combination

A contingent liability in a business combination is initially recognized at fair value. Subsequently, this contingent liability is recognised until it is settled, cancelled or expires at the higher of the amount initially recognised, less the amounts to be allocated to consolidated profit or loss in accordance with the rule for measuring income from customer contracts and the amount resulting from the rule for measuring provisions.

o) Income taxes

The tax expense or benefit comprises both current and deferred tax.

Assets or liabilities due to current taxes on profits are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax rates and regulations in force or approved and pending publication at year-end.

Current and deferred tax is recognised as income or expenses and included in the consolidated income statement, unless it arises from a transaction or economic event that is recognised, in the same or another year, directly in equity, or from a business combination.

Current tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

At 31 December 2019, all the Group companies, except for Célere Fórum Barcelona S.L., Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos S.A., belonged to a tax group for income tax purposes, of which the Parent was the head.

The corporate taxes payable by companies filing a consolidated return are determined taking into account, in addition to the corresponding parameters for individual taxation, the following:

- Temporary and permanent differences arising from the elimination of gains or losses on transactions between companies in the tax group arising from the process of determining the consolidated tax base.
- The deductions and tax credit corresponding to each company in the tax group under the consolidated tax return regime. For these purposes, the deductions and allowances are allocated to the company that carried out the activity or obtained the yield necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from the elimination of profit or loss between companies in the tax group are recognised in the company that generated the profit or loss and are measured at the tax rate applicable to it.

As a result of the negative tax results from some of the companies in the tax group that have been offset by the other companies in the tax group, a reciprocal credit and debit arises between the companies to which they correspond and the companies that offset them. In the event that there is a tax loss that cannot be offset by other companies in the consolidated tax group, the tax credits for offsetting losses are recognised as deferred tax assets and the tax group is considered the taxpayer for recovery purposes.

The Parent Company records the total amount payable (refundable) for consolidated corporate income tax with a charge /(credit) to Credits (Debts) with group companies and associates.

The amount of the receivable/(payable) corresponding to the subsidiaries is recorded with a credit/debit to accounts receivable from/payable to Group companies and associates.

(i) *Recognition of deferred tax liabilities*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(ii) *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that:

- It is likely that there will be sufficient future taxable profits to offset them or when tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the government.

However, assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the date of the transaction affects neither accounting profit nor taxable profit are not recognised;

- Relate to temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profit is expected to be generated to offset the differences.

The Group recognises the conversion of a deferred tax asset into a receivable from the government when it becomes due under current tax legislation. For this purpose, the derecognition of the deferred tax asset is recognised with a charge to the deferred income tax expense and the account receivable is recognised with a credit to current income tax. Similarly, the Group recognises the exchange of a deferred tax asset for government debt securities when title is acquired.

The Group recognises the payment obligation arising from the provision of equity as an operating expense with a credit to the government debt.

It is considered probable that the Group has sufficient taxable profits to recover deferred tax assets provided that there are sufficient taxable temporary differences related to the same tax authority and relating to the same taxpayer that are expected to reverse in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against prior or subsequent gains. When the only future taxable temporary differences arise, deferred tax assets arising from offsetting tax losses are limited to 70% of the amount of deferred tax liabilities recognized.

In order to determine future taxable profits, each of the Group's companies takes tax planning opportunities into account whenever it intends to adopt them or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that will apply to the years when the assets are expected to be realised or the liabilities are expected to be settled, based on the regulations and rates that are substantially effective or approved, and after considering the tax consequences that will arise from the manner in which each company expects to recover the assets or settle the liabilities. For these purposes, each Group considered the deduction for reversal of temporary measures developed in transitional provision thirty-seven of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of depreciation in 2013 and 2014.

The Group reviews the carrying amount of deferred tax assets at the end of the year to reduce the value of these assets to the extent that it is not probable that there will be any future taxable income to offset them.

Deferred tax assets that do not meet these conditions are not recorded in the consolidated statement of financial position. At the end of the year, the Group reconsiders whether the conditions for recognition of deferred tax assets that had not been previously recognised are met.

(iv) Offsetting and classification

The Group only offsets deferred tax assets and liabilities when it has a legal right to do so and the assets and liabilities relate to the same tax authority and the same taxpayer, or to different taxpayers who expect to settle or realise current tax assets and liabilities for their net amount, or to realise the assets and settle the liabilities simultaneously, in each of the future years in which significant deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

Tax benefits acquired as part of a business combination that do not meet the criteria for separate recognition at that date will be recognised subsequently if information about the facts and circumstances changes. The adjustment is treated as a reduction of goodwill (provided that it does not exceed such goodwill) if it was incurred during the measurement period, or is recognised in the consolidated income statement.

p) Revenue from contracts with customers

Sales of goods

The Group recognizes the income upon delivery of the property to the customer, although three different documents are signed throughout the process (the pre-reservation and/or reservation, and the private deed of sale contract). Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Customer advances

Customers make advances on the future delivery of the homes, which are recognised as a contractual liability. Since the period between delivery of the advance and recognition of the income exceeds twelve months, the Group recognises a finance charge with a credit to the liability from the time when the advance is collected until the income is recognised. The interest rate used to recognise the interest expense is determined by the Group's incremental interest rate. However, since customer advances are specifically used to finance work in progress, financial expenses are capitalised in inventories in progress, as indicated in section 4.l.

Consequently, the application of IFRS 15 resulted in the recognition of 4,746 thousand of euros (31 December 2018: 1,980 thousand of euros) under “Inventories” to recognise the aforementioned financial component (see Note 15).

Commissions

In some property developments there are commissions for sales that are granted to a third party. These commissions are normally charged to property developments within the indirect costs charged. The commissions are specific to each contract and would not have been incurred if the contract had not been obtained. These commissions arise at two moments: at the signing of the private purchase contract and at the formalisation of the deed of sale. The second part of the commission is paid at the moment of the transfer of control. IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset if certain criteria are met. Any capitalised contract costs assets must be amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

q) Current remuneration to employees and termination benefits

The Group recognises the expected cost of short-term benefits in the form of remunerated leave, the rights of which accrue as the employees render the services that entitle them to receive them. If permits are not cumulative, the expense is recognised as the permits are produced.

Except in the case of dismissal for just cause, companies are obliged to pay compensation to their employees when they leave their services.

In the absence of any foreseeable need for abnormal termination of employment and given that employees who retire or voluntarily cease their services do not receive indemnity payments, the indemnity payments, when they arise, are charged to expenses when a formal plan for the termination of certain employees has been approved by Group management and a valid expectation has been generated with respect to those affected that the employment relationship will be terminated.

Short-term employment benefits are recorded as an expense when the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present or constructive obligation to pay that amount for past services rendered by the employee and the obligation can be reliably estimated.

In the case of transactions that are settled with equity instruments, the services provided, as well as the increase in equity, are measured at the fair value of the instruments transferred, with reference to the date of the agreement. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the latter, with reference to the date on which the conditions for recognition are met.

r) Classification of assets and liabilities as current and non-current

The Group distinguishes between current and non-current assets and liabilities in its consolidated statement of financial position. Except for the criteria that is mentioned in Note 18, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised or sold or consumed in the course of the Group's normal operating cycle, are held primarily for trading purposes, are expected to be realised within twelve months after the balance sheet date or are cash or equivalent liquid assets, except in those cases in which they cannot be exchanged or used to settle a liability, at least within twelve months after the balance sheet date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, are held primarily for trading, have to be settled within twelve months from the balance sheet date or the Group does not have the unconditional right to defer the settlement of liabilities for twelve months from the balance sheet date.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for more than twelve months and there is a refinancing or restructuring agreement for long-term payments that was concluded after the balance sheet date and before the consolidated annual accounts were prepared.

s) Exchanges of property, plant and equipment and/or inventories (swap)

An item of property, plant and equipment and/or inventory is deemed to be acquired by exchange when it is received in exchange for the delivery of non-monetary assets or a combination thereof with monetary assets.

In exchanges of a commercial nature, property, plant and equipment and/or inventories received are measured at the fair value of the asset delivered plus the monetary consideration given in exchange, unless there is clearer evidence of the fair value of the asset received and with the limit of the latter. Any differences arising from the derecognition of the item delivered in exchange shall be recognised in the consolidated income statement for the period in which the difference arises.

An exchange of a commercial nature has been considered when:

- The risk, timing and amount of cash flows of the asset received differs from the configuration of the cash flows of the asset delivered; or

- The present value of the after-tax cash flows of the Company's activities affected by the exchanges as a result of the exchange.

When the exchange is not of a commercial nature or when a reliable estimate of the fair value of the items involved in the transaction cannot be obtained, the property, plant and equipment and/or inventories received are measured at the lower of the carrying amount of the asset delivered plus, where appropriate, the monetary consideration that would have been given in exchange, up to the limit, where available, of the fair value of the asset received.

These criteria also apply to exchanges of building land in exchange for completed dwellings, which are valued at the fair value of the completed dwellings to be delivered in the future.

t) Foreclosed assets in payment of loans

The Group recognises non-monetary assets awarded in payment of loans at the lower of the book value of the loans, plus any expenses incurred as a result of the transaction, or the fair value of the non-monetary assets.

If the non-monetary assets meet the conditions for classification as non-current assets held for sale at the grant date, they are measured at the lower of the carrying amount of the loans plus any expenses incurred as a result of the transaction and the fair value less costs of disposal of the foreclosed assets.

u) Statement of cash flows

In the consolidated statement of cash flows, prepared under the indirect method, the following terms are used with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, i.e. short-term, highly liquid investments with no significant risk of changes in value.
2. Operating activities: the Group's main source of ordinary income, as well as other activities that cannot be classified as investment or financing activities.
3. Investing activities: the acquisition or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of net equity and liabilities that are not part of operating activities.

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Group's chief operating decision maker to decide on the resources to be allocated to the segment in order to assess its performance and for which differentiated financial information is available (see Note 6).

5. Earnings per share

Basic earnings per share

Basic earnings per share are determined by dividing the net profit attributable to shareholders of the Parent (after tax and non-controlling interests) by the weighted average number of shares outstanding during the year, excluding the number of treasury shares held in the same period. According to it:

	2019
	Thousand of Euros
Earnings for the year attributable to Parent Company shareholders (Thousand of Euros)	22,435
Weighted average ordinary shares in circulation (thousands of shares)	67,100
Basic earnings per share (Euros)	**0.33**

	2018
	Thousand of Euros
Earnings for the year attributable to Parent Company shareholders (Thousand of Euros)	84,786
Weighted average ordinary shares in circulation (thousands of shares)	33,134
Basic earnings per share (Euros)	**2.56**

The weighted average number of common shares is calculated as follows:

	In thousands of shares	
	2019	2018
Shares outstanding at 1 January	34,031	28,239
Effect of shares issued	33,069	4,895
Weighted average number of ordinary shares outstanding at 31 December	**67,100**	**33,134**

Diluted earnings per share

Diluted earnings per share are established on a similar basis to that of basic earnings per share. However, the weighted average number of shares outstanding is increased by the number of shares outstanding for all dilution effects inherent in potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, the Board of Directors considers that there is only one segment, the residential development business.

The Parent does not make decisions or prepare separate financial information for each line of business (developments and non-strategic) and, therefore, considers that there is only one operating segment.

7. Business combinations

MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L., Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. and with the companies in which the aforementioned companies have an interest, with Aelca Desarrollos Inmobiliarios, S.L. and with certain of its investees (see Note 1).

On 30 October 2018, the transaction was authorized by the Comisión Nacional del Mercado y Competencia (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

Based on IFRS 3 *Business Combinations*, paragraph B1 of the application guidance for IFRS 3 *Business Combinations of entities under common control* states that 'a business combination of entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory'. The Parent Company, with the support of advisors and experts, concluded that the transactions described in Note 1(ii) and (iii) were transactions under common control because they were shared by the same majority shareholder, i.e. Värde Partners. As a result, and in accordance with paragraph 10 of IAS 8 on defining an accounting policy for transactions not covered by IFRS- EU, the management body has chosen to record the contribution to the carrying amounts at which the assets and liabilities received were recognised in the books, rather than at the amounts at which the contribution was made. The difference between the values at which the contribution was made (item iii) and the consideration paid in cash (items i and ii) and the carrying amount of the assets and liabilities received was recognised in 2019 under "Retained earnings".

The Board of Directors of the Parent Company has considered the transactions and agreements described in this section to be an integral part of a single transaction. This interpretation has been agreed on the basis that the operations and agreements have been carried out for the benefit of the merged companies and the timing of these has been defined in a single framework of the merger, not generating profit for the previous owners except those who receive as part of the merged entity.

The operation described above is subject to the special tax regime for mergers, divisions, contributions of assets, exchange of securities and change of registered office of a European company or a European cooperative from one Member State to another of the European Union regulated in Heading VII of Chapter VIII of Royal Legislative Decree 4/2014, of 27 November, on Corporation Tax.

The detail of the assets acquired and liabilities assumed at the date of the business combination is as follows:

Business combination	(Thousand of euros)
Property, plant and equipment (Note 9)	296
Non-current financial assets	4,539
Inventories (Note 15)	575,691
Trade and other receivables	9,637
Current investments in associates	23
Current financial assets	26,078
Prepayments and accrued income	89
Cash and cash equivalents	71,617
Total assets	**687,970**
Non-current provisions (Note 17)	1,128
Non-current payables	54
Non-current related-party payables	19
Current payables (Note 18)	113,574
Current related-party payables	57,659
Trade and other payables	105,257
Total liabilities	**277,691**
Value of the net assets	**410,279**
Payment to minority shareholders	**(166,772)**
Paid consideration	**(647,966)**
Merger reserve	**(404,459)**

The expenses incurred in the merger of Aelca amounting to 5,506 thousand of euros were recognised in the Parent's equity (see Note 16.1).

The cash outflow produced in the business combination is as follows:

		Thousand of Euros
	Country	Consideration paid in cash
Acquisition 10%-20% from minority shareholders (i)	Spain	126,031
Acquisition 100% "Aelca operating companies" (ii)	Spain	40,741
Contributed companies (80-90%) (iii)	Spain	–
Contribution 100% "Posnova" (iv)	Spain	–

The net turnover and profit attributable to the combination from the acquisition date to 31 December 2019 amounted to 100,251 thousand of euros and 22,843 thousand of euros, respectively.

In addition, considering everything mentioned in this Note regarding corporate transactions in the context of the business combination carried out in 2019, the information for comparison purposes if the transaction had been carried out at the end of 2018 would be as follows:

Pro forma consolidated statement of financial position as at 31 December 2018

	Thousand of euros				
	Vía Célere Group	Absorbed entities	Subtotal	Corporate operations and merger	Total
Intagible Assets	122	–	122	–	122
Property, plant and equipment	3,546	296	3,842	–	3,842
Investment property	114	–	114	–	114
Investments in associates	12,682	–	12,682	–	12,682
Non-current financial assets	27,349	4,539	31,888	–	31,888
Deferred tax assets	71,089	–	71,089	–	71,089
Inventories	675,624	575,691	1,251,315	–	1,251,315
Trade and other receivables	10,090	9,637	19,727	–	19,727
Current investments in associates	365	23	388	–	388
Current financial assets	419	26,078	26,497	–	26,497
Prepayments and accrued income	3,891	89	3,980	–	3,980
Cash and cash equivalents	56,236	71,617	127,853	46,690	174,543
Total assets	**861,527**	**687,970**	**1,549,497**	**46,690**	**1,596,187**
Equity	**458,542**	**426,571**	**885,113**	**(145,887)**	**739,226**
Non-current provisions	8,823	1,128	9,951	–	9,951
Non-current payables	1,497	54	1,551	220,138	221,689
Non-current related-party payables	–	19	19	–	19
Deferred tax liabilities	13,852	–	13,852	–	13,852
Current provisions	421	–	421	–	421
Current payables	238,184	113,574	351,758	–	351,758
Long-term payables to associates	142	33,073	33,215	(19,267)	13,948
Trade and other payables	140,063	113,551	253,614	(8,294)	245,320
Accrued expenses and deferred income	3	–	3	–	3
Total liabilities	**402,985**	**261,399**	**664,384**	**192,577**	**856,961**
Total equity and liabilities	**861,527**	**687,970**	**1,549,497**	**46,690**	**1,596,187**

See details of “Absorbed entities” in Appendix II

Pro forma consolidated income statement as at 31 December 2018

	Thousand of euros		
	Vía Célere Group	Absorbed entities	Subtotal
Revenue	157,063	62,320	219,383
Other income	2,136	196	2,332
Changes in inventories of finished goods and work in progress	47,143	30,057	77,200
Raw materials and other consumables used	(163,921)	(81,750)	(245,671)
Personnel expenses	(15,322)	–	(15,322)
Other expenses	(20,752)	(9,988)	(30,740)
Depreciation and amortisation in charge	(325)	(46)	(371)
Impairment losses and gains/(losses) on disposal of non.current assets	(85)	(1)	(86)
Operating loss	**5,937**	**788**	**6,725**
Finance income	386	35	421
Finance cost	(8,084)	(1,213)	(9,297)
Change in fair value of financial instruments	25,743	–	25,743
Impairment losses and gains/(losses) on disposal of financial instruments	621	–	621
Net finance income/(cost)	**18,666**	**(1,178)**	**17,488**
Share of loss on investments accounted for using the equity method	(640)	–	(640)
Profit/(loss) before tax	**23,963**	**(390)**	**23,573**
Income tax	60,823	(2,435)	58,388
Profit/(loss) for the year	**84,786**	**(2,825)**	**81,961**

See details of "Absorbed entities" in Appendix II

8. Intangible Assets

The changes in intangible assets in 2019 and 2018 were as follows:

	Thousand of Euros			
	Computer software	Patents, licenses, trademarks and similar	Goodwill	Total
Cost				
01 January 2018	159	120	5	284
Additions	85	–	–	85
31 December 2018	244	120	5	369
01 January 2019	244	120	5	369
Additions	15	–	–	15
31 December 2019	259	95	5	359
Amortisation				
Accumulated at 01 January 2018	(106)	(93)	–	(199)
Amortisation for the year	(48)	–	–	(48)
Accumulated at 31 December 2018	(154)	(93)	–	(247)
Accumulated at 01 January 2019	(154)	(93)	–	(247)
Amortisation for the year	(44)	(2)	–	(46)
Accumulated at 31 December 2019	(198)	(95)	–	(293)
Net carrying amount at 31 December 2018	**90**	**27**	**5**	**122**
Net carrying amount at 31 December 2019	**61**	**–**	**5**	**66**

The cost of fully depreciated assets as at 31 December 2019 is 120 thousand of euros (33 thousand of euros as at 31 December 2018).

The additions of computer applications correspond entirely to the acquisition of new software for accounting and administrative use.

The derecognitions in 2019 had no impact on the consolidated income statement.

As as at 31 December 2019 and 2018, there were no impairment indicators for the carrying amount of intangible assets.

Information on goodwill is presented in Note 12.

9. Property, plant and equipment

The changes in property, plant and equipment in 2019 and 2018 were as follows:

	Thousand of Euros				
	Buildings	Installations technical and machinery	Other property, plant PPE	property, plant in progress	Total
Cost					
01 January 2018	2,836	447	690	–	3,973
Additions	–	6	269	217	492
Derecognitions	–	–	(13)	–	(13)
31 December 2018	2,836	453	946	217	4,452
01 January 2019	2,836	453	946	217	4,452
Additions	(1)	451	461	18	929
Additions by merger (Note 7)	–	172	124	–	296
Transfer	192	–	–	(192)	–
31 December 2019	3,027	1,076	1,531	43	5,677
Depreciation					
Accumulated at 01 January 2018	(23)	(224)	(333)	–	(580)
Depreciation for the year	(30)	(57)	(188)	–	(275)
Reversal for the year	–	–	3	–	3
Accumulated at 31 December 2018	(53)	(281)	(518)	–	(852)
Accumulated at 01 January 2019	(53)	(281)	(518)	–	(852)
Depreciation for the year	(20)	(114)	(257)	–	(391)
Accumulated at 31 December 2019	(73)	(395)	(775)	–	(1,243)
Impairment					
Accumulated impairment at 1 January 2018	–	–	–	–	–
Impairment losses for the period	(54)	–	–	–	(54)
Accumulated impairment at 31 December 2018	(54)	–	–	–	(54)
Accumulated impairment value at 1 January 2019	(54)				(54)
Impairment reversal for the period	54	–	–	–	54
Accumulated impairment at 31 December 2019	–	–	–	–	–
Net carrying amount at 31 December 2018	**2,729**	**172**	**428**	**217**	**3,546**
Net carrying amount at 31 December 2019	**2,954**	**681**	**756**	**43**	**4,434**

The additions in 2018 relate mainly to the construction in progress of various work booths required for the Group's various developments in progress, amounting to 217 thousand of euros, and to the show home in the corresponding sales property developments, amounting to 258 thousand of euros.

In 2018 items of property, plant and equipment with a net carrying amount of 13 thousand of euros were derecognised, giving rise to a gain of 26 thousand of euros (see Note 23.11).

The cost of fully depreciated assets as at 31 December 2019 and 2018 amounts to 760 thousand of euros and 260 thousand of euros, respectively.

The Group has taken out various insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage of these policies is considered sufficient.

The Group assessed the existence of indications that might indicate the potential impairment of the assets comprising property, plant and equipment as at 31 December 2019 and 2018, and determined a reversal of the impairment of 54 thousand of euros in constructions (impairment of 54 thousand of euros in constructions as at 31 December 2018) (see Note 23.11).

At 31 December 2019, there was no indication of impairment in the carrying amount of property, plant and equipment.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2019 and 2018 were as follows:

	Thousand of Euros		
	Land	Buildings	Total
Cost			
1 January 2018	75	41	116
31 December 2018	75	41	116
1 January 2019	75	41	116
31 December 2019	75	41	116
Depreciation			
Accumulated at 1 January 2018	–	–	–
Depreciation charge	–	(2)	(2)
Accumulated at 31 December 2018	–	(2)	(2)
Accumulated at 1 January 2019	–	(2)	(2)
Depreciation charge	–	(2)	(2)
Accumulated at 31 December 2019	–	(4)	(4)
Net carrying amount at 31 December 2018	**75**	**39**	**114**
Net carrying amount at 31 December 2019	**75**	**37**	**112**

At 31 December 2019 and 2018, investment property includes a commercial space located in Valdemoro, with a carrying amount of 112 thousand of euros and 114 thousand of euros, respectively.

11. Leases

At 31 December 2019 and 2018, the Group, in its capacity as lessor, had contracted the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases in CPIs or future updates of contractually agreed rents:

	Thousand of Euros	
	2019	2018
Up to one year	11	1
Between one and five years	–	–
More than five years	–	–
	11	**1**

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12. Goodwill

At 31 December 2019 and 2018, the Group had goodwill on consolidation generated by the business combination of Torok Investments 2015 S.L.U. amounting to 5 thousand of euros.

13. Equity – accounted investees

The detail of movements in companies accounted for using the equity method in 2019 and 2018 is as follows:

	Thousand of Euros
	Célere Forum Barcelona, S.L.
Balance at 31 December 2017	**15,722**
Loss for the year 2018	(640)
Share premium refund AREO, S.A.R.	(1,600)
Return of share premium	(800)
Balance at 31 December 2018	**12,682**
Profit for the year 2019	6,240
Return of share capital	(2,100)
Interim dividends	(9,089)
Balance 31 December 2019	**7,733**
Impairment	
Opening balance 31 December 2018	-
Endowment	**(2,654)**
Closing balance 31 December 2019	**(2,654)**
Total investment in associates at 31 December 2018	**12,682**
Total investment in associates at 31 December 2019	**5,079**

Celere Forum Barcelona, S.L. is the only shareholding of the Group in associated companies.

Célere Fórum Barcelona, S.L. ("Célere Fórum") was recognised as coming from a joint venture and is accounted for using the equity method (see Note 4-a).

Célere Forum is a joint venture with AREO, S.A.R.L., whose objective is to promote the "Forum" project, in which the Group holds a 50% stake. This joint venture is structured as an independent vehicle.

On 24 May 2019, Celere Forum agreed by means of a General Shareholders' Meeting:

- The reduction of share capital in order to return contributions to the shareholders of the investee amounting to 4,201 thousand of euros, with the share capital represented by 3,000 fully subscribed and paid-up shares of 1 euro par value each. The total amount of the contributions returned to the members of Célere Fórum in cash is 4,201 thousand of euros, which is distributed in proportion to the ownership interest held by each of the two shareholders (50%).
- The distribution of an interim dividend totalling 13,866 thousand of euros, which was paid in full. The General Shareholders' Meeting unanimously agreed that these interim dividends be distributed as follows:
  - Vía Célere Desarrollos Inmobiliarios S.A.: 9,089 thousand of euros.
  - AREO, S.à.r.l.: 4,777 thousand of euros.

In 2018, Célere Fórum distributed a dividend of 800 thousand of euros with a charge to the share premium, reducing the cost of the investment. This amount corresponds to the contribution made by the partner to his investee which, as agreed between the parties, would be returned once 40% of the work financed had been carried out and 35% of the sales of the real estate units had been signed. These milestones were reached prior to 31 December 2018.

In addition, Célere Fórum distributed a dividend of 3,200 thousand of euros with a charge to the share premium to the other shareholder AREO, S.A.R., which had a negative impact on the value of the shareholding of 1,600 thousand of euros.

The financial information of Célere Fórum as of 31 December 2019 is as follows:

Description	2019 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	-
Current assets	15,760
Current liabilities	(10,650)
Total net assets	**5,110**
Percentage of participation	50%
Participation in net assets	2,555
Fair value adjustment	5,186
Impairment	(2,663)
Carrying value of the participation	**5,079**
Profit and Loss account information	
Income from continuing operations (100%)	18,973
Total comprehensive income (50%)	**9,486**

As of 31 December 2018, it was as follows:

Description	2018 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	240
Current assets	63,240
Current liabilities	(53,728)
Total net assets	**9,752**
Percentage of participation	50%
Participation in net assets	4,876
Fair value adjustment (Note 7.1.2)	7,806
Carrying value of the participation	**12,682**
Profit and Loss account information	
Loss from continuing operations (100%)	(1,279)
Total comprehensive income (50%)	**(640)**

14. Financial investments

Classification of financial investments by category

	Thousand of Euros			
	Non-current		Current	
	2019	2018	2019	2018
Amortised cost				
Loans to associates (Note 24)	-	-	51	365
Financial assets	1,800	27,323	12,263	419
Trade receivables for sales and services	-	-	1,818	3,438
Customers from group companies and associates (Note 24)	-	-	498	121
Other accounts receivable	-	-	1,175	3,483
Financial liabilities at fair value with changes in the profit and loss account				
Derivatives (Note 18.1.3)	1	26	-	-
	1,801	**27,349**	**15,805**	**7,826**

At 31 December 2019 and 2018 the Board of Directors considers that the difference between the amortised cost and the fair value of these financial assets is not significant.

14.1. Financial Assets

The breakdown of "Financial Assets" as at 31 December 2019 and 2018 is as follows:

	Thousand of Euros			
	Non-current		Current	
	2019	2018	2019	2018
Loans to third parties	289	26,688	7,859	-
Deposits and guarantee	1,511	635	4,404	419
	1,800	**27,323**	**12,263**	**419**

Loans to third parties

At 31 December 2019 and 2018, these included mainly loans acquired through assignment agreements with financial institutions, which were secured by mortgages on land amounting to 7,703 thousand of euros and 26,250 thousand of euros, respectively.

In 2019, loans amounting to 26,250 thousand of euros were foreclosed as a result of the extrajudicial execution of mortgages.

Also, in 2019, as part of the merger process (see Notes 1 and 7), the Company included in its net assets 26,078 thousand of euros, of which 24,911 thousand of euros relate to loans to third parties in arrears secured by land, of which in 2019 the Company foreclosed on the purchase and sale of these assets as a result of the extrajudicial foreclosure of a mortgage amounting to 17,200 thousand of euros.

The fair value of loans to third parties amounted to 18,353 thousand of euros as at 31 December 2019 and 79,430 thousand of euros as at 31 December 2018.

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14.2.Trade and other receivables

The detail of trade and other receivables is as follows:

	Thousand of Euros	
	2019	2018
Associates		
Trade receivables (Note 24)	498	121
Non-related parties		
Customers	1,974	3,594
Other accounts receivable	4,273	3,483
Bad debt provision (Note 17)	(3.254)	(156)
	3,491	**7,042**

At 31 December 2019, Other receivables mainly include 4,613 thousand of euros pending collection due to penalties invoiced to construction companies for breach of contract. 3,098 thousand of euros of this amount has been provisioned, recording an expense in the consolidated income statement as a result of the entry of one of the construction companies into insolvency proceedings (see Note 17.3).

At 31 December 2018, Other receivables included 3,242 thousand of euros pending receipt for the sale of the Cortijo Norte land, collected in full during 2019.

The Group considers that the consolidated carrying amount of trade and other receivables approximates their fair value.

The Group does not have a significant concentration of credit risk, and its exposure is distributed among a large number of counterparties and customers.

14.3.Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an initial maturity of three months or less. The carrying amount of these assets approximates their fair value.

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company included 71,617 thousand of euros of cash and cash equivalents in its assets.

The detail of the composition of this balance as at 31 December 2019 and 2018 is as follows:

Thousand of Euros

	Thousand of Euros	
	2019	2018
Available cash	83,031	9,387
Restricted cash	93,093	46,849
	176,124	**56,236**

At 31 December 2019 there were no restrictions on the use of cash except for the amounts regulated by Law 20/2015, according to which advances received in relation to residential developments must be deposited in a special account separate from the Group’s other funds and may only be used to cover expenses arising from the construction of the respective developments.

At 31 December 2019, the cash available from companies accounted for using the equity method amounted to 4,926 thousand of euros (31 December 2018: 3,686 thousand of euros).

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14.4. Use of derivative financial instruments

The major Group's transactions are carried out in euros, which means that the financial risk to which it may be exposed is insignificant in the measurement of its assets, liabilities and profit for the year (see Note 18.1.3).

15. Inventories

The composition of the balances of this heading in the consolidated statement of financial position as at 31 December 2019 and 2018 is as follows:

	Thousand of Euros	
	2019	2018
Raw Materials	740	1,180
Land and plots	988,875	679,594
Property developments in progress	779,794	481,934
Finished developments	119,468	6,298
Advances to suppliers	11,987	9,315
Valuation adjustments for impairment	(484,176)	(502,697)
	1,416,688	**675,624**

At 31 December 2019, the detail of the net carrying amount of inventories by geographical area is as follows:

	Thousand of Euros		
	2019		
City	Cost	Impairment	Net book value
Madrid	737,115	(197,962)	539,153
Málaga	320,946	(38,533)	282,413
Valladolid	182,309	(104,805)	77,503
Barcelona	122,374	(117)	122,257
Seville	100,253	(5,009)	95,244
La Coruña	83,533	(43,403)	40,130
Valencia	76,048	–	76,048
Portugal	46,981	(6,186)	40,795
Other	219,317	(86,944)	132,373
	1,888,876	**(482,959)**	**1,405,917**

Note: The above breakdown does not include advances to vendors.

At 31 December 2018, the detail of the net carrying amount of inventories by geographical area was as follows:

	Thousand of euros		
	2018		
City	Cost	Impairment	Net Book Value
Madrid	475,238	(200,184)	275,054
Barcelona	24,903	(148)	24,755
Málaga	161,183	(46,969)	114,214
Seville	64,986	(5,005)	59,981
Valladolid	173,935	(111,275)	62,660
La Coruña	76,202	(44,288)	31,914
Balearic Islands	42,825	–	42,825
Portugal	43,343	(6,865)	36,478
Others	105,211	(86,747)	18,464
	1,167,826	**(501,481)**	**666,345**

The movement in inventories during 2019 and 2018 is as follows:

						Thousand of Euros
	Subject premiums	Land and plots	Developments completed	Developments in progress	Advances	Total
Cost at 01 January 2018	**–**	**709,076**	**43,068**	**427,617**	**13,146**	**1,192,907**
Additions	1,180	53,765	–	122,648	4,112	181,705
Derecognitons	–	(13,281)	(175,067)	–	(7,943)	(196,291)
Transfers	–	(69,966)	138,297	(68,331)	–	–
Cost at 31 December 2018	**1,180**	**679,594**	**6,298**	**481,934**	**9,315**	**1,178,321**
Cost at 01 January 2019	**1,180**	**679,594**	**6,298**	**481,934**	**9,315**	**1,178,321**
Additions	568	108,353	–	333,465	5,120	447,506
Additions by merger (Note 7)	–	383,279	8,370	183,689	353	575,691
Derecognitons	–	(5,110)	(292,743)	–	(2,801)	(300,654)
Transfers	(1,008)	(177,241)	397,543	(219,294)	–	–
Cost at 31 December 2019	**740**	**988,875**	**119,468**	**779,794**	**11,987**	**1,900,864**
Valuation adjustments due to impairment at 1 January 2018	**–**	**(434,988)**	**(21,886)**	**(116,401)**	**(1,216)**	**(574,491)**
Endowments	–	(12,061)	(321)	(2,192)	–	(14,574)
Reversals	–	26,724	45,439	14,205	–	86,368
Transfers	–	11,960	(24,729)	12,769	–	–
Valuation adjustments due to impairment at 31 December 2018	**–**	**(408,365)**	**(1,497)**	**(91,619)**	**(1,216)**	**(502,697)**
Valuation adjustments due to impairment at 01 January 2019	**–**	**(408,365)**	**(1,497)**	**(91,617)**	**(1,216)**	**(502,695)**
Endowments	–	(9,812)	(265)	(7,439)	–	(17,516)
Reversals	–	13,495	18,078	4,462	–	36,035
Transfers	–	48,633	(19,471)	(29,162)	–	–
Valuation adjustments due to impairment at 31 December 2019	**–**	**(356,049)**	**(3,155)**	**(123,756)**	**(1,216)**	**(484,176)**
Net carrying amount at 31 December 2018	**1,180**	**271,229**	**4,801**	**390,315**	**8,099**	**675,624**
Net carrying amount at 31 December 2019	**740**	**632,826**	**116,313**	**656,038**	**10,771**	**1,416,688**

As “Property Developments in Progress” the Group records the cost of short-cycle and long-cycle developments in progress. In the same way, for “Short-cycle developments in progress” the accumulated costs of the developments are considered, for which the expected completion date of the construction does not exceed 12 months.

At 31 December 2019 and 2018, the detail of the net carrying amount of property assets divided between short and long term is as follows:

	Thousand of Euros	
	2019	2018
Short-cycle	416,624	210,286
Long-cycle	988,553	456,059
Total current assets	**1,627,303**	**746,624**
Debt related to stock financing (Long-cycle)	46,268	54,471
Total current liabilities	**694,192**	**378,812**

At 31 December 2019, the short cycle property developments are: Célere Harmony, Célere Nueva Gavia, Célere Arco, Célere Monet, Célere Cortijo Norte (phase I), Célere Castelo, Célere Navis, Célere Nacari, Célere Mairena (phase I), Célere Casa Banderas (phase II), Célere Retamar II, Célere Sant Feliu, Célere Terran, Célere Jalón, Célere Serenity, Célere Cortijo Norte (phases II-III), Célere Llum Patraix, Célere Perales, Célere Els Ametllers, Célere Cubic II, Célere Bremen, Célere Domeny (phase I), Célere Cala Serena, Célere Lemos, Célere Nova Rivas, Célere Las Rosas and Célere Cuatro Caminos.

As of 31 December 2018, the short cycle developments were Méndez Álvaro (Madrid), Francos Rodríguez (Madrid), Casa Forestier (Seville), Casa Banderas and Residencial Barama (both Málaga).

The Group capitalises the borrowing costs incurred during the year for financing the development of property developments, provided that they relate to inventories with a production cycle of more than one year. In 2019, capitalised finance costs amounted to 8,843 thousand of euros (7,110 thousand of euros in 2018) (see Note 23.10). In addition, in 2019 and 2018, 7,214 thousand of euros and 3,702 thousand of euros relating to staff costs and 157 thousand of euros and 417 thousand of euros relating to external services costs, respectively, were recognised as an increase in the value of the property developments in progress (see Note 23.2).

Reversals of impairment of developments in progress in 2018 included an amount of 4,224 thousand of euros recorded against other reserves.

15.1. Land and plots

The balance of this account corresponds to the purchase price of various pieces of land and plots of land which, as at 31 December 2019 and 2018, were being prepared for urban development or were in the planning stage.

At 31 December 2019 and 2018, the surface area of the Group's land portfolio amounted to 2,213,251 square metres and 1,368,026 square metres, respectively, with approximately 70% of the land classified as "fully authorised" developments in both years.

The detail of the Group's land by geographical area is as follows:

City	Total m2 2019	Total m2 2018
Madrid	820,864	581,220
Málaga	406,311	140,671
Seville	332,078	187,699
Valencia	144,999	3,321
Barcelona	82,329	74,451
Valladolid	72,563	105,847
Others	354,106	274,818
	2,213,251	**1,368,026**

The main plots included under this heading are:

- Plots of Barajas, Pozuelo de Alarcón, Berrocales, Los Cerros, Guadarrama, Boadilla del Monte, Getafe, in Madrid.
- Plots of Aznalfarache, Dos Hermanas, Airport in Seville;
- Plot of Condomina, in Murcia;
- Plot of Laderas Sur, in Valladolid;
- Plot of La Lastra, in Leon;
- Land in Rua do Grijó and Quinta dos Moinhos, in Porto (Portugal);
- Land in Oeiras, in Lisbon (Portugal);
- Land in Finistrelles, Barcelona;

The main movements in 2019 were:

- The acquisition of a plot of land in Berrocales (Madrid) for 11,475 thousand of euros.
- The acquisition of a plot of land called "Coslada RML1" (Madrid) for 5,232 thousand of euros, of which 4,709 thousand of euros were outstanding as at 31 December 2019.
- The execution of the option on a piece of land held in Barajas (Madrid) for approximately 24,000 thousand of euros, with 17,621 thousand of euros outstanding as at 31 December 2019.
- The acquisition of the land through the foreclosure of the third-party loans described in Note 14.1 for 43,530 thousand of euros.
- Derecognitions relating to the sale of land for a net amount of 7,216 thousand of euros, with an associated cost of 4,825 thousand of euros. The most significant sale corresponds to the sale of Sevilla Este 13G for 4,745 thousand of euros and to Pechina (Valencia) for 1,650 thousand of euros.

The main movements in 2018 were:

- The acquisition of a plot of land in Campomanes (Las Rozas, Madrid) for 1,900 thousand of euros.
- The acquisition of a plot of land in Ibiza UA 14 for 26,900 thousand of euros.
- The execution of the option on a plot of land held in Los Cerros (Madrid) for 11,500 thousand of euros (see Note 14.1).

- Derecognitions corresponding to the sale of land for a net amount of 12,943 thousand of euros. The most significant sale corresponds to the sale of Sevilla Este for 5,167 thousand of euros and to Sevilla Aeropuerto for 3,320 thousand of euros.

At 31 December 2019 and 2018, certain " Land and Plots of Land", with a net cost of 92,747 thousand of euros and 39,732 thousand of euros, respectively, were mortgaged to secure the repayment of various bilateral bank loans of which 47,500 thousand of euros and 34,308 thousand of euros, respectively, were drawn down (see Note 18.1.2).

15.2. Commitments to acquire land and plots

At 31 December 2019 and 2018 the Group had entered into pledge agreements or agreements with purchase options on land and building plots totalling approximately 62,000 thousand of euros and 44,135 thousand of euros, respectively, and had delivered interim amounts of 2,342 thousand of euros and 5,242 thousand of euros, respectively.

2,857 thousand of euros of advances to suppliers corresponding to provisions deposited with a notary for land purchases were recorded in 2018.

At 31 December 2019, the main commitments for the acquisition of land and plots of land were as follows:

- The purchase option contract formalised on 6 April 2017 with Resto HG, S.L. on several pieces of land that were part of UZ 2.4-03 "ARPO". This contract granted the Group two purchase options. On 11 February 2020, the option to purchase this land was exercised.

At 31 December 2018, the main commitments for the acquisition of land and plots of land were as follows:

- The purchase option contract signed on 14 February 2017 with Iberia Líneas Aéreas de España, Sociedad Anónima Operadora, on several plots of land located on Camino de la Fuente Road, Madrid,
- The purchase option contract formalised on 6 April 2017 with Resto HG, S.L. on several pieces of land that were part of UZ 2.4-03 "ARPO". This contract granted the Group two purchase options.

15.3. Completed developments

The "Completed Developments" heading includes the cost of the unsold portion of completed developments.

At 31 December 2019, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Célere Nacari; Célere Monet; Célere Boreal III; Célere Harmony and Célere Nueva Gavia)
- ***Málaga*** (Célere Churriana; Célere Duna Beach; Célere Casa Banderas)
- ***Barcelona*** (Célere Aviació)
- ***Valladolid*** (Celere Ponce de Leon).

At 31 December 2018, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Adelfas development; Villaverde development; Rivas development; Valdebebas Gil development; Fernández Shaw development; Tres Cantos)
- ***Barcelona*** (Magoria residential development)
- ***A Coruña*** (Casa Vega residential development)

- ***Valladolid*** (La Joya 108 development; La Joya 109 development; Juan de Austria building; Paseo Jalón residential development)
- ***Other provinces*** (residential development Viña del mar in Murcia).

In 2019, 292,743 thousand of euros were derecognised under "Completed Developments" (175,067 thousand of euros in 2018), relating to the cost of the developments delivered in the year.

The main sales in 2019 are those related to the developments of Francos Rodriguez, Méndez Alvaro, Casa de la Cierva, Móstoles and Residencial Báltico in Madrid, Casa Forestier in Seville, Casa Banderas and Residencial Barama in Málaga (Magoria in Barcelona, Villaverde in Madrid, and Casa Vega in La Coruña during 2018).

At 31 December 2019 and 2018, certain residential assets recognised under "Completed Developments" in the consolidated statement of financial position had a net cost of 8,647 thousand of euros and 1,553 thousand of euros, respectively, and were mortgaged to secure the repayment of various bank loans, the balances of which at those dates amounted to 59,511 thousand of euros and 2,270 thousand of euros, respectively (see Note 18.1.2).

15.4. Property developments in progress

The balance of this account as at 31 December 2019 and 2018 relates to the total costs incurred up to that date in the development of the residential developments in progress, including the cost of purchasing the land.

At 31 December 2019, the main developments included under this heading were:

- Residential development located in Las Rosas, owned by the Group company "Vía Célere, S.L.U.".
- Residential development located in the Old Tobacco Factory in La Coruña M2 and M4, owned by the Group's company "Udralar S.L.U.
- Residential developments Casares (Doña Julia) (Málaga), Ariza in Valladolid, Cortijo Norte and Perales del Rio in Madrid and Ibiza UA14 Phase I belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.".

At 31 December 2018, the main developments included under this heading were:

- Residential developments located in Las Rosas, Móstoles, Méndez Álvaro, Embajadores and Francos Rodríguez owned by the Group company "Vía Célere, S.L.U.".
- Residential development located in the Old Tobacco Factory in La Coruña M2 and M4, owned by the Group's company "Udralar S.L.U.
- Barama Residential Development, Casa Banderas and Serenity (Málaga), Casa de la Cierva in Getafe, Casa Ponce León and Ariza in Valladolid, Cortijo Norte, Solagua and Perales del Rio in Madrid, Casa Forestier in Seville and Ibiza UA14 belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.".

Of the property developments in progress as at 31 December 2019 and 2018, several, which were recognised at those dates at a net cost of 539,485 thousand of euros and 197,425 thousand of euros, respectively, are mortgaged to secure the repayment of bilateral loans, the balances of which at those dates amounted to 165,110 thousand of euros and 80,450 thousand of euros, respectively (see Note 18.1.2).

15.5. Commitments to sell residential developments in progress and constructed buildings

The Group recognises under "Trade and Other Payables" the amount, in cash or in commercial bills receivable, received from customers with whom it has entered into such sales commitments.

At 31 December 2019 and 2018, the Group had signed contracts for the sale of residential developments in progress at that date, or of buildings constructed, for a total of 1,073,263 thousand of euros and 580,444 thousand of euros, respectively. Of the total sales commitments, as at 31 December 2019 and 2018 the Group had received advances totalling 163,015 thousand of euros and 92,909 thousand of euros, respectively (see Note 18.2).

As a standard procedure, almost all contracts of sale are subject to compensation clauses for non-delivery of the homes, consisting mostly of legal interest on the amounts delivered during the period between the scheduled delivery date in the contract and the actual delivery date. The Group does not estimate any impact on these consolidated annual accounts for this reason, mainly due to the historical experience of recent years, as well as the fact that the delivery date foreseen in the contracts takes into account a safety margin. Also, in general, pre-sales include compensation for the Group in the event of cancellation by the customer, although no amount is recorded for this item until it is collected.

15.6. Impairment of inventories

Each year the Group commissions studies from independent experts to determine the fair values of its inventories at year-end. As of 31 December 2019 and 2018 the studies were carried out by "Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U.". The valuations were carried out on the basis of the sale market value in accordance with the definition adopted by the Royal Institution of Chartered Surveyors (RICS) and with the International Valuation Standards (IVS), published by the International Valuation Standards Committee (IVSC), organisations that incorporate the international and European property valuation organisations, respectively.

To calculate the values of the various properties in the Group's portfolio, the discounted cash flow method, the sales comparison method and the dynamic residual method were used.

The discounted cash flow method, as defined by Savills, comprises analysing the property development and its sale upon completion, discounting the costs required to bring the project to completion (building, architecture, urban planning and cost of sale) and recognising the income upon completion. This results in a cash flow that is updated to the valuation date by means of the IRR that indicates the level of risk the developer wishes to take and the benefits he expects to achieve.

In 2019 the Group recognised an impairment loss of 17,516 thousand of euros (14,574 thousand of euros in 2018) and a reversal of impairment loss of 36,035 thousand of euros (86,368 thousand of euros in 2018). These impairments are made in order to adjust the carrying amount of the inventories to their estimated realisable value without exceeding the cost, determined on the basis of Savills' valuations.

At 31 December 2019 and 2018, the overall fair value of the Group's inventories resulting from the aforementioned studies amounted to 2,166,924 thousand of euros and 905,041 thousand of euros, respectively.

Savills' main assumptions in the valuation are as follows:

Sell price (€/m2)	Margin	Internal Rate of Return
951 – 8,451	3% – 48%	6% – 25%

The discount rates applied vary depending on the stage of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6% to 25%, with a weighted average of 12.4%, as follows:

TIRC (%)	Discount rate (%) 31.12.2019
Work in progress	8.9%
Fully permitted land	12.2%
Strategic land	15.0%
TOTAL	**12.4%**

15.7. Inventories in litigation

Inventories as at 31 December 2019 include an amount of 28,818 thousand (31 December 2018: 1,195 thousand of euros) relating to customer claims based on a possible breach of contractual obligations.

The Parent Company, based on its best opinion and that of its legal advisers, considers that the outcome of the aforementioned legal proceedings will not give rise to significant losses for the Group other than those already recognised in these consolidated annual accounts.

15.8. Insurance policy

The Group's policy is to take out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the Parent Company's opinion, the coverage of the policies taken out is sufficient.

16. Equity

16.1. Share capital

On 23 February 2018, the Company's General Shareholders' Meeting resolved to increase its share capital by 22,158 thousand of euros through the issue of 3,692,956 new shares with a par value of 6 euros each and with the same rights as the existing shares. This capital increase was carried out through a non-monetary consideration consisting of the capitalisation of certain bilateral loans that the shareholders had granted to the Company for a book value of 98,839 thousand of euros. The increase in share capital was recognised at the fair value of the loans capitalised at that date (73,020 thousand of euros) and the difference of 25,819 thousand of euros was recognised as a contribution from shareholders and is recognised as finance income in the consolidated income statement (See Note 23.13). The public deed of the capital increase was executed on 2 March 2018, having been registered in the Companies Registry of Madrid.

In addition, at the same General Shareholders' Meeting of the Company, it was resolved to increase its share capital by 56 thousand of euros through the issue of 9,280 new shares, each with a par value of 6 euros, with the same rights as the existing shares. This capital increase was executed in a public deed on 28 March 2018, having been registered in the Companies Registry of Madrid.

On 2 March 2018, the Company's General Shareholders' Meeting approved an increase in share capital by 12,540 thousand of euros through the issue of 2,090,120 new shares with a par value of 6 euros each and with the same rights as the existing shares. This capital increase was executed by public deed on 3 April 2018 and is registered in the Companies Registry of Madrid.

On 9 January 2019 the deed of merger of the Aelca Group with the Parent was executed, which involved a capital increase by contribution, as approved by the shareholders at the Annual General Shareholders' Meeting

held on 31 October 2018, through the issue of 31,746,987 new shares with a par value of 6 euros each and with the same rights as the existing shares. On 10 January 2019 it was filed with the Companies Registry of Madrid and on 8 March 2019 it was duly registered.

On 15 March 2019, a capital increase of 10,929 thousand of euros was granted in a public deed approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 1,821,490 new shares with the same rights as those existing at that date. This increase was made by means of monetary contributions and is registered in the Companies Registry of Madrid on 1 April 2019.

On 15 March 2019, a capital increase of 5,563 thousand of euros was granted in a public deed, approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 927,189 new shares with the same rights as the existing ones. This increase was made by means of credit compensation and is registered in the Companies Registry of Madrid on 27 June 2019.

Following the transactions described above, as of 31 December 2019, the Parent Company's share capital amounted to 411,161,118 euros (204,187,122 euros as of 31 December 2018), and is made up of registered 68,526,853 shares of 6 euros par value each, all of them authorised, subscribed and paid up, not listed on the stock exchange, all with the same corporate rights.

The shareholders of the Company as at 31 December 2019 and 2018 are as follows:

	2019		2018	
Company	Number of shares	Percentage of ownership interest	Number of shares	Percentage of ownership interest
Maplesville Invest, S.L.U	17,828,983	26.0%	17,828,983	52.4%
Windham Spain, S.L.U.	10,170,558	14.8%	–	–
Lewistown Invest, S.L.U.	10,042,179	14.7%	–	–
Glenwock Invest, S.L.U.	8,258,332	12.1%	5,513,934	16.2%
Rimbey Spain, S.L.U.	6,024,597	8.8%	–	–
Greencoat B.V.	5,513,934	8.0%	–	–
Trinity Investment Ltd.	5,112,989	7.5%	5,112,989	15.0%
Merrill Lynch International Limited	2,229,368	3.3%	2,229,368	6.6%
MELF B.V.	1,832,276	2.7%	1,832,276	5.4%
Barclays Bank PLC	1,329,208	1.9%	1,329,208	3.9%
Deutsche Bank AG, London Branch	97,877	0.1%	97,877	0.3%
JP Morgan Securities PLC	86,552	0.1%	86,552	0.3%
	68,526,853	**100.0%**	**34,031,187**	**100.0%**

The expenses incurred in the merger of Aelca amounting to 5,506 thousand of euros were recognised in the Parent's net equity.

The expenses incurred in the capitalisations for 2018 were not significant and were recognised in the consolidated income statement.

The movement in the number of shares during 2019 was as follows:

Company	Number of shares at 31.12.2018	Capital increase "Operation Aelca" (10.01.2019)	Capital increase (15.03.2019)	Capital Increase from Credit Clearing (15.03.2019)	Transfers	Number of shares at 31.12.2019
Maplesville Invest, S.L.U	17,828,983	–	–	–	–	17,828,983
Greencoat B.V.	5,513,934	–	–	–	–	5,513,934
Trinity Investment Ltd.	5,112,989	–	–	–	–	5,112,989
MELF B.V.	1,832,276	–	–	–	–	1,832,276
Barclays Bank PLC	1,329,208	–	–	–	–	1,329,208
Merrill Lynch International Limited	2,229,368	–	–	–	–	2,229,368
Deutsche Bank AG, London Branch	97,877	–	–	–	–	97,877
JP Morgan Securities PLC	86,552	–	–	–	–	86,552
Lewistown Invest, S.L.U.	–	8,217,065	897,925	–	927,189	10,042,179
Glenwock Invest, S.L.U.	–	7,758,416	499,916	–	–	8,258,332
Rimbey Spain, S.L.U.	–	5,986,150	38,447	–	–	6,024,597
Windham Spain, S.L.U.	–	9,785,356	385,202	–	–	10,170,558
Aelca Desarrollos Inmobiliarios, S.L.U.	–	–	–	927,189	(927,189)	–
	34,031,187	**31,746,987**	**1,821,490**	**927,189**	**–**	**68,526,853**

The movement in the number of shares during 2018 was as follows:

Company	Number of shares at 31.12.2017	Capital increase "Operation Aelca" (23.02.2018)	Capital increase (02.03.2019)	Transfers	Number of shares at 31.12.2018
Maplesville Invest, S.L.U	15,143,442	–	1,356,077	1,329,464	17,828,983
Greencoat B.V.	4,110,294	1,329,464	74,176	–	5,513,934
Trinity Investment Ltd.	4,898,247	245,159	–	(30,417)	5,112,989
MELF B.V.	1,411,943	–	420,333	–	1,832,276
Barclays Bank PLC	1,192,045	–	106,746	30,417	1,329,208
Bank of America Merrill Lynch International	307,351	690,992	126,437	(1,124,780)	–
Merrill Lynch International Limited	1,104,588	–	–	1,124,780	2,229,368
Deutsche Bank AG, London Branch		97,877	–	–	97,877
JP Morgan Securities PLC	70,921	9,280	6,351	–	86,552
Arvo Invcsliiienl Holdings S.á.r.l.	–	1,329,464	–	(1,329,464)	–
	28,238,831	**3,702,236**	**2,090,120**	**–**	**34,031,187**

16.2.Share premium

The Capital Company Act expressly permits the use of the share premium balance to increase the share capital of the entities in which it is registered and establishes the same restrictions as regards its availability as the voluntary reserves.

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16.3. Legal reserve

Under the Spanish Companies Act, 10% of net income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in that part of its balance that exceeds 10% of the increased capital. Except for this purpose, until it exceeds 20% of the share capital, this reserve may only be used to offset losses and provided that sufficient other reserves are not available for this purpose.

16.4. Restrictions on the distribution of dividends

At 31 December 2019, the Parent Company has limitations on the distribution of dividends as a result of the conditions agreed in the corporate finance contract signed on 2 January 2019 mentioned in Note 18.1.4.

At 31 December 2018, there are no significant limitations on the distribution of dividends, except that the total equity remaining after the distribution of any dividend must not fall below half of the share capital.

16.5. Own shares

At 31 December 2019 and 2018 the Group did not hold any treasury shares and had not carried out any transactions involving treasury shares during the year.

16.6. Capital Management

The Group's capital management is focused on achieving a financial structure that optimizes the cost of capital while maintaining a solid financial position. This policy allows the creation of value for the shareholder to be made compatible with access to the financial markets at a competitive cost to cover the needs both of refinancing the debt and of financing the investment plan not covered by the generation of funds from the business.

17. Provisions and contingencies

The detail of the balances of these headings in the consolidated statement of financial position at the end of 2019 and 2018 is as follows:

						Thousand of Euros
						2019
	Opening balance at 31 December 2018	Additions	Applications	Reversals	Merger addition	Closing balance at 31 December 2019
Non-current provisions						
Provisions for contingencies and expenses	8,823	3,588	(1,389)	(3)	1,128	12,147
Current provisions						
Aftersales provision	–	549	–	–	–	549
Provisions for insolvency (Note 15)	156	3,098	–	–	–	3,254
Traffic provisions	421	7,471	(1,382)	(1)	–	6,509
	9,400	**14,706**	**(2,771)**	**(4)**	**1,128**	**22,459**

	Thousand of Euros				
	2018				
	Opening balance at 31 December 2018	Additions	Applications	Reversals	Closing balance at 31 December 2018
Non-current provisions					
Provisions for contingencies and expenses	10,093	59	(621)	(708)	8,823
Current provisions					
Provisions for insolvency	2,035	156	(2,035)	–	156
Traffic provisions	3,812	300	(3,456)	(235)	421
	15,940	**515**	**(6,112)**	**(943)**	**9,400**

At 31 December 2019 and 2018, the provision for contingencies and expenses relates mainly to contingencies that are likely to arise from legal proceedings relating to the Group's ordinary activities. The outcome of these related contingencies depends on the resolution of the corresponding legal proceedings.

17.1. Provisions for contingencies and expenses

In 2019, as part of the merger process (see Notes 1 and 7), the Parent recognised provisions amounting to 1,128 thousand of euros in connection with potential liabilities arising from the business activities of the absorbed companies.

At 31 December 2019 and 2018, the most significant procedures maintained by the Parent were as follows

1. On 5 December 2019, the Parent received a claim from a construction company for loss of profit and expenses incurred as a result of the definitive suspension of the construction work and subsequent termination of the contract due to force majeure by the Parent, for which it made a provision of 1,341 thousand of euros.

2. The Parent Company delivered two letters of guarantee to Antigua Rehabitalia, S.A., an indirect subsidiary of the Parent Company until 29 December 2017, covering two mortgage loans between Antigua Rehabitalia, S.A. and SAREB amounting to 12,400 thousand of euros to secure two properties owned by Antigua Rehabitalia, S.A. located in the Conil de la Frontera Sector (Cádiz). During 2017, Antigua Rehabitalia, S.A. entered the competition. 7,900 thousand relating to the difference between the guarantee and the fair value of the land, which remains at 2019 year-end. The amount claim action is time-barred on 7 October 2020.

In 2019 the Parent recognised 1,707 thousand of euros in the provisions for liabilities and charges in respect of property tax (IBI) relating to the foreclosure of loans to third parties, of which 1,177 thousand of euros were used in the year, and 530 thousand of euros were outstanding in this connection as at 31 December 2019.

17.2. Aftersales provision

In 2019, the Group decided to create a provision for possible customer claims for the developments delivered, amounting to 549 thousand of euros, for the real estate developments delivered during the year.

17.3. Provisions for insolvency

At 31 December 2019, the Group's provision for bad debts is mainly due to invoices issued to a construction company which is currently in insolvency proceedings for 3,098 thousand of euros (see Note 14.2).

17.4. Traffic provisions

During 2019 the Group has made provisions for the completion of work costs of construction services received but not yet invoiced for delivered developments 7,471 thousand of euros. They are recognised at the date of transfer from work in progress to completed work on the property assets, according to the best estimate of the possible expense incurred by the Group and for the amount required to settle the Group's liability.

In the opinion of the board of directors, the provisions recorded as at 31 December 2019 and 2018 reasonably cover the existing risks, not considering that significant additional losses may arise from the resolution of litigation in progress.

18. Long and short-term liabilities and trade payables

The classification of financial liabilities by category is as follows:

	Thousand of Euros			
	2019		2018	
	Non-current	Current	Non-current	Current
Bank borrowings	222,401	384,099	1,309	363,255
Payables to related parties and associates	–	–	–	15,001
Payable to employees	–	2,674	–	1,066
Payables to suppliers	–	122,704	–	38,712
Customer advances	–	163,015	–	57,777
Other financial liabilities	10	307	260	222
	222,411	**672,799**	**1,569**	**476,033**

At 31 December 2019 and 2018 the Group has no deferred land payments.

Irrespective of the effective date of repayment, the Group classifies as "current" the financial liabilities affecting the financing of goods or assets classified in the consolidated statement of financial position as "current".

The reconciliation of liability movements to cash flows resulting from financing activities is as follows:

	Thousand of Euros	
	Bank borrowings current and non current	Associate companies
Balance at 31 December 2018	238,957	142
Changes from financing activities		
Proceeds from related parties	–	1
Proceeds from bank borrowings	331,015	–
Repayment of bank borrowings	(78,273)	–
Total changes from financing cash flows	**252,742**	**1**
Other changes		
Additions by Aleca Merger (Note 7)	113,574	–
Interest expense	31,189	–
Interest paid	(31,189)	–
Other changes	1,227	(143)
Balance at 31 December 2019	**606,500**	**–**

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18.1. Non-current and current payables

18.1.1. Bank borrowings

The detail by maturity of the items (in thousand of euros) included in short and long-term debts to credit institutions is as follows:

		Dispose short term				Maturity					
Instrument	**Limit**	**Long cycle**	**Short cycle**	**Dispose long term**	**Total drawn down**	**2020**	**2021**	**2022**	**2023**	**2024 and rest**	**Total**
Mortgage loans secured by Inventories (see Note 19.1.3)	1,089,582	46,268	225,853	–	**272,121**	226,552	39,688	1,740	4,141	–	**272,121**
Credit lines	147,476	–	107,368	37,377	**144,745**	16,550	128,195	–	–	–	**144,745**
Accrued interests (Note 19.1.3)	–	3,501	1,109	–	**4,610**	4,610	–	–	–	–	**4,610**
Other loans	186,640	–	–	185,024	**185,024**	154	183,873	160	164	673	**185,024**
Borrowing at 31/12/2018	**1,423,698**	**49,769**	**334,330**	**222,401**	**606,500**	**247,866**	**351,756**	**1,900**	**4,305**	**673**	**606,500**

		Dispose short term				Maturity					
Instrument	**Limit**	**Long cycle**	**Short cycle**	**Dispose long term**	**Total drawn down**	**2019**	**2020**	**2021**	**2022**	**2023 and rest**	**Total**
Mortgage loans secured by inventories (see Note 19.1.3)	430,549	54,471	62,557	–	**117,028**	72,564	27,036	16,131	46	1,251	**117,028**
Credit lines	123,428	–	114,092	–	**114,092**	11,409	11,409	91,274	–	–	**114,092**
Accrued interests (Note 19.1.3)	–	509	369	–	**878**	878	–	–	–	–	**878**
Other loans	6,960	5,499	151	1,309	**6,959**	5,664	154	157	160	824	**6,959**
Borrowing at 31/12/2017	**560,937**	**60,479**	**177,169**	**1,309**	**238,957**	**90,515**	**38,599**	**107,562**	**206**	**2,075**	**238,957**

The total balance drawn down in 2019 and 2018 is shown net of fees of 12,812 thousand of euros and 9,983 thousand of euros, respectively, plus interest of 4,610 thousand of euros and 878 thousand of euros, respectively.

See Appendix 1 for more details on debts to credit institutions.

All these loans have an interest rate linked to EURIBOR plus a spread in line with market conditions.

As a result of the merger and the financing agreement described in Note 18.1.4, in 2018 and 2019 the Parent and certain subsidiaries obtained waivers from the following financial institutions and insurance companies: Bankia, S.A., BBVA, S.A., Liberbank, S.A., Caixabank, S.A., Abanca, S.A., Unicaja Banco, S.A., Bankinter, S.A., Banco Sabadell, S.A., Kutxabank, S.A., Banco Santander, S.A., Liberty Mutual Insurance Europe Limited and QBE Insurance (Europe) Limited, to comply with the clauses included in certain contracts.

In view of these waivers, at the date of these consolidated annual accounts the Parent's management considers that the Group complies with all the covenants in the loan agreements.

Credit lines as of 31 December 2019 and 31 December 2018 include the amount drawn down, recorded at amortised cost, of a credit line arranged with Banco Popular to finance the purchase of land, with an available limit of 121 million euros, of which 105 million euros were drawn down as of 31 December 2019 (fully drawn down as of 31 December 2018).

The debts of the associates amounted to 4,311 thousand of euros as at 31 December 2019 and 18,450 thousand of euros as at 31 December 2018.

In 2018 the Parent carried out a capital increase for non-monetary consideration consisting of the capitalisation of certain bilateral loans that the shareholders had granted it for a carrying amount of 98,839 thousand of euros (see Note 16.1).

18.1.2. Mortgage loans secured by inventories

The "Development Loans" on developments under construction and on buildings constructed amounting to 224,621 thousand of euros and the "Loans for the Purchase of Land" amounting to 47,500 thousand of euros are defined as mortgage loans secured by inventories, totalling 272,121 thousand of euros (see Note 15).

The total liability for financial liabilities associated with "Inventories" is presented under current liabilities in the accompanying consolidated statement of financial position, irrespective of the date on which it is actually repaid.

The detail of loans secured by mortgages on inventories as at 31 December 2019 and 2018 is as follows:

	Thousand of Euros	
	2019	2018
Mortgage loans secured by property developments in progress	**165,110**	**80,450**
Of the Parent (see Note 16.4)	116,799	28,316
Of the subsidiaries (see Note 16.4)	48,311	52,134
Mortgage loans secured by completed developments	**59,511**	**2,270**
Of the Parent (see Note 16.3)	48,011	–
Of the subsidiaries (see Note 16.3)	11,500	2,270
Mortgage loans secured by land and plots	**47,500**	**34,308**
Of the Parent	37,097	12,384
Of the subsidiaries	10,403	21,924
	272,121	**117,028**

In 2019, as part of the merger process (see Notes 1 and 7), the Parent incorporated bank borrowings amounting to 113,574 thousand of euros relating to mortgage loans on inventories of the absorbed companies.

The main changes in 2018 in mortgage loans on inventories relate to transactions for the repayment of these loans through the delivery of assets to secure the loans, totalling 56,613 thousand of euros in 2018.

Certain development loan agreements provide for accrued interest to be capitalised as principal on each interest payment date. The cost of capitalised interest as at 31 December 2019 and 2018 amounted to 13,078 thousand of euros and 2,405 thousand of euros, respectively.

Mortgage loans bear annual interest at a variable rate. In 2019 and 2018, the rates were 1.00% to 3.5% (1.75% to 3.5% in 2018).

18.1.3. Derivative Financial Instruments

The Group has entered into OTC derivative financial instruments with national and international financial institutions with a high credit rating.

The Group is currently subrogated to a maximum interest rate (CAP) transaction, the characteristics of which are as follows:

					Thousand of Euros
Financial Instruments	Maturity	Notionl	Variable reference rate	CAp rate	Value at 31 December 2019 (Note 14)
CAP	22/04/202	9,000,000	Euribor 12M	0%	1

For this instrument the Group is entitled to receive a positive settlement if the Euribor 12M set at the beginning of the quarterly calculation period is higher than the corresponding Cap rate. This settlement is paid quarterly, and is the difference between the Euribor 12M and the Cap rate on the nominal amount of the transaction.

18.1.4. Senior syndicated loan

On 2 January 2019, the Parent signed a senior syndicated financing agreement for 223,000 thousand of euros as the original borrower. The Parent, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as the original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial entities as original lenders, and Credit Suisse International as agent and security agent. The initial amount was distributed by means of an Acquisition facility (loan) amounting to 185,331 thousand of euros, which is fully drawn down and classified as Other Loans, and a Revolving Credit Facility (RCF) amounting to 37,669 thousand of euros classified as a line of credit.

The syndicated senior loan has a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions are met, and accrues an interest rate based on the EURIBOR plus a market differential.

The Parent undertakes to comply with certain covenant financial obligations during the term of the loan and relating to its quarterly Consolidated Financial Statements. These obligations are as follows:

- Commitment to comply with a ratio known as "LTV", understood as the quotient between: *Net Debt* and Gross *Assets* Value ("GAV").

  This ratio should be less than 45%, is met by 31 December 2019.

- Commitment to comply with at least 85% of the consolidated EBITDA, the contribution by the guarantor companies of the senior syndicated loan and at least 5% of the total aggregate assets (calculated on a non-consolidated basis and excluding all intragroup elements and investments in investees).

In addition, a guarantee was given on the shares of the following Group companies: Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U. In relation to these guarantees, during 2019 the guarantee on Maywood Invest, S.L.U and Udralar, S.L.U has been released.

18.2.Trade and other payables

The "Trade and other payables" heading includes mainly the amounts payable for trade purchases and related expenses. Its detail are as follows:

	Thousand of Euros	
	2019	2018
Short-term suppliers	122,704	41,196
Staff, remuneration outstanding	2,674	1,442
Advances from clients (Note 16.5)	163,015	92,909
	288,393	**135,547**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

19. Average Supplier Payment Period. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010"

The detail of payments to suppliers by Spanish consolidated company is as follows:

	Payments made and outstanding at the reporting date	Payments made and outstanding at the reporting date
	2019	2018
	Days	Days
Average period of payment to suppliers.	64	55
Ratio of paid transactions	67	58
Ratio of transactions pending payment	40	43
	Amount (Euros)	Amount (Euros)
Total payments made	340,161,631	99,121,313
Total payments pending	70,801,559	32,486,260

In accordance with the ICAC Resolution, the calculation of the average period for payment to suppliers has taken into account the transactions considered as commercial transactions corresponding to the delivery of goods or services accrued during each financial year.

Suppliers are defined, solely for the purposes of reporting information under this Resolution, as trade creditors of debts to suppliers of products or services, included under the heading of suppliers and other creditors of current liabilities in the consolidated statement of financial position.

The average period for payments to suppliers has been calculated, as indicated in the ICAC Resolution of 29 January 2016, by applying the weighted average of the following two ratios:

- Ratio of transactions paid: average payment period of transactions paid in the year weighted by the amount of each transaction.
- Outstanding transactions ratio: average payment period between the invoice and the end of the year weighted by the amount of each transaction.

20. Financial risk management and fair value

20.1. Financial risk management

Risk management framework

The Group's activities are exposed to credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme seeks to reduce these risks through a variety of methods, including the use of financial instruments.

Financial risk management is centralized in the Corporate Finance Department, which has established the necessary mechanisms to manage exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

20.2. Credit risk exposure

Credit risk is the risk of financial loss that the Group may suffer if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises in particular from the Group's customer receivables and investments in debt securities.

The Group does not have significant credit risk, since its customers and the institutions in which cash placements or derivatives are arranged are highly solvent entities in which counterparty risk is not significant.

The Group's main financial assets are cash and balances, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets, without taking into account any guarantees provided and other credit enhancement mechanisms.

The Group's credit risk is mainly attributable to its trade debts. The amounts are reflected in the consolidated statement of financial position net of provisions for bad debts, estimated by Group management on the basis of past experience and its assessment of the current economic environment. The Group has formal procedures for the detection of objective evidence of impairment of trade debts, in line with the provisions of IFRS 9. The impairment of trade receivables as at 31 December 2019 amounted to 3,254 thousand of euros (156 thousand of euros in 2018) (see Note 14.2). The balances of trade debts without credit risk are not included in this provision at the end of 2019 and 2018.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are banking entities that have been assigned high ratings by international credit rating agencies.

The Group does not have a significant concentration of credit risk. Risk exposure is diversified among numerous clients.

The Group monitors and has established specific credit management procedures, establishing conditions for the acceptance of orders and carrying out periodic monitoring of these orders.

20.3. Interest rate risk exposure

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with short-term maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2019 and 2018 all financial liabilities with floating interest rates were denominated in euros.

20.4. Liquidity risk exposure

The Group manages its liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions. The Group determines its cash requirements through the cash budget, with a time horizon of 12 months. The Group considers that the agreed financing framework is sufficiently flexible to accommodate the dynamic needs of the underlying businesses.

The Group also presents the necessary financing for the development of the assets classified as "Property developments in progress". These loans are conditional upon the specific construction of the developments to which they are associated, and their decrease is presented gradually with the progress of the construction work and, therefore, the Group depends solely on the cash available as at 31 December 2019 to guarantee the continuity of the business. Appendix III shows the details of these loans, indicating the limit approved and the amount drawn down as at 31 December 2019.

21. Tax matters

Since 1 January 2016, the Parent Company has been taxed under the consolidated corporate income tax regime (Group 0258/16). Subsidiaries in the tax group are all subsidiaries resident in Spain in which the Parent Company has a direct or indirect ownership interest of 75% or more.

With effect from 1 January 2018 companies acquired by the Parent Company in 2017 were included in the tax consolidation group.

At 31 December 2019 and 2018, the tax consolidation group is as follows:

Tax Group
Parent
Vía Célere Desarrollos Inmobiliarios, S.A.
Subsidiaries
Copaga, S.A.
Udralar, S.L.U.
Udrasur Inmobiliaria, S.L.U.
Torok Investment 2015, S.L.U.
Vía Célere, S.L.U.
Vía Célere 1, S.L.U.
Vía Célere 2, S.L.U.
Vía Célere Gestion de Proyectos, S.L.U.
Conspace, S.L.U.
Vía Célere Catalunya, S.L.U.
Maywood Invest, S.L.U.

21.1. Tax receivables and payables

The composition of balances receivable from public authorities is as follows:

	Thousand of Euros	
	2019	2018
Deferred tax assets		
Deductible temporary differences	49,609	45,385
Credits in respect of loss carryforwards	25,393	25,704
	75,002	**71,089**
Current:		
VAT recoverable	12,228	2,952
Withholdings and payments on account	7	–
Current tax receivable	109	96
	12,344	**3,048**
Total	**87,346**	**74,137**

The composition of the balances payable to public authorities is as follows:

	Thousand of Euros	
	2019	2018
Non-current:		
Deferred tax liabilities	12,621	13,852
	12,621	**13,852**
Current:		
Income tax payable (VAT)	12,987	2,515
Income tax payable (CIT)	654	1,061
Social security payable	526	365
Other taxes payable	168	574
	14,335	**4,515**
Total	**26,956**	**18,367**

21.2. Deferred tax assets and liabilities

The detail of the balance of the heading “Deferred tax assets” at the end of 2019 and 2018 is as follows:

	Thousand of Euros			
	Balance at 31/12/2018	Addition	Disposal	Balance at 31/12/2019
Assets with tax value different from the accounting value	5,514	304	–	5,818
Reversal of 30% accounting depreciation costs	861	–	(101)	760
Non deductible finance costs	38,500	1,955	(198)	40,257
NOLs	25,704	–	(79)	25,625
Tax deductions	–	1,508	–	1,508
Others	223	307	–	530
Consolidation adjustments	287	217	–	504
Total	**71,089**	**4,291**	**(378)**	**75,002**

The detail of the heading “Deferred tax liabilities” as at 31 December 2019 and 2018 is as follows:

	Thousand of Euros		
	Balance at 31/12/2018	Disposal (residential business)	Balance at 31/12/2019
Revaluation of assets from prior reorganizations	9,029	(798)	8,231
Exemption for reinvestment tax credits	1,591	(52)	1,539
Consolidation adjustments	3,232	(381)	2,851
Total	**15,780**	**(1,231)**	**12,621**

The Group’s main deferred tax assets and liabilities are related to the following items:

- Non-deductible financial expenses. In accordance with article 16 of the IS Law, net financial expenses will be deductible annually up to a limit of 30 % of the year’s operating profit, and net financial expenses of 1 million euros may be deducted in any case. In 2018 the Company recognised as a deferred tax asset the non-deductible finance costs of previous years amounting to 36,208 thousand of euros (tax liability), since the Company’s governing body considered that at 2018 year-end it was reasonably assured that future taxable

profits would be obtained that would allow the finance costs not deducted in previous years to be deducted. In 2019, an addition of 1,955 thousand of euros was recorded for this item.

Credits for loss carryforwards. In 2018 the Company recorded deferred tax assets relating to tax losses from previous years that have not yet been offset. In previous years, the Company's board of directors considered that the economic and financial situation of the tax group was not consolidated and, therefore, the recovery of the aforementioned bases was not reasonably assured. In the financial year 2018 the board of directors carried out a reassessment of the situation of the tax group and concluded that the obtaining of future tax benefits that would allow the offsetting of these tax losses is reasonably assured.

- Limitation to book depreciation. In 2013 and 2014, only 70 % of the accounting depreciation expense was deductible for tax purposes, and the remaining 30 % was recorded as a tax credit (deferred tax asset) which is reversed on a straight-line basis over 10 years.
- In 2019 the Parent recognised an impairment loss of 6,032 thousand of euros in relation to its ownership interest in Célere Fórum Barcelona, recognising a deferred tax asset of 1,508 thousand of euros for the difference between the carrying amount and the tax value of the ownership interest.
- Difference between book and tax value of assets from different business restructuring operations.

To assess the recoverability of the deferred tax assets, the Company also took into account the valuation of the inventories at the end of 2019 carried out by Savills, which reflected a fair value of the inventories of 2,167 million euros (see Note 15). 6), as well as the business plan prepared by the Group for 2019-2029 and the forecast sales of promotions included in the aforementioned plan, which also included those of the companies integrated during the year (see Note 1), and which were carried out taking into account the characteristics of the Spanish real estate sector in which the Group operates.

At 31 December 2019 the Group had signed sales contracts amounting to 1,073 million euros (see Note 15.5). On the basis of this evidence, the Group estimates that it will recover all the tax credits recognised in less than ten years.

21.3. Reconciliation of accounting profit and taxable profit

The reconciliation between consolidated accounting profit and taxable profit is as follows:

	Thousand of euros	
	2019	2018
Consolidated profit for the year	22,435	84,786
Corporate Income Tax	(4,155)	(60,823)
Profit/(Loss) before taxes	**18,280**	**23,963**
Permanent differences	(29,542)	(26,350)
Temporary differences	16,101	6,776
Offset of negative tax bases	(977)	(4,209)
Consolidation adjustments	3,748	7,348
	7,611	**7,528**

The relationship between the income tax expense/(income) and the profit/(loss) for the year is as follows:

	Thousand of euros	
	2019	2018
Profit (loss) before tax	18,280	23,963
CIT at 25%	4,570	5,991
Permanent differences	(7,582)	(6,707)
Deductions and bonuses for the current year	(77)	(246)
Adjustments from previous years	273	379
Tax credits used but not recognised in prior years	(244)	(1,052)
Tax credits not recognised in prior years	–	(25,345)
Deferred tax assets not recognised in prior years	–	(36,721)
Expense for reduction of deferred tax assets	836	–
Income from reversal of deferred tax liabilities	(1,981)	–
Exemption due to the reinvestment of prior years' profits	–	1,644
Other	50	(17)
Assets with a tax value other than carrying amount	–	1,008
Revaluation of assets from previous reorganisations	–	243
	(4,155)	**(60,823)**

The detail of the income tax expense/(income) in the consolidated income statement is as follows:

	Thousand of euros	
	2019	2018
Current tax		
From year	1,533	1,882
Consolidation adjustments	(740)	323
Adjustments from previous years	273	379
Tax deductions applied no trecognised in previous years	(77)	(246)
	989	**2,338**
Deferred taxes		
Activation of financial expenses	(1,757)	–
Tax loss carryforwards	79	–
Provisions for impairment of investments	(1,508)	–
Limitation on the deduction of depreciation	101	101
Assets with taxable value other than carrying amount	(304)	1,264
Tax deductions	–	20
Consolidation adjustments	(598)	(2,450)
Revaluatino of assets from previous reorganisations	(798)	(168)
Other deferred adjustments	(307)	–
Exemption for reinvestment of profits	(52)	1,591
Tax credits not recognised in prior years	–	(38,174)
Deferred tax assets not recognised in prior years	–	(25,345)
	(5,144)	**(63,161)**
Continuing operations	**(4,155)**	**(60,823)**

The main adjustments for permanent differences to the accounting profit for 2019 are as follows:

- In 2017, as a result of the transfer of real estate in the carve-out operation carried out in favour of Dospuntos Asset Management, S.L. (an entity related to VCDI under the terms established in Article 42 of the Commercial Code), an accounting loss was generated that was not considered tax deductible in application of the provisions of Article 11.9 of the Income Tax Law. In 2019, Dospuntos Asset Management, S.L. transferred to independent third parties a portion of the assets that gave rise to the non-deductible loss at VCDI's headquarters, and, accordingly, VCDI included in its taxable profit an amount of 20,232 thousand of euros relating to part of the deferred loss in 2017.
- Elimination of the financial income of 9,088 thousand of euros arising from the dividend received from Celere Forum Barcelona, S.L., as it meets the requirements established in Article 21 of the Corporate Income Tax Law.

In 2019, the main temporary tax differences in accounting profit are as follows:

- Impairment of certain inventories with carrying values different from taxable values (1,215 thousand of euros).
- Impairment of VCDI's interest in Célere Fórum Barcelona amounting to 6,032 thousand of euros.
- Positive adjustment of 7,819 thousand of euros arising from the limitation on the deductibility of financial expenses, in accordance with Article 16 of the Corporate Income Tax Law.
- Negative adjustment of 401 thousand of euros corresponding to the reversal of accounting amortisation expenses

The detail of income tax expense/(income) for 2019 and 2018 is as follows:

	Thousand of Euros	
	2019	2018
Current Tax		
Current Tax of the year	654	3,138
Consolidation Adjustments	257	**(3,503)**
Adjustments from prior years	(1,524)	**418**
	(613)	**53**
Deferred Tax		
Origin and reversal timing differences	(4,025)	(60,533)
	(4,025)	**(60,533)**

21.4. Tax deductions pending application

The legislation in force regarding Corporate Tax establishes various tax incentives. The tax credits earned in a given year that cannot be offset during that year because they exceed the applicable legal limits may be taken to reduce the income tax payable in subsequent years, within the limits and time periods established by the related tax legislation.

The tax credits taken in prior years are as follows:

Year	Thousand of Euros	Description
2015	20	Deductions due to reversal of temporary measures
	20	

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The tax credits generated and applied during 2019 are as follows:

Year	Thousand of Euros	Description
2019	57	Donation deduction
	57	

21.5. Tax loss carryforwards

The Group's tax loss carryforwards as at 31 December 2019 are detailed below:

(i) The individual NOLs per company are as follows:

	Thousand of Euros									
Year	Vía Célere Desarrollos Inmobiliarios S.A.	Copaga, S.L.U.	Udralar, S.L.U.	Udrasur Inmobliaria, S.L.U.	Torok Investment 2015, S.L.U.	Maywood Invest, S.L.U.	Via Celere, S.L.	Via Celere 1, S.L.	Conspace, S.L.	Total
2003	–	–	–	1	–	–	–	–	–	–
2004	–	–	–	–	–	–	–	–	–	–
2005	–	–	–	–	–	–	–	–	–	–
2006	–	35	–	–	–	–	–	–	–	–
2007	–	1	–	–	–	–	–	–	–	–
2008	–	62	8,983	1	–	–	–	–	–	9,046
2009	1,382	23	1,813	1	–	–	–	–	–	3,219
2010	27,374	55	1,815	–	–	–	–	–	–	29,244
2011	44,313	111	2,014	–	–	–	–	–	–	46,438
2012	54,446	–	–	–	–	–	–	–	–	54,446
2013	133,580	25	9,613	–	–	1	–	–	–	143,219
2014	–	–	–	–	–	12	–	–	–	12
2015	160,436	–	50,466	14	–	793	–	–	–	211,709
2016	–	–	–	–	1,164	1,379	–	–	–	2,543
2017	–	–	–	–	–	1,765	2,641	15	250	4,671
TOTAL	**421,531**	**312**	**74,704**	**16**	**1,164**	**3,950**	**2,641**	**–**	**250**	**504,546**

(ii) The tax group NOLs are as follows:

	Thousand of Euros												
Years	Vía Célere Desarrollos Inmobiliarios S.A.	Copaga, S.L.U.	Udralar, S.L.U	Udrasur Inmobliaria, S.L.U.	Torok Investment 2015, S.L.U.	Maywood Invest, S.L.U.	Via Celere, S.L.	Via Celere 1, S.L.	Via Celere 2, S.L.	Conspace, S.L.	Via Celere Gestión de Proyectos S.L.	Via Celere Catalunya S.L.	Total
2017	24,836	1,299	–	332	337	–	–	–	–	–	–	–	26,804
TOTAL	**24,836**	**1,299**	**–**	**332**	**337**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,804**

The tax losses of the Parent Company and its subsidiaries may be offset in the future, without any time limit, but in accordance with the quantitative limits set out in Royal Decree Law 3/2016 of 2 December. As mentioned in section 2 of this Note, during 2018 the Group proceeded to activate tax losses from previous years amounting to 101,376 thousand of euros.

21.6. Restructuring operations

During 2019 the merger by absorption of the Company (as the absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. was carried out. (as

absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former (See Notes 1 and 7).

The merger by absorption was subject to the tax neutrality regime provided for in Heading VIII, Chapter VII of the LIS, and the corresponding notification was made to the Tax Authorities within the term provided for in the LIS.

Although the merger was tax-neutral, there is no difference between the book and tax values, since all the assets were recorded in the same accounts as those of the absorbed entities.

21.7. Years open to review and tax inspection

At present, all the Group companies resident in Spain have the following taxes open for review by the tax authorities

	Years Open to Inspection
Corporate income tax	2013-2019
Value Added Tax	2014-2019
Personal Income Tax	2016-2019
Capital gains	2016-2019
Social Security	2016-2019
Non-Resident Income Tax	2016-2019

On 8 March 2019, the Parent Company of the tax group received notification from the Spanish tax authorities of the commencement of inspection, verification and investigation actions in relation to the following Taxes and periods:

- Corporate income tax: 2013 and 2014.
- Value–added tax: 04/2014 to 06/2015.

Corporate income tax year 2019 cannot be reviewed until the tax return has been filed (July 2020).

However, the right of the tax authorities to check or investigate tax losses used or not yet used, double taxation deductions and deductions to encourage the performance of certain activities applied or not yet applied prescribes 10 years from the day following the end of the period established for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or apply for it arose. Once this period has elapsed, the Group must accredit the negative tax bases or deductions, by means of the exhibition of the settlement or self-assessment and of the accounting, with accreditation of its deposit during the stipulated period in the Companies Registry.

With respect to the rest of the dependent entities not resident in Spain, the years open for inspection are all the years established as maximums by each of the legislation in force in the country of residence.

In July 2017 notification was received of the commencement of tax audits by Vía Célere, S.L.U. and Vía Célere 2, S.L.U. in relation to income tax (2013 to 2014), VAT (periods 07/2013 to 12/2014) and personal income tax (period 07/2013 to 12/2014).

During 2019, the minutes of compliance referring to the inspection of VAT and deductions were signed, resulting in an amount to be paid of zero euros. However, for corporate income tax purposes, minutes were signed because they did not agree with the valuations carried out by the Technical Office of the Special Delegation of the Tax Administration on certain assets, and therefore the Company has requested a contradictory expert valuation.

On 1 September 2017, the Company received notification of the processing of allegations and proposal for the provisional liquidation of the corporate income tax for the year 2015. Under the proposal, the tax authorities made the following deductions as a result of a formal error in the completion of the 2014 consolidated tax return filed by Grupo Empresarial San José (the parent company of the tax group in which the Company was then integrated), in which all of the tax losses corresponding to the Company were allocated:

1. Consolidated tax loss carryforwards: reduction of 259,713 thousand of euros.
2. Tax credits for double taxation: a reduction of 48 thousand of euros.

On 10 April 2018, the tax authorities requested the Company to clarify the allocation of negative tax bases that were pending compensation at the beginning of fiscal year 2016, and that coincided with those credited in the self-assessment for fiscal year 2015.

Grupo Empresarial San José presented a rectification of the self-assessment of the consolidated tax, recognising the rights questioned by the tax administration in the aforementioned procedure.

On 3 May 2018, the tax administration notified the positive resolution of the open procedure on the negative tax bases for 2016. Therefore, once the tax loss carryforwards declared by the Company in 2016 have been validated, the tax loss carryforwards that were questioned with respect to 2015 have been tacitly validated.

As a result of this procedure, no sanctioning procedures have been opened.

In any event, the Parent Company's Board of Directors considers that the aforementioned taxes have been properly settled and, therefore, even if discrepancies arise in the current legal interpretation of the tax treatment of the transactions, any resulting liabilities, if any, would not materially affect these consolidated annual accounts.

22. Guarantee commitments to third parties and litigation

The Group has contingent liabilities for bank guarantees and other collateral related to the normal course of business amounting to 283,847 thousand of euros (211,576 thousand of euros at the end of 2018). The Parent's governing body considers that no additional liabilities will arise for the Group as a result of the transactions covered by these guarantees and warranties.

23. Income and expenses

23.1. Revenue

The detail of the Group's revenue in 2019 and 2018, by type of product and geographical area, is as follows:

	Spain		Portugal		Total	
	2019	2018	2019	2018	2019	2018
Revenue from sale of property developments	362,703	156,749	–	299	362,703	157,048
Revenue from property leases	11	15	–	–	11	15
	362,714	**156,764**	**–**	**299**	**362,714**	**157,063**

As indicated in Note 6, the Group has a single segment, the residential development business, in which a distinction is made between the results generated by assets that will be developed and promoted (developments) and those generated by assets that form part of the Group's core business and are considered to be non-strategic (legacies).

In addition, income from the sale of property developments includes 1,465 thousand of euros (31 December 2018: 1,211 thousand of euros) as a result of the recognition of income from the application of IFRS 15.

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In 2019 and 2018, the revenues correspond to:

- the sale of property developments, which amounted to 354,678 thousand of euros (119,587 thousand of euros in 2018).
- the sale of land amounting to 7,216 thousand of euros (21,893 thousand of euros in 2018)
- and sales of non-strategic assets, which amounted to 809 thousand of euros in 2018 (15,568 thousand of euros in 2018).

23.2.Changes in inventories of finished goods and work in progress

The breakdown of "Changes in inventories of finished goods and work in progress" is as follows:

	Thousand of Euros	
	2019	2018
Cost of goods sold	**(292,743)**	**(175,067)**
Impairment of finished goods and work in progress	14,836	52,907
Changes in inventory of land and work in progress	**428,742**	**169,303**
Raw material capitalised	421,371	165,184
Other expenses capitalised	157	417
Personnel expenses capitalised	7,214	3,702
Total	**150,835**	**47,143**

23.3. General information on the employees

The average number of employees at the Group in 2019 and 2018, by professional category, was as follows:

	2019	2018
General Management	5	5
Directors and department heads	98	59
Technicians	119	75
Commercial staff	42	20
Staff	80	43
Other	117	65
	461	**267**

The distribution of the Group's staff, by professional category and gender, at the end of 2019 and 2018 is as follows:

	2019		2018	
	Women	Men	Women	Men
General Management	3	2	3	2
Directors and department heads	34	65	25	44
Technicians	64	61	41	59
Commercial staff	36	12	20	6
Staff	54	32	38	26
Other	3	116	3	99
	194	**288**	**130**	**236**

At 31 December 2019 and 2018, the members of the Parent's governing body were 4 and all of them were men.

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The Group's average workforce with a degree of disability of 33% or more during 2019 and 2018 is as follows:

	2019	2018
General Management	–	–
Directors and department heads	–	–
Technicians	1	1
Commercial staff	1	–
Staff	2	1
Other	2	1
	6	3

23.4. Personnel expenses

The detail is as follows:

	Thousands of Euros	
	2019	2018
Wages, salaries and similar	(20,018)	(11,680)
Employee benefits expense	(5,395)	(3,073)
Severance payments/indemnities	(38)	(569)
Total	**(25,451)**	**(15,322)**

In 2019, personnel expenses amounted to 25,460 thousand of euros, of which 2,119 thousand of euros related to internal commercial staff (1,242 thousand of euros in 2018) (this amount is allocated in the contribution margin).

Staff costs capitalised to "Property developments in progress" in 2019 amounted to 7,214 thousand of euros (see Note 23.2).

23.5. Audit Fees

The fees for the services provided by the auditing firm KPMG Auditores, S.L. for the Group's annual accounts for the years ended 31 December 2019 and 2018, irrespective of the time of invoicing, are as follows

	Thousand of Euros	
	2019	2018
Audit services	247	787
Other services	5	9
Total	**252**	**796**

In addition, other affiliates of KPMG International invoiced the Group in the years ended 31 December 2019 and 2018 for professional services, as detailed below:

	Thousand of Euros	
	2019	2018
Audit services	18	14
Total	**18**	**14**

The Group did not receive services from other auditors during the years ended 31 December 2019 and 2018.

23.6. Other expenses

The detail is as follows:

	Thousand of Euros	
	2019	2018
External services	(25,196)	(15,640)
Tax	(6,329)	(3,719)
Other	(9,080)	(1,393)
Total	**(40,605)**	**(20,752)**

“External Services” includes 6,199 thousand of euros relating to advisory services, legal, administrative and financial management, technical assistance and marketing services provided in the first three months of 2019 by Aelca Desarrollos Inmobiliarios as a result of the merger described in Note 1.

External services expenses capitalised as “Property developments in progress” as at 31 December 2019 amounted to 1,338 thousand of euros (417 thousand of euros in 2018) (see Note 23.2).

In 2018 the Parent incurred expenses for independent professional services (audit, legal and judicial consultancy, etc.) amounting to 7,495 thousand of euros. Also, this heading includes 1,200 thousand of euros relating to expenses associated with the “Initial Public Offering” and 1,485 thousand of euros relating to the reversal of expenses associated with the “Initial Public Offering” capitalised to current assets due to the low probability of success. This amount was recorded under “Other expenses”.

Other Expenses” includes a provision for bad debts amounting to 3,098 thousand of euros, arising from the invoicing of penalties to a construction company for breach of contract (see Note 17).

It also includes provisions for tax liability amounting to 530 thousand of euros and provisions for liabilities and charges amounting to 1,640 thousand of euros (see Note 17).

23.7. Compensation in kind

At 31 December 2019 and 2018 there was no significant remuneration of this nature.

23.8. Leases

External services includes 1,645 thousand of euros as at 31 December 2019 (862 thousand of euros as at 31 December 2018). The commitments acquired for future instalments whose underlying asset is less than 5 thousand of euros or with a duration until 31 December 2020 is 2,123 thousand of euros.

23.9. Financial income

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousand of Euros	
	2019	2018
Marketable securities and other financial instruments	538	386
	538	**386**

23.10. Financial costs

The detail is as follows:

	Thousand of Euros	
	2019	2018
Interest accrued with associates (Note 24)	–	(56)
Finance cost capitalised (Note 15)	8,843	7,110
Debt interest	(35,541)	(12,941)
Interest arising from revenue contracts	4,234	(2,197)
Total	**(22,464)**	**(8,084)**

23.11. Impairment losses and gains (losses) from disposal of non-current assets

The detail of these results is as follows:

	Thousand of Euros	
	2019	2018
Gains/(losses) on disposal of property, plant and equipment (Note 9)	–	26
Gains/(losses) on disposal of non-current asset held for sale (Note 11)	–	(57)
Impairment losses on property, plant and equipment (Note 10)	54	(54)
	54	**(85)**

23.12. Impairment losses and gains (losses) on disposal of non-current assets

The detail of these results is as follows:

	Thousand of Euros	
	2019	2018
Finance gain/(loss) on disposal of inventory (Note 18.1.3)	–	621
	–	**621**

23.13. Changes in fair value of financial instruments

The detail of changes in the fair value of financial instruments is as follows

	Thousand of Euros	
	2019	2018
Change in fair value of loans capitalised (Notes 16 and 18)	–	25,819
Other	(24)	(76)
	(24)	**25,743**

24. Transactions and balances with companies accounted for using the equity method and related parties

Details of transactions with related companies

The detail of transactions with related parties during 2019 and 2018 is as follows:

	Thousand of Euros			
	2019			2018
	Service performance income	Other Expenses (Note 23.6)	Expenses Financial	Service performance income
Aelca Desarrollos Inmobiliarios, S.L.	–	6,199	–	–
Maplesville Invest, S.L.U.	–	–	56	–
Celere Forum Barcelona, S.L.	675	–	–	1,172
	675	**6,199**	**56**	**1,172**

Income from services rendered corresponds to Célere Fórum Barcelona, S.L. (a company accounted for using the equity method (see Note 13)) for the provision of management, marketing and accounting services.

Breakdown of balances with related parties and associates

The amount of the balances recorded in the consolidated statement of financial position with related companies is as follows

	2019	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Fórum Barcelona, S.L.	498	–
Vía Agora S.L.U.	–	143
Dospuntos Asset Management, S.L.U.	51	–
	549	–

	2018	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Forum Barcelona, S.L.	121	–
Vía Agora S.L.U.	179	142
Dospuntos Asset Management S.L.U.	186	–
	486	**142**

All transactions and outstanding balances with related parties were carried out at market values.

25. Remuneration of members of the Board of Directors and Senior Management

Juan Antonio Gómez-Pintado Rodríguez de Segovia was a director of the Parent until 17 July 2019. José Ignacio Morales Plaza is the director who has replaced Juan Antonio Gómez-Pintado since 17 July 2019 until the date of formalisation of the Company’s annual accounts.

As of 31 December 2019, there are four members of the Board of Directors (four men) and five members of Senior Management (two men and three women), one of whom is a member of the Board of Directors.

25.1. Remuneration of boards of directors and senior management

During 2019 and 2018 the members of the Board of Directors of the Company have not received any remuneration for their position as directors. Senior executives' remuneration in 2019 and 2018 amounted to 1,611 thousand of euros and 3,513 thousand of euros, respectively.

There are no advances or loans granted to all the members of the boards of directors.

In 2019 no obligations were assumed on behalf of the management bodies by way of guarantee, and civil liability insurance premiums for damage caused by acts or omissions in the year of office of 56 thousand of euros were paid (the same amount in 2018). The Group also has life insurance commitments related to current members of senior management.

25.2. Transactions outside the ordinary course of business or under non-market conditions by the Directors and by the members of the Parent's Control Committee.

In relation to the ownership interests in the share capital of the members of the managing bodies and, in particular, of the members of the Board of Directors of the Parent or persons related to them, in 2019 and 2018 the directors and members of the Committee did not perform transactions with the Company or with Group companies that were not in the ordinary course of business or on terms and conditions other than those prevailing in the market.

25.3. Situations of conflict of interest of the Directors

Except as detailed below, the members of the Group's governing bodies and the persons related to them have not incurred in any conflict of interest that has had to be reported in accordance with the provisions of article 229 of the TRLSC:

Mr Héctor Serrat Sanz and his related persons have incurred, during the financial year 2019 and up to the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Company, and therefore have had to abstain from intervening in the agreements or decisions relating to such a situation of conflict, due to their status as Directors of La Finca Global Assets, SOCIMI, S.A, Director of Mansfield Invest SOCIMI, S.A., Chairman of the Board of Directors of Dospuntos Asset Management, S.L., and to his professional relationship with Värde Partners, Inc., the entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital. In particular, he had to abstain from the tenth resolution of the Parent Company's Board of Directors meeting dated 13 February 2019 and the sixth resolution of the Company's Board of Directors meeting dated 22 November 2019.

Mr Francisco Milone and his related persons have incurred, during the financial year 2019 and until the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Company, and therefore he has had to abstain from intervening in the agreements or decisions relating to such a situation of conflict, due to his condition as a Director of Finca Global Assets, SOCIMI, S.A. and to his professional relationship with Värde Partners, Inc., the entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital. In particular, he had to abstain from the seventh resolution of the Parent Company's Board of Directors meeting on 22 November 2019.

Mr Jaime Echevarría and his related persons have not incurred, during fiscal year 2019 and until the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the Parent Company's interest, and therefore have not had to abstain from intervening in agreements or decisions relating to this situation of conflict. However, Jaime Echevarría has responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. given his status as Director of Dospuntos Asset Management, S.L.

Mr Juan Antonio Gómez Pintado Rodríguez de Segovia has not incurred, since 1 January 2019 and until 17 July 2019, in any direct or indirect conflict with the interests of the Company, and therefore has not had to abstain from intervening in the agreements or decisions relating to such conflict, due to his status as sole director of Vía Ágora, S.L.U. and Managing Director of the Company (the latter position he held until 17 July 2019).

Additionally, during this period, Mr Juan Antonio Gómez-Pintado Rodríguez de Segovia, had the following responsibilities in companies with a similar corporate purpose to the Group, in Spain and abroad

- In his capacity as the natural person representative of the sole director of Quick Home Residential, S.L.U.
- In his capacity as sole director of Agora Sofia 2, EOOD.
- In his capacity as sole director of Via Agora Poland, sp zoo.
- In his capacity as joint director of Wolzcynska, sp zoo
- In his condition of direct/indirect owner and director in Via Ágora Brasil Holding, Ltda.
- In his capacity as indirect owner of 1% of the shares of Avantia Romania Desarrollos Inmobiliarios 4, S.L.
- As the indirect owner of 100% of the shares of SP Premiere Jaguaribe Empreendimientos Imobiliarios.
- As the indirect owner of 100% of the shares of Spe Meu Apê Salvador Norte Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect owner of 50% of the shares of SPE Horto Opera, Ltda.
- In his capacity as indirect owner of 100% of Via Celere Brasil 7 Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect owner of 100% of SPE Belbedere Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect owner of 100% of Via Celere Brasil 9 Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect owner of 100% of Spe Ville Jardim Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect owner of 100% of Via Ágora Construçoes Ltda.

Mr José Ignacio Morales Plaza and his related persons have been in a situation of direct or indirect conflict with the interests of the Company since 17 July 2019 until the date of preparation of these consolidated annual accounts, and therefore have had to abstain from intervening in agreements or decisions relating to this conflict situation, given his position as the Company's Managing Director. In particular, he had to abstain from the fourth resolution of the meeting of the Board of Directors of the Parent Company dated 17 July 2019 and from the second and third resolutions of the meeting of the Board of Directors of the Company dated 22 November 2019. Also, in his capacity as the individual representing the position of sole director or that held by the Parent at various Group companies, as well as joint director of Célere Fórum Barcelona, S.L., neither he nor his related persons were in a situation of direct or indirect conflict with the interests of the Parent in 2019 and until the date of preparation of these consolidated annual accounts, and therefore he did not have to abstain from intervening in agreements or decisions relating to this conflict situation. Finally, Mr José Ignacio Morales Plaza participates in the management of or holds an interest in Navamolo, S.L. and Moviplamopla, S.L., entities with a similar corporate purpose to Via Celere.

Mr Fernando Romón Sánchez, in his capacity as a member of the board of directors of certain Group companies and his related persons have not incurred, during fiscal year 2019 and until the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the Parent Company's interest, and therefore have not had to abstain from intervening in agreements or decisions relating to this situation of conflict.

26. Environmental information

In view of its activity as a property developer, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Therefore, no specific disclosures relating to environmental issues are included in these Notes to the consolidated annual accounts.

27. Events after the reporting period

Coronavirus COVID-19

The outbreak of the coronavirus (COVID-19) in February and March 2020 has led to an unprecedented international health crisis, which is expected to impact the macroeconomic environment and business performance globally. To address this situation, among other measures, the Spanish Government has declared a state of alarm by publishing Royal Decree 463/2020 of 14 March, and has approved a series of urgent extraordinary measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of 17 March.

As of the date of preparation of these annual accounts, the impact on our operations is limited to the temporary slowdown in our business activities and production rate of the works, and we believe that we will be able to recover some or all of this slowdown when we return to the normal level of activity. However, the scope and duration of the preventive measures decreed by the authorities, and therefore the effect they could have on our results and future activity, are difficult to estimate given the current situation of uncertainty. The most significant risk to our business would result from a potential deterioration in the macroeconomic context, as our business is strongly related to GDP, the unemployment rate and the purchasing power of families.

Appendix I

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
1	Habitatio Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
2	Novosolum Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
3	Ponsnova Inmuebles, S.L.U.	Lewistown Invest, S.L.U.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
4	Campuslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
5	Segeslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
6	Generlar Inmuebles, S.L.U.	Aelca Desarrollos	100%	KPMG	Operanting Company From ADI	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
		inmobiliarios, S.L.				
7	Numen Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
8	Velan Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
		Myjoja, S.L.	20%			
9	Promyva Inmuebles, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
10	Promyva Inmuebles I, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
11	Promyva Inmuebles II, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
12	Promyva Inmuebles III, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
13	Promyva Inmuebles IV, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
14	Promyva Inmuebles V, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
15	Promyva Inmuebles VI, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
16	Promyva Inmuebles VII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
17	Promyva Inmuebles VIII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
18	Promyva Inmuebles IX, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	20%			
19	Myvain Inmuebles, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
20	Myvain Inmuebles I, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
21	Myvain Inmuebles II, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
22	Myvain Inmuebles III, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
23	Myvain Inmuebles IV, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
24	Myvain Inmuebles V, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
25	Myvain Inmuebles VI, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
26	Myvain Inmuebles VII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
27	Myvain Inmuebles VIII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	20%			
28	Nalentia Urbana, S.L.	Lewiston Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
29	Nalentia Urbana I, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
30	Nalentia Urbana IV, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
31	Nalentia Urbana V, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
32	Nalentia Urbana VII, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	20%			
33	Invamy Urbana, S.L.	Lewiston Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
34	Invamy Urbana I, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
35	Invamy Urbana II, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
36	Invamy Urbana IV, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
37	Invamy Urbana V, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
38	Invamy Urbana VI, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	10%			
39	Nirbe Inmuebles, S.L.	Glenwock Invest, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
40	Nirbe Inmuebles I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
41	Akantia Urbana I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
42	Naiva Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
43	Invamy Urbana III, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
44	Invamy Urbana VII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
45	Invamy Urbana VIII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
46	Nalentia Urbana II, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
47	Nalentia Urbana VI, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
48	Akantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
49	Selantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
50	Akantia Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
51	Nuarca Inmuebles, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
52	Nirbe Costa Este, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	10%			

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
53	Nirbe Meseta, S.L.	Rimbey Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
54	Selantia Urbana I, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
55	Selantia Urbana, S.L.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
56	Nirbe Costa Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
57	Nirbe Norte, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
58	Nirbe Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
59	Nirbe Este, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
60	Nirbe Oeste, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
61	Nalentia Urbana III, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
62	Nirbe Sierra, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
63	Nalentia Urbana VIII, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
64	Promyva Inmuebles X, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
		Myjoja, S.L.	10%			
65	Nirbe Costa Norte, S.L.	Windham Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
66	Lancaster Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
67	Argao Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
68	Makati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
69	Laonan Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
70	Cebu Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
71	Luzon Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
72	Manarola Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
73	Sangat Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
74	Dunadry Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
75	Limavady Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
76	Derrylin Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
77	Craigavon Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
78	Strabane Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
79	Colorado Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
80	Manati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
81	Duncan Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
82	Moraine Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
83	Baracoa Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
84	Lora Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
85	Cienfuegos Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts as at 31 December 2019

Appendix II

Pro forma consolidated financial statements

In thousand of Euros	Promyva Inmuebles Group	Myvain Inmuebles Group	Nalentia Urbana Group	Invamy Urbana Group	Nirbe Inmuebles Group	Nirbe Meseta Group	Nirbe Costa Norte Group	SPVs	Posnova	Consolidation adjustments	Subtotal
Property, plant and equitment	18	18	10	3	81	40	120	1	5	–	296
Non-current investments	2,072	695	236	253	158	76	12	11	1,026	–	4,539
Inventories	57,006	58,890	15,002	40,385	92,144	96,318	165,636	40,035	12,275	–	575,691
Trade and other receivables	400	493	192	651	1,711	1,359	3,837	490	504	–	9,637
Current investments in associates	4,890	–	3,055	425	7	1	15	–	–	(8,370)	23
Current investments	29	–	256	2,754	2,821	4,951	15,265	2	–	–	26,078
Prepayments and accrued income	16	15	7	10	24	11	6	–	–	–	89
Cash and cash equivalents	29,957	3,562	613	4,871	11,269	4,820	4,109	12,221	195	–	71,617
Total Assets	**94,388**	**61,673**	**19,371**	**49,352**	**108,215**	**107,576**	**189,000**	**52,760**	**14,005**	**(8,370)**	**687,970**
Equity	**36,939**	**18,447**	**12,260**	**28,612**	**94,793**	**98,789**	**137,528**	**(783)**	**(14)**	**–**	**426,571**
Non-current provisions	195	114	44	57	521	38	–	159	–	–	1,128
Non-current payables	–	–	–	–	–	–	–	54	–	–	54
Non-current related party payables	–	–	–	–	3	–	–	16	–	–	19
Current payables	24,445	14,376	979	7,552	7,028	4,834	23,032	27,358	3,970	–	113,574
Current related party payables	1	7,095	2,701	781	2	19	14,065	8,975	7,804	(8,370)	33,073
Trade and other payables	32,808	21,641	3,387	12,350	5,868	3,896	14,375	16,981	2,245	–	113,551
Total liabilities	**57,449**	**43,226**	**7,111**	**20,740**	**13,442**	**8,787**	**51,472**	**53,543**	**14,019**	**(8,370)**	**261,399**
Total equity and liabilities	**94,388**	**61,673**	**19,371**	**49,352**	**108,215**	**107,576**	**189,000**	**52,760**	**14,005**	**(8,370)**	**687,970**

Proforma consolidated income statement

In thousand of Euros	Promyva Inmuebles Group	Myvain Inmuebles Group	Nalentia Urbana Group	Invamy Urbana Group	Nirbe Inmuebles Group	Nirbe Meseta Group	Nirbe Costa Norte Group	SPVs	Posnova	Total
Revenue	45,001	–	1,900	–	–	–	–	15,419	–	**62,320**
Other income	41	7	100	7	33	1	–	7	–	**196**
Changes in inventories of finished goods and work in progress	2,410	15,345	886	3,529	2,729	371	272	3,350	1,165	**30,057**
Raw materials and other consumables used	(38,801)	(15,345)	(2,270)	(3,529)	(2,729)	(371)	(272)	(17,268)	(1,165)	**(81,750)**
Personnel expenses	–	–	–	–	–	–	–	–	–	–
Other expenses	(2,105)	(1,729)	(797)	(1,126)	(2,106)	(161)	(798)	(1,153)	(13)	**(9,988)**
Depreciation and amortisation charge	(2)	(6)	(1)	–	(18)	(5)	(14)	–	–	**(46)**
Impairment losses and gains/(losses) on disposal of non-current assets	–	–	–	–	–	–	–	–	(1)	**(1)**
Operating Loss	**6,544**	**(1,728)**	**(182)**	**(1,119)**	**(2,091)**	**(165)**	**(812)**	**355**	**(14)**	**788**
Finance Income	–	3	–	–	–	23	9	–	–	**35**
Finance Cost	(3)	(220)	(4)	(32)	(24)	(47)	(398)	(485)	–	**(1,213)**
Change in fair value of financial instruments	–	–	–	–	–	–	–	–	–	–
Impairment losses and gain/(losses) on disposal of financial instruments	–	–	–	–	–	–	–	–	–	–
Net Finance Income / (Cost)	**(3)**	**(217)**	**(4)**	**(32)**	**(24)**	**(24)**	**(389)**	**(485)**	**–**	**(1,178)**
Share of loss on investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–
Profit/(loss) Before Tax	**6,541**	**(1,945)**	**(186)**	**(1,151)**	**(2,115)**	**(189)**	**(1,201)**	**(130)**	**(14)**	**(390)**
Income tax	(2,075)	–	(36)	–	–	–	–	(324)	–	**(2,435)**
Profit/(loss) for the year from continuing operations	**4,466**	**(1,945)**	**(222)**	**(1,151)**	**(2,115)**	**(189)**	**(1,201)**	**(454)**	**(14)**	**(2,825)**

Appendix III

The detail of bank borrowings (see Note 18.1.1) as at 31 December 2019 and 2018 is as follows:

	Thousand of Euros				
	Balances at 31 December 2019				
		Current Liabilities			
	Limit	Long-term maturity	Short-term maturity	Non-current Liabilities	Total
Mortgage loan on stock	9,314	–	4,290	–	4,290
Mortgage loan on stock	50,269	–	9,396	–	9,396
Mortgage loan on stock	39,340	–	16,372	–	16,372
Mortgage loan on stock	7,500	–	4,060	–	4,060
Mortgage loan on stock	55,600	–	21,730	–	21,730
Mortgage loan on stock	13,930	–	596	–	596
Mortgage loan on stock	23,130	–	9,184	–	9,184
Mortgage loan on stock	8,149	–	4,083	–	4,083
Mortgage loan on stock	36,236	–	16,265	–	16,265
Mortgage loan on stock	6,550	–	2,023		2,023
Mortgage loan on stock	11,499	–	531	–	531
Mortgage loan on stock	14,448	–	2,332	–	2,332
Mortgage loan on stock	26,725	–	11,829	–	11,829
Mortgage loan on stock	5,648	–	80	–	80
Mortgage loan on stock	19,358	–	6,965	–	6,965
Mortgage loan on stock	6,048	–	3,569	–	3,569
Mortgage loan on stock	9,930	–	7,247	–	7,247
Mortgage loan on stock	5,783	–	(10)	–	(10)
Mortgage loan on stock	6,100	–	73	–	73
Mortgage loan on stock	19,884	–	6,157	–	6,157
Mortgage loan on stock	11,606	–	1,246	–	1,246
Mortgage loan on stock	6,163	–	2,158	–	2,158
Mortgage loan on stock	7,473	–	2,279	–	2,279
Mortgage loan on stock	14,517	–	4,592	–	4,592
Mortgage loan on stock	15,925	–	12,033	–	12,033
Mortgage loan on stock	15,500	–	119	–	119
Mortgage loan on stock	21,760	635	–	–	635
Mortgage loan on stock	8,770	–	69	–	69
Mortgage loan on stock	12,864	–	774	–	774
Mortgage loan on stock	16,761	–	3,475	–	3,475
Mortgage loan on stock	30,430	7,997	–	–	7,997
Mortgage loan on stock	18,446	–	2,635	–	2,635
Mortgage loan on stock	4,950	524	–	–	524
Mortgage loan on stock	11,405	1,137	–	–	1,137
Mortgage loan on stock	25,020	714	–	–	714
Mortgage loan on stock	7,334	1,243	–	–	1,243
Mortgage loan on stock	33,082	3,108	–	–	3,108
Mortgage loan on stock	22,000	–	4,426	–	4,426
Mortgage loan on stock	7,571	–	1,455	–	1,455
Mortgage loan on stock	50,560	–	16,442	–	16,442

	Thousand of Euros				
	Balances at 31 December 2019				
		Current Liabilities			
	Limit	Long-term maturity	Short-term maturity	Non-current Liabilities	Total
Mortgage loan on stock	23,000	2,725	–	–	2,725
Mortgage loan on stock	10,287	1,499	–	–	1,499
Mortgage loan on stock	9,270	149	–	–	149
Mortgage loan on stock	31,462	(166)	–	–	(166)
Mortgage loan on stock	7,600	(182)	–	–	(182)
Mortgage loan on stock	9,345	(47)	–	–	(47)
Mortgage loan on stock	6,000	–	3,007	–	3,007
Mortgage loan on stock	19,043	1,076	–	–	1,076
Mortgage loan on stock	16,320	1,303	–	–	1,303
Mortgage loan on stock	6,932	156	–	–	156
Mortgage loan on stock	27,000	(134)	–	–	(134)
Mortgage loan on stock	27,845	(120)	–	–	(120)
Mortgage loan on stock	15,808	(118)	–	–	(118)
Mortgage loan on stock	10,100	–	–	–	–
Mortgage loan on stock	158	–	158	–	158
Mortgage loan on stock	739	–	739	–	739
Mortgage loan on stock	4	–	4	–	4
Mortgage loan on stock	260	–	260	–	260
Mortgage loan on stock	193	–	193	–	193
Mortgage loan on stock	4	–	4	–	4
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	224	–	224	–	224
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	146	–	146	–	146
Mortgage loan on stock	557	–	–	–	–
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	6,564	–	10	–	10
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	6,310	–	96	–	96
Mortgage loan on stock	13,071	–	118	–	118
Mortgage loan on stock	6,773	–	36	–	36
Mortgage loan on stock	36,519	–	404	–	404
Mortgage loan on stock	13,561	–	1,039	–	1,039
Total Mortgage loans secured by property development in progress and by completed developments	**1,022,673**	**21,499**	**184,913**	**–**	**206,412**
Mortgage loan on stock	11,251	–	10,500	–	10,500
Mortgage loan on stock	8,613	–	8,467	–	8,467
Mortgage loan on stock	7,113	7,085	–	–	7,085
Mortgage loan on stock	2,605	–	2,605	–	2,605
Mortgage loan on stock	6,800	6,758	–	–	6,758

	Thousand of Euros				
	Balances at 31 December 2019				
		Current Liabilities			
	Limit	Long-term maturity	Short-term maturity	Non-current Liabilities	Total
Mortgage loan on stock	720	718	–	–	718
Mortgage loan on stock	1,300	1,296	–	–	1,296
Mortgage loan on stock	300	300	–	–	300
Mortgage loan on stock	1,700	1,694	–	–	1,694
Mortgage loan on stock	840	–	837	–	837
Mortgage loan on stock	2,925	–	2,913	–	2,913
Mortgage loan on stock	368	–	362	–	362
Mortgage loan on stock	4,703	–	4,703	–	4,703
Mortgage loan on stock	1,959	–	1,959	–	1,959
Mortgage loan on stock	1,927	1,927	–	–	1,927
Mortgage loan on stock	2,115	–	2,087	–	2,087
Mortgage loan on stock	653	–	651	–	651
Mortgage loan on stock	968	–	922	–	922
Mortgage loan on stock	1,643	1,643	–	–	1,643
Mortgage loan on stock	600	588	–	–	588
Mortgage loan on stock	630	–	615	–	615
Mortgage loan on stock	2,810	2,760	–	–	2,760
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	1,200	–	1,180	–	1,180
Mortgage loan on stock	1,575	–	1,575	–	1,575
Mortgage loan on stock	1,016	–	999	–	999
Mortgage loan on stock	575	–	565	–	565
Total Mortgage loans secured by land and plots	**66,909**	**24,769**	**40,940**	**–**	**65,709**
Credit lines	147,476	–	107,368	37,377	144,754
Accrued interest	–	3,501	1,109	–	4,610
Other loans	186,640	–	–	185,024	185,024
Total Other loans	**334,116**	**3,501**	**108,477**	**222,401**	**334,379**
Total	**1,423,698**	**49,769**	**334,330**	**222,401**	**606,500**

	Thousand of Euros				
	Balances at 31 December 2018				
		Current Liabilities			
	Limit	Long-term maturity	Short-term maturity	Non-current Liabilities	Total
Mortgage loan on stock	13,071	–	4,359	–	4,359
Mortgage loan on stock	32,468	–	7,749	–	7,749
Mortgage loan on stock	12,274	–	2,300	–	2,300
Mortgage loan on stock	36,519	–	10,240	–	10,240
Mortgage loan on stock	13,564	–	4,173	–	4,173
Mortgage loan on stock	12,550	–	6,304	–	6,304
Mortgage loan on stock	9,314	–	1,701	–	1,701
Mortgage loan on stock	4,292	–	1,445	–	1,445
Mortgage loan on stock	6,564	–	238	–	238
Mortgage loan on stock	50,269	–	14,053	–	14,053
Mortgage loan on stock	39,340	–	5,612	–	5,612
Mortgage loan on stock	7,500	–	107	–	107
Mortgage loan on stock	55,600	13,888	–	–	13,888
Mortgage loan on stock	13,930	2,712	–	–	2,712
Mortgage loan on stock	23,130	3,182	–	–	3,182
Mortgage loan on stock	8,149	(238)	–	–	(238)
Mortgage loan on stock	36,236	2,418	–	–	2,418
Mortgage loan on stock	6,550	258	–	–	258
Mortgage loan on stock	11,499	(57)	–	–	(57)
Mortgage loan on stock	168	–	168	–	168
Mortgage loan on stock	786	–	786	–	786
Mortgage loan on stock	4	–	4	–	4
Mortgage loan on stock	273	–	271	–	271
Mortgage loan on stock	200	–	200	–	200
Mortgage loan on stock	5	–	5	–	5
Mortgage loan on stock	–	–	–	–	–
Mortgage loan on stock	735	–	611	–	611
Mortgage loan on stock	613	–	231	–	231
Total developer loan	**395,603**	**22,163**	**60,557**	**–**	**82,720**
Mortgage loan on stock	2,000	–	2,000	–	2,000
Mortgage loan on stock	20,334	19,924	–	–	19,924
Mortgage loan on stock	12,612	12,384	–	–	12,384
Total loan for land purchase	**34,946**	**32,308**	**2,000**	**–**	**34,308**
Credit lines	123,428	–	114,093	–	114,093
Accrued interest	–	509	369	–	878
Other loans	6,960	5,499	151	1,309	6,959
Total Other loans	**130,388**	**6,008**	**114,613**	**1,309**	**121,930**
Total	**560,937**	**60,479**	**177,170**	**1,309**	**238,958**

This Appendix forms an integral part of Note 18 to the consolidated annual accounts and should be read in conjunction with it.

According to the figures as at 31 December 2019, the debt with banks stood at 606,500 thousand of euros.

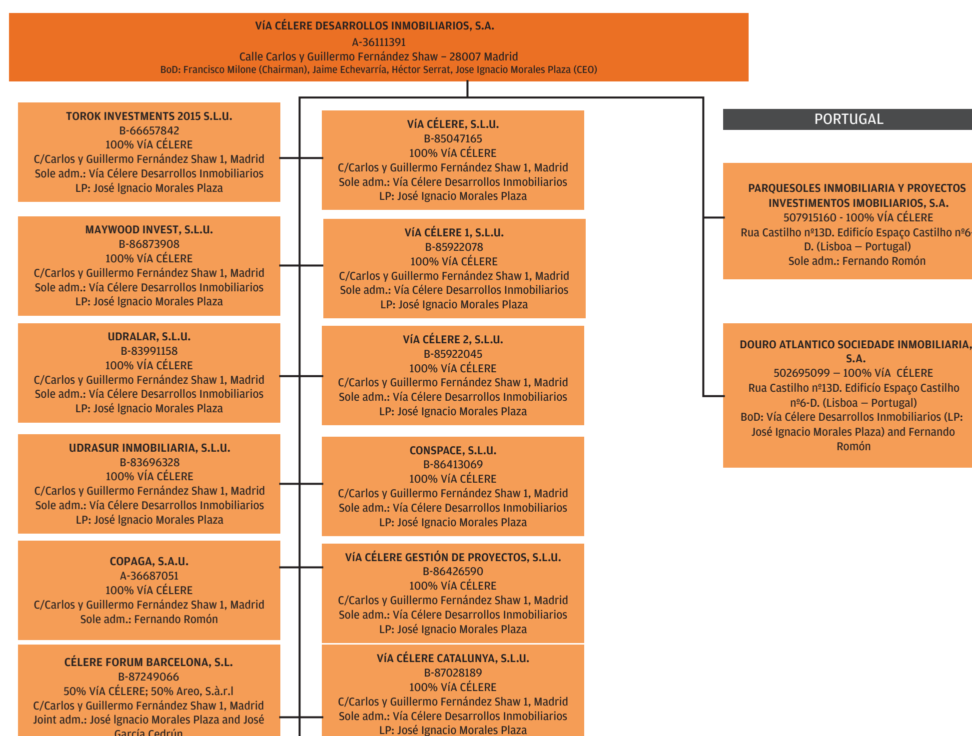
According to the figures as at 31 December 2018, the debt with banks stood at 238,957 thousand of euros.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

MANAGEMENT REPORT

1. Structure and background

The corporate structure of the Vía Célere Group as at 31 December 2019 is as follows:



The Parent Company, whose shareholders are listed below, is controlled by investment funds managed by Värde Partners:

Company	2019 Number of shares	2019 Percentage of ownership interest
Maplesville Invest, S.L.U.	17,828,983	26.0%
Windham Spain, S.L.U.	10,170,558	14.8%
Lewistown Invest, S.L.U.	10,042,179	14.7%
Glenwock Invest, S.L.U.	8,258,332	12.1%
Rimbey Spain, S.L.U.	6,024,597	8.8%
Greencoat B.V.	5,513,934	8.0%
Trinity Investment Ltd.	5,112,989	7.5%
Merrill Lynch International Limited	2,229,368	3.3%
MELF B.V.	1,832,276	2.7%
Barclays Bank PLC	1,329,208	1.9%
Deutsche Bank AG, London Branch	97,877	0.1%
JP Morgan Securities PLC	86,552	0.1%
	68,526,853	**100.0%**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

The Group's main operational decision-making body is the Board of Directors of the Parent, which is made up of the following directors:

Name and surname(s)	Date of appointment	Position
Jose Ignacio Morales Plaza	17/07/2019	Managing Director
Héctor Serrat Sanz[1]	03/08/2015	Board Member
Francisco Milone[1]	31/07/2015 (Director) 17/07/2019 (Director)	Chairman
Jaime Echevarria Aguirre[2]	11/05/2018	Board Member
Gonzalo García-Fuertes Iglesias	13/02/2019	Secretary (non-board member)

In addition, the company has the following internal decision-making bodies or committees:

Executive Committee on Development

The Executive Development Committee is an internal body of the Parent Company's senior management, made up of senior executives of the Company, members of the Board of Directors and external personnel, and is subject to the supervision and control of the Board. Its composition and functions are set out in its operating regulations.

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Teresa Marzo Peligero	Member	General Director of Business
Jaime Churruca Azqueta	Member	Chief Financial Officer
Héctor Serrat Sanz	Vice President	Board Member
Francisco Milone	Member	Chairman of the Board of Directors
Gustaf Breitholtz	Member	External
Aurora Mata Toboso	Secretary	Corporate Legal Director

Investment Committee

The Investment Committee is set up as an internal management body. The Investment Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Rosa María Peña Alonso	Member	Chief Operating Officer
Teresa Marzo Peligero	Member	General Director of Business
Jaime Churruca Azqueta	Member	Chief Financial Officer
Elena Gallo Campos	Member	Corporate General Director
Aurelio José Díez Ramos	Member	Director for Land
Gonzalo Díez de los Rios Riobó	Member	Investment Manager
Aurora Mata Toboso	Secretary	Corporate Legal Director

[1] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.

[2] Professional link with Greencoat, B.V. and Melf, B.V., shareholders of the company.

Executive Committee

The Executive Committee is set up as an internal management body. The objective of the Executive Committee is to ensure, together with the Board of Directors and senior management, the viability and growth of the Group's businesses. The Investment Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Rosa María Peña Alonso	Member	Chief Operating Officer
Teresa Marzo Peligero	Member	General Director of Business
Jaime Churruca Azqueta	Member	Chief Financial Officer
Elena Gallo Campos	Member	Corporate General Director
João Miguel Ferreira Pinto	Member	Chief Strategy Officer
Aurora Mata Toboso	Secretary	Corporate Legal Director

2. Core business and ancillary activities

The Company has a diversified portfolio of real estate properties comprising land and developments in progress, property assets and non-performing loans with a fair value of 2,189,569 thousand of euros, with a clear focus on property development for the sale of residential property.

The assets represent a total buildable area of 2,213,251 square metres distributed geographically as follows:

	Total m2	
City	2019	2018
Madrid	820,864	581,220
Málaga	406,311	140,671
Seville	332,078	187,699
Valencia	144,999	3,321
Barcelona	82,329	74,451
Valladolid	72,563	105,847
Others	354,106	274,818
	2,213,251	**1,368,026**

At 31 December 2019, the Group had 49 projects under construction. The total building area is 500,901 square metres for 4,117 homes, of which 51% are expected to be delivered in 2020, 47% in 2021 and 2% in 2022.

In 2019, the Group purchased 7 plots of land (one of which was a land purchase option) for a total of 50 million euros. The building area corresponding to these lands is 131,515 m², for an estimated volume of 1,208 homes. By region, land purchases are distributed as follows: 88% in Madrid and 12% in Málaga. In total, the buildability acquired in 2019 represents 6% of the total portfolio. All the purchases correspond to land on which residential developments are planned to be developed and which are the object of the Group's main activity.

In 2019, the Group sold 5 plots of non-strategic land for a total of 7,229 thousand of euros.

3. Business performance and financial position, key figures and trends.

The Group recorded a net profit of 24,435 thousand of euros in 2019. At the equity level, the Group has total assets of 1,713,797 thousand of euros, equity of 772,246 thousand of euros and current and non-current liabilities of 941,371 thousand of euros.

Revenue and EBITDA

Revenues amounted to 362,703 thousand of euros, of which 354,679 thousand of euros were sales of property developments delivered during the year: 769 housing units in the Central zone, 293 housing units in the South zone, 26 housing units in the East and 10 housing units in the North; 7,216 thousand of euros of land sales and 809 thousand of euros of finished product stock (Legacy). The Group's EBITDA amounted to 33,731 thousand of euros.

Adjusted EBITDA

The adjusted EBITDA for 2019 is 40,869 thousand of euros. The main adjustments can be summarised as follows: elimination of the reversal of impairment amounting to 2,615 thousand of euros and elimination of non-recurring expenses on the Group's main activity amounting to 5,399 thousand of euros.

Ordinary EBITDA transactions in 2019 include 6,200 thousand of euros relating to advisory services, legal, administrative and financial management, technical assistance and marketing services provided in the first three months of 2019 by Aelca Desarrollos Inmobiliarios in connection with the merger described in Note 1.

Net result

In the year ended 31 December 2019, the Group recorded a net profit of 22,345 thousand of euros.

Adjusted net result

After eliminating impairment losses, sales of non-strategic inventories and the higher cost of products sold per PPP, the profit for the year amounted to 22,341 thousand of euros.

Financial position

Current and non-current liabilities as at 31 December 2019 amounted to 941,371 thousand of euros, up 535,567 thousand of euros on 31 December 2018, mainly as a result of the liabilities included in the merger process amounting to 277,691 thousand of euros and the new corporate financing signed in January 2019 amounting to 223,000 thousand of euros.

Financial Debt: the balance of current and non-current financial debt as at 31 December 2019 is as follows:

		Dispose short term									Maturity
Instrument	limit	Long cycle	Short cycle	Dispose long term	Total drawn down	2020	2021	2022	2023	2024 and rest	Total
Mortgage loans secured by inventories (see Note 19.1.3)	1,089,582	46,268	225,853	–	**272,121**	226,552	39,688	1,740	4,141	–	**272,121**
Credit lines	147,476	–	107,368	37,377	**144,745**	16,550	128,195	–	–	–	**144,745**
Accrued interests (Note 19.1.3)	–	3,501	1,109	–	**4,610**	4,610	–	–	–	–	**4,610**
Other loans	186,640	–	–	185,024	**185,024**	154	183,873	160	164	673	**185,024**
Borrowing at 31/12/2018	**1,423,698**	**49,769**	**334,330**	**222,401**	**606,500**	**247,866**	**351,756**	**1,900**	**4,305**	**673**	**606,500**

4. Environmental matters and human resources

As detailed in Note 26 to the consolidated annual accounts, in view of the business activity carried on, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Additionally, the Group does not have any circumstances related to greenhouse gas emission rights.

At 31 December 2019, the average number of employees in Group companies was 461. The total number of resources at the end of 2019 was 482. The gender distribution of employees is:

	2019		2018	
	Women	Men	Women	Men
General Management	3	2	3	2
Directors and department heads	34	65	25	44
Technicians	64	61	41	59
Commercial staff	36	12	20	6
Staff	54	32	38	26
Other	3	116	3	99
	194	288	130	236

The average distribution of staff by category is as follows:

	2019
General Management	5
Directors and department heads	98
Technicians	119
Commercial Staff	42
Staff	80
Other	117
	461

5. Liquidity and capital resources

Note 20 to the consolidated annual accounts sets out the Group's capital management and liquidity risk policy. In addition, the Group has a sufficient level of cash to carry out its activities.

In 2019 the Group arranged a syndicated loan and a credit line amounting to 185,331 thousand of euros and 37,668 thousand of euros, respectively, to finance the acquisition of part of the development business of AELCA and twenty-seven Development Loans with a total capital of 449,615 thousand of euros, of which 60,185 thousand of euros were drawn down, to secure the financing of substantially all the developments that commenced construction in the year. The Group's current approach is to finance the construction of the developments through developer-type bank loans, linking the loan provisions to the degree of progress of the work. The company's policy regarding the financing of the plots: "Initially, the Company considers the use of its own resources to acquire new plots of land, although it does not rule out bank financing of no more than 50% of the purchase price, provided that the conditions of profitability, level of commercial risk and urban development status allow it."

6. Key risks and risk management

The risk management policies within the different areas in which the Group taking into account the macroeconomic environment and the situation of the financial markets, as well as the analysis of the management of the assets composing the Group. To this end, we have instruments that allow us to identify them sufficiently in advance or to avoid them, minimising risks.

The most significant financial risks may be:

Market risk

Exposure to interest rate risk

The Group has transactions with derivative financial instruments arranged in over-the-counter (OTC) markets with highly rated Spanish and international banks.

The Group maintains an interest rate cap (CAP). This instrument entitles its holder to receive a positive settlement if the 12M Euribor established at the beginning of the quarterly calculation period is above the related CAP rate. Settlement is quarterly, as the difference between the Euribor at 12M and the CAP rate on the nominal value of the transaction.

Most of the loans and credits held by the Group are indexed to Euribor. The Group has loans outstanding at the end of the year for an amount of 238,957 thousand of euros, with a fixed interest rate from 1.50% to 4.00%.

Exposure to price risk

Property assets are subject to future changes in market price. Every year the Group commissions market valuations from reference firms in order to detect possible accounting impairments.

Credit risk

The Group does not have a significant credit risk with third parties arising from its own real estate business, since it collects substantially all of its sales at the time of formalisation, either through subrogation of the buyer in the part of the development loan that corresponds to him or by another method, at the buyer's choice. The credit risk arising from payment deferrals in transactions involving the sale of land or completed buildings is mitigated by obtaining guarantees from the buyer or establishing resolutory conditions that can be registered in the Public Registry in the event of non-payment that would result in the recovery of title to the asset sold and the collection of compensation.

Exposure to solvency risk

The Group regularly analyses the risk of insolvency of its accounts receivable by updating the related impairment provision. The Board of Directors considers that the amount of trade and other receivables approximates their fair value.

Liquidity risk

In general, the Group maintains its cash and cash equivalents at financial institutions with a high credit rating. At year-end, the Group had 176,124 thousand of euros of cash available for operations, which is considered sufficient to cover cash requirements for the next 12 months.

7. Events after reporting period

Coronavirus COVID-19

The outbreak of the coronavirus (COVID-19) in February and March 2020 has led to an unprecedented international health crisis, which is expected to impact the macroeconomic environment and business performance globally. To address this situation, among other measures, the Spanish Government has declared

a state of alarm by publishing Royal Decree 463/2020 of 14 March, and has approved a series of urgent extraordinary measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of 17 March.

As of the date of preparation of these annual accounts, the impact on our operations is limited to the temporary slowdown in our business activities and production rate of the works, and we believe that we will be able to recover some or all of this slowdown when we return to the normal level of activity. However, the scope and duration of the preventive measures decreed by the authorities, and therefore the effect they could have on our results and future activity, are difficult to estimate given the current situation of uncertainty. The most significant risk to our business would result from a potential deterioration in the macroeconomic context, as our business is strongly related to GDP, the unemployment rate and the purchasing power of families.

8. Outlook for the group in 2020

The Group plans to continue with the disposal of inventories of finished products and the cancellation of the associated financial debt. To achieve the objective, trade policies and agreements with local commercial agents will be carried out to maximize the return on investment. However, no significant margins are expected to be obtained.

By 2020, the Group aims to continue acquiring new land plots in accordance with its strategic growth objectives, both geographically and in terms of identifying new housing demand niches with strong growth prospects in the coming years.

For the deliveries of homes scheduled for 2020, the Group plans to continue with its customer service policy to ensure a unique delivery experience.

9. Innovation

The relevant activities carried out by the Group in 2019 in the area of research, development and innovation were as follows:

Industrialised façades

Continuing with the project of a new industrialised facade, it has gone from prescribing a system designed for transport, elevation, assembly and technical characteristics in its final location to including the variable of manufacturing in the design. To this end, the limitations of the specific machinery for this type of industry and materials have been taken into account, based on a study of said machinery and industry in advance; providing the set of manufacturing, construction, regulatory (CTE) and economic viability. After these adjustments, full-scale prototypes were made to verify their ease of manufacture, transport and assembly, and destructive and non-destructive regulatory tests were carried out to empirically verify the system's performance.

Feasibility of industrialised systems in multi-family buildings and their impact on design

A comparison has been made in two plots of land with similar characteristics in the same town (Boadilla del Monte, Madrid) where it has been attempted to make the same type of housing in both plots with different mix of product and buildability, proving that a rational design with small changes can make repetitive typologies in different geometries of plots. In both projects the construction company entered from the conceptual phase to carry out an optimised design taking into account the rules of the industrialised construction system chosen for each project: one of them is prescribed with a three-dimensional industrialised system with a metal structure and collaborating plate slabs and the second project is elaborated with a 2D prefabricated concrete structure with supporting concrete panels and hollow-core slabs. A comparison of systems, prices and deadlines is made.

Standardisation of technical and economic criteria in preliminary projects

Improvement of efficiency in the process of preparing a project by including standardised items in the initial phase of the project. These items have been studied according to their impact on the cost of construction of a work (nearly 80% of the cost). Specifically, standard options have been defined at the level of: structure; facades; interior quality memories; installations; etc. For each of these settings, the most relevant items have been analysed, providing them with real prices and their repercussions per m2, so that these elements can be traced at launch and throughout the life of the asset.

10. Treasury shares

The Group did not carry out transactions with its own shares during 2019 and did not hold any treasury shares as at 31 December 2019.

11. Alternative performance measurements

As indicated in Note 1 to the consolidated financial statements, the Group prepares its annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). In addition, it presents some Alternative Performance Measures (“APMs”) to provide additional information that favours the comparability and understanding of its financial information, and facilitates decision making and evaluation of the Group’s performance.

The APMs must be considered by the user of the financial information as complementary to the aggregates presented in accordance with the basis of presentation of the consolidated annual accounts. The APMs have limitations in terms of analytical tools and should not be considered separately or as a substitute for analysis of our results under IFRS-EU.

Comparative: the Parent Company presents the figures of the previous year for comparison purposes. The observations are as follows:

1. The Parent incorporated the figures of the Aelca Group (see Note 1).

2. Revenue from sales of property developments in 2019 increased by 235,092 thousand of euros with respect to 2018 due to the delivery of 1,098 units (340 units in 2018).

The main APMs related to the Company’s performance and its reconciliation to the consolidated financial statements (in thousand of euros) are as follows:

11.1. Revenue

Definition: sale of real estate developments + sale of land + disposal of non-strategic assets + services provided

Explanation of usage: The board considers revenue to be a measure of performance, as it includes information on how revenue is generated, both from sales of property developments and non-strategic assets and from services rendered.

The following table presents our estimates of revenues for the years ended 31 December 2019 and 31 December 2018.

	Thousand of Euros	
	2019	2018
Sale of property developments – Note 23.1	354,679	119,587
Sale of land – Note 23.1	7,216	21,893
Legacy Assets disposal – Note 23.1	809	15,568
Services rendered	10	15
Revenue	**362,714**	**157,063**

11.2. Impairment losses

Definition: impairment + reversal of impairment losses on inventories.

Explanation of use: the Parent's management considers that impairment losses are a measure of performance, since they provide information on the net impairment of inventory losses (impairment loss less reversal).

The following table presents our estimates of impairment losses for the year ended 31 December 2019.

	Thousand of Euros	
	2019	2018
Impairment – Note 15.6	(17,516)	(14,574)
Reversal of impairment losses of inventories – Note 15.6	36,037	86,368
Impairment losses	**18,521**	**71,798**

11.3. Gross margin

Definition: Revenue – changes in inventories of finished products and work in progress – raw materials and other consumables used

Explanation of use: the Parent's management body considers the gross margin to be a measure of performance, since it provides information on how our business is performing, starting with sales revenue and subtracting the costs incurred on those sales.

The following table presents our gross margin calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Sales – Note 23.1	**362,714**	**157,063**
Sale of property developments	354,679	119,587
Sale of land	7,216	21,893
Legacy Assets disposal	809	15,568
Others	10	15
Changes in inventory of finished goods and Work in Progress – Note 23.2	**150,835**	**42,244**
Cost of goods sold (units delivered)	*(276,558)*	*(154,452)*
Changes in inventory of land and developments in progress	*427,393*	*196,696*
Raw materials and other consumables used (excluding impairment losses on real estate inventories)	**(434,296)**	**(187,349)**
Purchase of land and developments in progress	(434,296)	(187,349)
Others cost of sale (non capitalized)	**(6,735)**	–
Gross Margin	**72,518**	**11,958**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

11.4. Adjusted gross margin

Definition: gross margin – disposal of non-strategic assets + cost of products sold – non-strategic assets + reversal of higher cost of products sold per PPP (units delivered) + reversal of higher cost of land per PPP + reversal of impairment of finished products and work in progress +/- expenses – non-recurring income.

Explanation of use: the Parent's governing body considers the adjusted gross margin to be a measure of the performance of its core business, since it provides information on the profits made on property developments. The adjusted gross margin does not include profits obtained on sales of land and non-strategic inventories, which the Company does not consider to be its main activity, the higher cost of products sold per PPA is considered to be a factor that distorts the accounting and the reversal of impairment of finished products and work in progress recorded before revenue is recognised. This performance measure is calculated and included to show the ability of senior management to increase property development margins.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Gross Margin	**72,518**	**11,958**
Legacy Assets disposals – Note 23.1	703	796
Reversal of higher cost of goods sold due to PPA (units delivered) – Note 23.2	(266)	13,638
One off expenses	2,210	–
Adjusted Gross Margin	**75,165**	**26,392**

11.5. Contribution margin

Definition: gross margin – internal commercial staff costs – internal construction staff costs – sales and marketing costs included in Other costs.

Explanation of use: the Parent's governing body considers that the contribution margin is a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated income during the period. The contribution margin is calculated on the basis of the gross margin, net of certain costs associated with the marketing and sale of the relevant property developments.

The following table presents our contribution margin calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Gross Margin	**72,518**	**11,958**
Internal commercial staff expenses – Note 23.4	(2,119)	(1,242)
Other expenses – Sales and marketing expenses – Note 23.6	(12,522)	(8,901)
Contribution Margin	**57,877**	**1,815**

11.6. Adjusted contribution margin

Definition: Adjusted gross margin – internal commercial staff costs – internal construction staff costs – sales and marketing costs included in Other costs +/- costs – non-recurrent income.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Explanation of use: the Parent's governing body considers the contribution margin to be a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated revenue during the period, excluding the sales and marketing expenses incurred. The adjusted contribution margin is calculated on the basis of the adjusted gross margin.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Adjusted Gross Margin	**75,165**	**26,392**
Internal commercial staff expenses – Note 23.4	(2,119)	(1,242)
Other expenses – Sales and marketing expenses – Note 23.6	(12,522)	(8,901)
One off expenses	1,707	–
Adjusted Contribution Margin	**62,231**	**16,249**

11.7. EBITDA

Definition: contribution margin + losses due to deterioration of real estate stocks + other income + services rendered – personnel expenses *(excluding expenses for internal commercial personnel and expenses for internal construction personnel)* – other operating expenses (*excluding sales and marketing expenses*) – impairment losses and gains/(losses) on the disposal of fixed assets.

Explanation of use: the Parent's management considers EBITDA to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest, taxes and amortisation), as an approximation of the operating cash flows reflecting the generation of cash. In addition, EBITDA is a measure widely used by investors in the valuation of companies.

The following table presents our EBITDA calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Contribution Margin	**57,877**	**1,815**
Impairment losses on real estate inventories – Note 15	4,330	23,428
Other income	3,452	2,051
Personnel expenses (excluding internal commercial staff expenses) – Note 23.3	(16,714)	(9,181)
Other expenses (excluding sales and marketing expenses) – Note 23.6	(15,216)	(11,851)
EBITDA	**33,729**	**6,262**

11.8. Adjusted EBITDA

Definition: EBITDA – reversal of losses from impairment of property inventories - disposal of non-strategic assets + cost of products sold non-strategic assets + reversal of higher cost of products sold by PPA – reversal of impairment of finished products and work in progress +/- expenses – non-recurring income.

Explanation of use: the Parent's governing body considers that adjusted EBITDA is a measure of the Group's business performance, since it provides an analysis of operating results excluding inventory impairments that do not represent cash outflows and transactions not considered to be core business.

The following table presents our estimates of adjusted EBITDA for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Adjusted Contribution Margin	**62,231**	**16,249**
Other income	3,452	2,051
Personnel expenses (excluding internal commercial staff expenses) – Note 23.3	(16,714)	(9,181)
Other expenses (excluding sales and marketing expenses) – Note 23.6	(15,216)	(11,851)
One off expenses	5,573	–
Impairment on inventories	4,330	–
Adjusted EBITDA	**43,656**	**(2,732)**

11.9. EBIT

Definition: EBITDA – depreciation and amortisation expense

Explanation of use: the Parent's governing body considers EBIT to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest and taxes), as an approximation of the operating cash flows that reflect the generation of cash. In addition, EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use EBIT to assess debt against net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
EBITDA	**33,729**	**6,262**
Depreciation and amortization charge	(439)	(325)
EBIT	**33,290**	**5,937**

11.10. Adjusted EBIT

Definition: Adjusted EBITDA – depreciation and amortisation expense

Explanation of use: the Parent's governing body considers adjusted EBIT a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest, taxes and amortisation), as an approximation of the operating cash flows reflecting the generation of cash. In addition, adjusted EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use adjusted EBIT to evaluate debt compared to net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Adjusted EBITDA	**43,656**	**(2,732)**
Depreciation and amortization charge	(439)	(325)
Adjusted EBIT	**43,217**	**(3,057)**

11.11. Adjusted net result

Definition: Adjusted EBIT + financial income/(expense) + share of profit for the year from investments accounted for using the equity method – tax + (loss) / profit for the year from discontinued operations net of tax +/- expenses – non-recurring income.

Explanation of use: adjusted net profit is considered to be a measure of performance, since it provides useful information for analysing the profitability of companies in order to show the net profit of the Parent's main activity and to eliminate the effect of the variation associated with certain items.

The following table presents our estimates of adjusted net income for the years ended 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Adjusted EBIT	**43,217**	**(3,057)**
Net finance income/(cost)	(21,950)	18,666
Share of loss on investments accounted for using the Equity Method	6,940	(640)
Income tax	4,155	60,823
One off expenses	3,283	–
Adjusted Net Result	**35,645**	**75,792**

The most significant APMs referring to the company's financial debt situation are as follows:

A. Loans (Borrowings)

Definition: debts to credit institutions (classified into short-term and long-term creditors) — bank debts to related companies.

Explanation of use: the Parent's governing body considers that the loans (Borrowings) are a measure of the performance of its activity, since they show the net financial position of the company, which is necessary for the calculation of the leverage ratios normally used in the market.

The following table presents our loan calculations as of 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Non-current payables – Bank borrowings – Note 18	222,401	1,309
Current payables – Bank borrowings – Note 18	384,099	237,648
Borrowings	**606,500**	**238,957**

B. Net financial debt

Definition: loans + deferred payments for the acquisition of inventories (including deferred payments for the purchase of Vía Célere) + other financial liabilities (classified under long-term and short-term liabilities) — cash or cash equivalents (less restricted cash) (Note 14.3).

Explanation of use: the Parent's management considers financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our calculation of net financial debt to net financial debt as at 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Borrowings	**606,500**	**238,957**
Non-current payables — Other financial liabilities – Note 18	10	188
Current payables — Other financial liabilities – Note 18	307	536
Cash and cash equivalents (less restricted cash) (Note 14.3)	(83,032)	(9,385)
Net Financial Debt	**523,785**	**230,294**

C. Adjusted net financial debt

Definition: net financial debt + loans from companies carried by the equity method + deferred payments for optional land — cash from companies carried by the equity method

Explanation of use: the Parent's management considers adjusted financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our calculation of adjusted net financial debt as of 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Net Financial Debt	**523,785**	**230,294**
Borrowings of subsidiaries integrated through Equity Method – Note 19.1.1	2,235	18,450
Deferred payments for optioned land	62,000	39,159
Available cash of subsidiaries integrated through Equity Method – Note 15.3	(4,926)	(3,686)
Adjusted Net Financial Debt	**583,094**	**284,217**

D. Leverage

Definition: loans (borrowings) /total assets

Explanation of usage: Leverage is an indicator that measures a company's debt position. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use net financial debt to assess indebtedness.

The following table presents our leverage calculations as of 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Borrowings	**606,500**	**238,957**
Total assets	1,713,797	861,527
Leverage ratio	**35%**	**28%**

E. Loan to Value ("LTV")

Definition: Adjusted net financial debt /value . . of the portfolio of inventories associated with the Company's percentage of ownership (GAV).

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Explanation of use: LTV is an indicator that measures the company's debt position in relation to the market value of its property assets. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use this figure to assess indebtedness.

The following table presents our LTV calculations as of 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Adjusted Net Financial Debt	**538,094**	**284,217**
Market value of inventory portfolio associated to the Company's ownership interest percentage (GAV)	2,166,924	1,107,377
LTV	**27%**	**26%**

F. Loan to Cost ("LTC")

Definition: net financial debt / (stock — advances to suppliers)

The following table sets forth our estimates of LTC as of 31 December 2019 and 2018.

	Thousand of Euros	
	2019	2018
Net financial debt	**523,785**	**230,294**
Inventories – Note 15	1,416,688	675,624
Advance to suppliers – Note 15	(10,771)	(8,099)
LTC	**37%**	**34%**

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 19 de marzo de 2020 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2019 y el 31 de diciembre de 2019. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Francisco Milone

The directors of the Company Vía Célere Desarrollos Inmobiliarios S.A., on a meeting held on 19 March 2020 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the consolidated annual accounts and the Management Report of financial year covered between 1 January 2019 and 31 December 2019. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Francisco Milone

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

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D. Héctor Serrat Sanz

The directors of the Company Vía Célere Desarrollos Inmobiliarios S.A., on a meeting held on 19 March 2020 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the consolidated annual accounts and the Management Report of financial year covered between 1 January 2019 and 31 December 2019. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Héctor Serrat Sanz

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 19 de marzo de 2020 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2019 y el 31 de diciembre de 2019. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Jaime Echevarría

The directors of the Company Vía Célere Desarrollos Inmobiliarios S.A., on a meeting held on 19 March 2020 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the consolidated annual accounts and the Management Report of financial year covered between 1 January 2019 and 31 December 2019. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Jaime Echevarría

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Signature sheet

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 19 de marzo de 2020 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2019 y el 31 de diciembre de 2019. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Jose Ignacio Morales Plaza

The directors of the Company Vía Célere Desarrollos Inmobiliarios S.A., on a meeting held on 19 March 2020 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the consolidated annual accounts and the Management Report of financial year covered between 1 January 2019 and 31 December 2019. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Jose Ignacio Morales Plaza

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

KPMG Auditores, S.L.
Paseo de la Castellana, 259-C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

To the shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.

Opinion

We have audited the consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts 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 regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this 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 judgement, have been considered as the most significant risks of material misstatement in the 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.

Valuation of inventories (see notes 2.4., 4.12 and 16)

At 31 December 2018 the Group holds real estate inventories to be developed and sold in the ordinary course of its activity totalling Euros 666,345 thousand. The Group tests these assets for impairment every year and to determine whether the net realisable value of the inventories is in line with appraisals or valuations performed by independent experts. The valuation process of these assets for these purposes has been considered as a relevant aspect of the audit insofar as the valuation techniques used often require the exercising of judgement by the directors and the use of assumptions and estimates.

Our audit procedures included, among others, the evaluation of the design and implementation of the key controls related to the valuation of real estate inventories, as well as the evaluation of the methodology and assumptions used to prepare the appraisals or valuations used in this process, for which we involved our valuation specialists. We also assessed whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Recognition and recoverability of deferred tax assets (see notes 2.4, 4.15) and 22)

At 31 December 2018 the Group has deferred tax assets amounting to Euros 71,089 thousand. The recognition of deferred tax assets entails a high level of judgement by the directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of the amount of deferred tax assets and the uncertainty associated with the recovery thereof, this matter has been considered a relevant aspect of the audit.

Our audit procedures included, among others, an assessment of the design and implementation of controls over the recognition and measurement of deferred tax assets, and an evaluation of the key assumptions used to estimate the Group's future taxable profits, compared with data from external sources, such as economic forecasts, and the Group's historical data. We involved our tax specialists to assess the tax planning strategies. In addition, we assessed the sufficiency of future taxable profits to offset deferred tax assets and we evaluated whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Emphasis of Matter

We draw attention to note 28 to the accompanying consolidated annual accounts, which states that after the 2018 year end, the Parent finalised the process to take control of certain real estate development companies, which were previously controlled by their ultimate majority shareholder, as well as the merger by absorption of these companies, once the conditions precedent set forth in the contracts between the parties had been met. Note 28 to the accompanying consolidated annual accounts includes the main effects of the transaction, as well as its accounting treatment as a transaction between Group companies applied by the Group in the consolidated annual accounts. Our opinion is not modified in respect of this matter.

Other information: Consolidated Directors' Report

Other information solely comprises the 2018 consolidated directors' report, the preparation of which is the responsibility of the Parent's directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they 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's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated 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 prevailing legislation regulating the audit of accounts 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 economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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’s directors.
- Conclude on the appropriateness of the Parent’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 a true and fair view.
- 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 directors of the Parent 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 to the directors of Vía Célere Desarrollos Inmobiliarios, S.A., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

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

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors (“ROAC”) with No. S0702

Francisco Rabadán Molero
On the Spanish Official Register of Auditors (“ROAC”) with No. 15,797

12 April 2019

Via Celere Desarrollos Inmobiliarios, S.A. and Subsidiaries

Consolidated Annual Accounts and Consolidated Management Report for the year ended 31 December 2018

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(IN THOUSANDS OF EUROS)

Assets	Note	31.12.2018	31.12.2017
Intangible assets	**8**	**122**	**85**
Patents, licences, brands and similar		27	27
Computer softw are		90	53
Goodw ill		5	5
Property, plant and equipment	**9**	**3,546**	**3,393**
Land and buildings		2,729	2,813
Plant and machinery		172	223
Other property, plant and equipment		428	357
Work in progress		217	–
Investment property	**10**	**114**	**116**
Buildings		114	116
Investments in associates		**12,682**	**15,722**
Equity instruments	**14**	12,682	15,722
Non-current financial assets	**15**	**27,349**	**38,630**
Deposits and guarantees		635	343
Derivative financial instruments		26	99
Loans to third parties		26,688	38,188
Deferred tax assets	**22.2**	**71,089**	**9,054**
Total non-current assets		**114,902**	**67,000**
Non-current assets held for sale	**11**	**–**	**16,642**
Inventories	**16**	**675,624**	**616,948**
Raw material		1,180	–
Land and plots		271,229	274,088
Completed developments		4,801	21,182
Property developments in progress		390,315	309,748
Advances to suppliers		8,099	11,930
Trade and other receivables		**10,090**	**8,576**
Trade receivables for sales and services	**15**	3,438	2,759
Receivables from Group companies and associates	**15, 25**	121	–
Other receivables from public administrations	**22.1**	2,952	3,621
Current tax receivable	**22.1**	96	85
Other accounts receivable	**15**	3,483	2,111
Current investments in associates	**15, 25**	**365**	**681**
Loans to associates		365	681
Current financial assets	**15**	**419**	**828**
Other financial assets		419	828
Prepayments and accrued income		**3,890**	**1,114**
Cash and cash equivalents	**15.3**	**56,236**	**100,046**
Cash		11	4
Treasury		56,225	100,042
Total current assets		**746,624**	**744,835**
Total assets		**861,526**	**811,835**

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(IN THOUSANDS OF EUROS)

Equity	Note	31.12.2018	31.12.2017
Share capital	17.1	204,187	169,433
Share premium	17.2	239,294	159,518
Reserves		**(69,725)**	**64,192**
Legal reserve	17.3	20,814	20,814
Retained Earnings		(90,539)	43,378
Profit /(Loss) for the year		**84,786**	**(135,419)**
Other equity instruments	17.7	–	**41,327**
Total Equity attributable to the Parent		**458,542**	**299,051**
Total Equity		**458,542**	**299,051**
Non-current provisions	18	**8,823**	**10,093**
Non-current payables	19	**1,497**	**1,720**
Bank borrow ings		1,309	1,460
Other financial liabilities		188	260
Deferred tax liabilities	22.2	**13,852**	**15,780**
Total non-current liabilities		**24,172**	**27,593**
Current provisions	18	**421**	**3,812**
Current payables	19	**238,184**	**363,477**
Bank borrow ings		237,648	363,255
Other financial liabilities		536	222
Current related party payables	25	**142**	**15,001**
Trade and other payables		**140,062**	**102,901**
Current payables to suppliers	19.2	41,196	38,712
Customer advances	19.2	92,909	57,777
Payable to employees	19.2	1,442	1,066
Taxes payable	22.1	3,454	1,662
Current tax liabilities	22.1	1,061	3,684
Accrued expenses and deferred income		**3**	–
Total current liabilities		**378,812**	**485,191**
Total liabilities		**402,984**	**512,784**
Total equity and liabilities		**861,526**	**811,835**

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 2018
(IN THOUSANDS OF EUROS)

	Note	31.12.2018	31.12.2017
Revenue	**24.1**	**157,063**	**57,796**
Sales		157,048	57,787
Services rendered		15	9
Other income		**2,136**	**2,042**
Changes in inventories of finished goods and work in progress	**24.2**	**47,143**	**80,151**
Raw materials and other consumables used		**(163,921)**	**(245,191)**
Raw materials and other consumables used		(85,540)	(125,598)
Work performed by other companies		(93,044)	(35,386)
Impairment losses on real estate inventories	16	14,663	(84,207)
Personnel expenses	**24.4**	**(15,322)**	**(10,890)**
Wages, salaries and similar		(12,249)	(8,920)
Employee benefits expense		(3,073)	(1,970)
Other expenses	**24.6**	**(20,752)**	**(16,184)**
Depreciation and amortisation charge	**8, 9, 10**	**(325)**	**(386)**
Impairment losses and gains/(losses) on disposal of non-current assets	**24.11**	**(85)**	**38**
Impairment and losses		(54)	–
Gains on disposals and others		(31)	38
OPERATING LOSS		**5,937**	**(132,624)**
Finance income	**24.9**	**386**	**284**
From marketable securities and other financial instruments		386	284
Finance cost	**24.10**	**(8,084)**	**(10,856)**
On borrowings from associated companies		(56)	(43)
On payables to third parties		(8,028)	(10,813)
Change in fair value of financial instruments	**24.13**	**25,743**	**6**
Impairment losses and gains/(losses) on disposal of financial instruments	**24.12**	**621**	**(2,087)**
NET FINANCE INCOME / (COST)		**18,666**	**(12,653)**
Share of loss on investments accounted for using the equity method	**14**	**(640)**	**(480)**
PROFIT /(LOSS) BEFORE TAX		**23,963**	**(145,757)**
Income tax	22	60,823	10,834
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**84,786**	**(134,923)**
(Loss)/Profit for the year from discontinued operations Net of Tax	7.2	–	(526)
PROFIT /(LOSS) FOR THE YEAR		**84,786**	**(135,449)**
Earning per share			
Basic earning per share (Euros) (see Note 5)		2.56	(6.24)
Diluted earning per share (Euros) (see Note 5)		2.56	(6.24)
Earning per share - Continuing operations			
Basic earning per share (Euros) (see Note 5)		2.56	(6.21)
Diluted earning per share (Euros) (see Note 5)		2.56	(6.21)
Loss attributable to non-controlling interests		**–**	**(30)**
Loss attributable to Parent Company Shareholders		**84,786**	**(135,419)**

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(IN THOUSANDS OF EUROS)

	(Thousands of Euros)	
	Year 2018	Year 2017
Consolidated profit/(loss) for the year	**84,786**	**(135,449)**
Items reclassified to profit and loss		
-Translation differences	–	319
Total	**–**	**319**
Total comprehensive income/(loss), net of taxes	**84,786**	**(135,130)**
a) Owners of the Parent	84,786	(135,100)
b) Non-controlling interests	–	(30)

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR- ENDED 31 DECEMBER 2018
(IN THOUSANDS OF EUROS)

	Attributable to owners of the Company								
	Share Capital	Share premium	Legal reserve	Translation differences	Retained earnings	Other Equity instruments	Total	Non-controlling interest	Total Equity
Balance at 1 January 2017	**121,254**	**190,728**	**20,814**	**(319)**	**28,968**	**–**	**361,445**	**674**	**362,119**
Total comprehensive loss for the year	–	–	–	319	(135,419)	–	**(135,100)**	**(30)**	**(135,130)**
Issue of ordinary shares (Note 17.1)	48,179	141,821	–	–	–	–	**190,000**	–	190,000
Other equity instruments (Note 17.7)	–	–	–	–	–	41,327	**41,327**	–	**41,327**
Distribution to shareholders (Note 17.1 and 17.2)	–	(173,031)	–	–	14,410	–	**(158,621)**	**(644)**	**(159,265)**
Balance at 31 December 2017	**169,433**	**159,518**	**20,814**	**–**	**(92,041)**	**41,327**	**299,051**	**–**	**299,051**
Total comprehensive loss for the year	–	–	–	–	84,786	–	**84,786**	–	**84,786**
Issue of ordinary shares (Note 17.1)	34,754	79,776	–	–	–	(41,327)	**73,203**	–	73,203
Other equity	–	–	–	–	1,502	–	**1,502**	–	**1,502**
Balance at 31 December 2018	**204,187**	**239,294**	**20,814**	**–**	**(5,753)**	**–**	**458,542**	**–**	**458,542**

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 2018 (IN THOUSANDS OF EUROS)

	Note	31.12.2018	31.12.2017
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss for the year		**84,786**	**(135,449)**
Adjustments for		**(150,974)**	**96,046**
Depreciation and amortisation charge	**8, 9, 10**	325	5,795
Impairment losses on real estate inventories	**16**	(71,741)	84,207
Changes in provisions	**18**	(740)	10,109
Gains on derecognition and disposal of non-current assets	**24.11**	31	(8,224)
(Gains)/losses on derecognition and disposal of financial instruments	**24.12**	(621)	(2,434)
Finance income	**24.9**	0	(2,652)
Finance cost	**24.10**	8,084	20,208
Tax income		(60,823)	(11,437)
Change in fair value of financial instruments		(25,743)	(6)
Share of loss on investments for using the equity method	**14**	640	480
Changes in working capital		**60,922**	**(99,690)**
Inventories		42,189	(125,400)
Trade and other receivables		(1,357)	24,646
Trade and other payables		26,941	2,355
Other current assets and liabilities		(6,230)	(1,278)
Other non-current assets and liabilities		(621)	(13)
Other cash flows used in operating activities		**(15,011)**	**(19,053)**
Income taxes paid	**22**	(2,400)	(791)
Interest paid	**24.10**	(12,997)	(20,594)
Interest received	**24.9**	386	2,332
Total net cash flows used in operating activities		**(20,277)**	**(158,146)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due/proceeds from investing activities		**(872)**	**(69,237)**
Associated companies		–	(3,848)
Acquisition of intangible assets	**8**	(85)	(70)
Acquisition of property, plant and equipment	**9**	(492)	(335)
Acquisition of subsidiary, net of cash acquired	**7.1**	–	(64,137)
Other financial assets		(295)	(847)
Proceeds from sale of investments		**18,288**	**54,031**
Investments in associates		1,116	6,284
Investment property		36	45,001
Non-current assets held for sale	**11**	16,585	–
Other financial assets		551	2,746
Total net cash flows (used in)/from investing activities		**17,416**	**(15,206)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments	**17.1, 17.8**	183	229,216
Proceeds from associated companies		–	13,948
Proceeds from bank borrow ings		50,377	55,269
Payment to associates companies		(15,001)	–
Repayment of bank borrow ings		(76,508)	(58,694)
Dividends paid		–	(9,524)
Total net cash flows from financing activities		**(40,949)**	**230,215**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(43,810)**	**56,863**
Cash and cash equivalents at 1 January	**15.3**	100,046	43,183
Cash and cash equivalents at 31 December	**15.3**	56,236	100,046

Notes 1 to 28 form an integral part of these consolidated annual accounts for 2018.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts as at 31 December 2018

1. Nature, activities and composition of the Group

Via Celere Desarrollos Inmobiliarios, S.A. (hereinafter, the Parent Company, the Company or VCDI) was incorporated in Pontevedra on 16 August 1989, under the trade name “Confecciones Udra, S.A.”, which was subquently changed in 1993 to “Inmobiliaria Udra, S.A.”, in June 2008 to “San José Desarrollos Inmobiliarios, S.A.”, and later in June 2016 to “Dos Puntos Desarollos Inmobiliarios S.A.”.

On 20 June 2017 at the Extraordinary General Shareholders’ Meeting it was resolved to change the registered office and adopt the subsequent by laws amendment, with the new registered office set at Carlos y Guillermo Fernández Shaw 1, 28007 Madrid, Spain.

As part of its business strategy, in 2017 the Parent Company, decided to spin-off their rental business into a newly-incorporated company, Dospuntos Asset Management, S.L. Management committed to a plan to distribute to its shareholders the rental business following a strategic decision to restructure its activities and place greater focus on the Group’s key competencies, the residential development business. Subsequently, the aforementioned company was transferred out of the Group through a non-monetary contribution to entities under common control of the Group’s shareholders (see Notes 7 and 17).

In this regard the spin-off transaction was carried out as follows:

- On 20 October 2017, at the Extraordinary General Shareholders’ Meeting the Parent Company’s segregation project in favour of Dospuntos Asset Management, S.L. was approved.
- On 22 December 2017, the Parent Company acquired from its subsidiary Parquesoles Portugal SGPS, S.A. (rental business) the shares of Parquesoles Inmobiliaria y Proyectos – Investimentos Inmobiliários, S.A. (residential development business). At the same time, Parquesoles Portugal SGPS, S.A. acquired from Douro - Atlantico – Sociedade Inmobiliária, S.A. its stake in Burgo Fundiários, S.A., all group companies.
- Futhermore, on 22 December 2017 the Parent Company transferred to Dospuntos Asset Management, S.L. by means of a non-monetary contribution, the wholly-owned stakes in the following subsidiaries: Lardea, S.L.U., Douro Atlántico, S.L.U., Udramar Inmobiliaria, S.L.U. and Udrasol Inmobiliaria, S.L.U.
- On 28 December 2017 it was agreed at the General Shareholders Meeting to distribute the share premium reserve of Euros 173,031 thousand, which has the nature of a freely distributable reserve, in kind through the transfer of the shares of the wholly-owned subsidiary Dospuntos Asset Management, S.L. This distribution was done among the Shareholders proportionally to their stake in the share capital of the Company.

The Parent Company is the head of a group of subsidiaries engaged most of them in the same activities and constitute together Via Celere Desarrollos Inmobiliarios Group (hereinafter, the “Group”).

The Group activity consists of providing the following services through Group companies: the development of all types of properties; construction in general, on its own behalf or on behalf of third parties; the sale and purchase of construction equipment, development and gardening material; the execution of public works in general; and the sale and purchase of all types of properties, whether transportable or non-transportable and real estate properties whether rural or urban. The Group’s activity takes place in Spain and Portugal.

As a subsequent event of the financial year and before preparing the present consolidated annual accounts, the Group’s Parent Company, Via Celere Desarrollos Inmobiliarios, S.A., carried out the purchase of certain companies with similar activity (mainly real estate development), once the conditions precedent established in the agreements signed on September 2018 between the parties have been fulfilled. The operation was placed on public record on 9 January 2019 and is detailed in note 28 of subsequent events.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Financial reporting standards framework applicable to the Group

These consolidated annual accounts as at 31 December 2018 were prepared on the basis of the accounting records of the Company and subsidiaries in accordance with International Financial Reporting Standards, as

adopted by the European Union (IFRS-EU) (the 2018 Consolidated Annual Accounts) with the aim of giving a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group as at 31 December 2018, the results of its consolidated transactions, its consolidated cash flows and changes in consolidated equity for the year then ended.

The Board of Directors of the Parent Company considers that the 2018 Consolidated Annual Accounts, which were authorised for issue on 27 March 2019, will be approved at the General Shareholders' Meeting without any significant changes.

Details of the Group's accounting policies are included in Note 4.

This is the first set of the Group's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 2.1a

a) Changes in accounting policies and disclosures

The Group applied IFRS 15 (see A) and IFRS 9 (see B) from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's annual accounts.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these annual accounts has not been restated to reflect the requirements of the new standards.

The Group has adopted IFRS 15 using the cumulative effect (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

A) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains controls of good or services. Determining the timing of the transfer of control – at a point in time or overt time – requires judgement.

Sales of goods

The Group recognises revenue upon delivery of the dwelling to the customer, although three different documents are signed (the pre-reservation and/or reservation, the private contract of sale and the deed of sale) during the course of the entire process. Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

The Group's assessment indicates that all these impacts does not imply any change in the previous revenue recognition approach, as the performance obligation is satisfied on the signing of the final document, which is when the property is delivered, control is transferred, and the revenue is recognised.

Customer advances

Customers make advances on the future delivery of the homes, which are recognised as a contractual liability. Since the period between delivery of the advance and recognition of the income exceeds twelve months, the Group recognises a finance charge with a credit to the liability from the time when the advance is collected until the income is recognised. The interest rate used to recognise the interest

expense is determined by the Group's incremental interest rate. However, since customer advances are specifically used to finance work in progress, financial expenses are capitalised in inventories in progress, as indicated in section 4.4.

Consequently, the application of IFRS 15 led to the recognition of an amount of Euros 1,468 thousand (see Note 16) under "Inventories" in order to recognise the aforementioned financial component, although, since it is capitalised, the application of this standard did not have an impact on the Group's reserves as at 1 January 2018.

Before the adoption of IFRS 15, the Group presented these advances as customer advances in the consolidated statement of financial position and no interest was accrued on advances received in the short term.

Commissions

It is also important to consider that in some residential developments there are sales commissions that are granted to a third party. These commissions are usually charged to the developments as part of the indirect costs involved. The commissions are specific to each contract and would not have been incurred if the contract had not been obtained. These commissions arise in two moments: on the signing of the private sales contract and on the legalisation of the sale deed. The second part of the commission is paid at the moment of the transfer of control. IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset if certain criteria are met. Any capitalized contract costs assets must be amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. For additional information about the Group's accounting policies relating to revenue recognition, see Note 4.16.

B) IFRS 9 – Financial Instruments and subsequent amendments.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financials instrument as a whole is assessed for classification.

Financial Assets	Classification under IAS 39	New classification under IFRS 9
Investment in Associates	Available for sale	FVTPL
Loans and receivables	Loans and receivables	Amortised cost
Cash and Cash equivalent	Loans and receivables	Amortised cost

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment has not had a material increase for assets in the scope of the IFRS 9 impairment model.

iii. Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objective and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses over-the-counter (OTC) derivative financial instruments to hedge the variability in cash flows arising from changes in variable interest rate (Euribor) relating to the bank borrowings. The fair value of the interest rate derivative is of Euros 26 thousand (see Note 19.1.4). The Group considers that the impact on the consolidated annual accounts is not significant.

iv. Transition

Changes in accounting policies from the adoption of IFRS 9 are applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.
- The assessment have been made on the basis of the facts and circumstances that existed at the date of initial application in respect of the determination of the business model within which a financial asset is held.

For additional information about the Group's accounting policies relating to financial instruments, see Note 4.10

b) Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Consolidated Annual Accounts.

IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated annual accounts, as described below.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessor continues to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Leases in which the Group is a lessee

The Group will recognize new assets and liabilities for its operating leases of office, car rental and work shed. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use asset and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to Euros 2,046 thousand, on an undiscounted basis (see Note 24.8).

Based on the information currently available, the Group estimates that it will be recognize lease liabilities of Euros 1,637 thousand as at 1 January 2019.

Leases in which the Group is a lessor

No significant impact is expected for leases in which the Group is a lessor.

Transition to IFRS 16

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

C) Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the Consolidated Annual Accounts of the Group.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated annual accounts.

a. IFRIC 23 Uncertainty over Tax Treatments.

b. Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28).

c. Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

d. Annual Improvements to IFRS Standards 2015-2017 Cycle – various standards.

e. IFRS 17 Insurance Contracts.

2.2 Comparative information

According to current corporate legislation, the consolidated annual accounts referring to the financial year ending 31 December 2018 are presented, for comparative purposes, with the information from the financial year ending 31 December 2017.

2.3 Basis of measurement

These 2018 consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, when applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value.

- Derivative financial instruments, which are recognised at fair value.

2.4 Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information contained in these 2018 Consolidated Annual Accounts is the responsibility of the Board of Directors of the Parent Company.

These 2018 consolidated annual accounts have certain relevant accounting estimates, judgements and assumptions that must be made when applying the Group's accounting policies. In this regard, the areas requiring a greater degree of judgement or which are more complex, and the areas in which the assumptions and estimates made are significant considering the 2018 consolidated annual accounts as a whole, are summarised below:

- Significant estimates and assumptions

  - Business combinations: determination of fair values and related goodwill (see Note 7).

  - Impairment of inventories: assumptions used to calculate recoverable amounts. The comparative method of valuation (of finished products) and static and dynamic residual methods (for land and developments in progress) were used to calculate inventories' fair value. Key assumptions for determining these values include growth rates of sale prices, constructions costs, discount rates and expected investment returns. The estimates, including the methodology used, may have a significant impact on the values and on impairment. For this reason, the Group uses valuations made by prestigious independent experts for the inventories (see Note 4.12).

  - Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.14).

  - Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits (see Notes 4.15 and 22).

- Changes in estimates

  These estimates were drawn up on the basis of the best information available as at 31 December 2018. However, future events may require them to be modified *(upwards or downwards)* in subsequent years. Under IAS 8, any changes in accounting estimates are accounted for prospectively, and the impact of the changes in estimates is recognised in the consolidated income statement in the period of the change.

  No significant changes have occurred during financial year 2018 to the estimates made at the end of financial year 2017.

- Determination of fair values

  Certain Group accounting policies and details require the measurement of fair values, for both financial and non-financial assets and liabilities.

  On a regular basis the valuation of inventories reviews significant unobservable criteria and valuation adjustments.

  The fair value of financial assets and liabilities are determined as follows:

  - The fair values of interest rate derivatives are determined using a discounted cash flow analysis based on the rates implied on the yield curve according to market conditions. To measure the fair value of the interest rate derivatives (swap or IRS), the Group uses an internal IRS model, employing long-term swaps and Euribor market curves as inputs.

  Significant valuation issues are reported to the Board of Directors.

  Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

  - Level 1: measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.
  - Level 2: measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
  - Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

  If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

  The Group recognises transfers among levels of the fair value hierarchy at the end of the reporting period in which the change has taken place.

  The following notes contain more information on the assumptions used in determining fair values:

  Note 7: Business combinations;

  Notes 15 and 19: Financial assets and Current and non-current liabilities and trade-payable;

  Note 11: Non-current assets held for sale.

2.5 Going concern

The Board of Directors has prepared the 2018 consolidated annual accounts in accordance with the going concern principle, on the assumption that the Group's future business perspectives will generate income and positive cash-flow.

The Group shows an negative operating cash flow, however, the operating result for the year ended 31 December 2018 shows profit of Euros 5,937 thousand (loss of Euros 132,624 thousand for the year ended 31 December 2017), shows a positive equity of Euros 458,542 thousand (Euros 299,051 thousand in 2017), and a positive working capital of Euros 367,812 thousand (Euros 259,644 thousand in 2017).

The Group also has the necessary financing for the development of assets classified as "Property developments in progress". These loans are conditional on the specific construction of the asset for which the financing is obtained, and their drawdown is presented gradually with the progress of the construction work and, therefore, the Group does not depend solely on the cash available at 31 December 2018 to guarantee the continuity of the business. Annex I shows the details of the loans, indicating the approved limits and the amount drawn down at 31 December 2018.

As indicated in the Notes 1 and 28, before preparing the present consolidated annual accounts, the Parent Company carried out the purchase of certain companies with similar activity (mainly real estate development), once the conditions precedent established in the agreements signed between the parties have been fulfilled. The operation was executed in a public deed on 4 and 9 January, was presented for registration on 9 January 2019 and was registered at the Madrid Business Registry on 15 March 2019.

Within the framework of the operation described in the preceding paragraphs, on 2 January 2019 the parent company legalized a syndicated financing contract as the borrower, for an amount of Euros 223,000 thousand. The agreement appointed the Parent Company, Via Celere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as the original guarantors, J.P. Morgan Securities PLC and Credit Suisse International, as coordinators, and a number of financial institutions as original lenders, and Credit Suisse International, as agent and as guarantee agent. With regard to these securities, in 2019 and prior to the formulation of these consolidated annual accounts, the security on Maywood Invest, S.L.U. and Udralar, S.L.U. has been released.

The Directors believe that the situation described above will allow the Group to obtain profit and positive cash flows accomplish short term obligations.

2.6 Functional and presentation currency

These consolidated annual accounts are presented in thousands of Euros, Euro is the functional currency of the main economic area in which the Group operates.

2.7 Companies included in the consolidation perimeter

a) Subsidiaries

The companies included in the consolidated perimeter are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	–	100%
Udralar, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	–	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	–	100%
Douro Atlántico, S.A.	KPMG Portugal	Avda- Da Boavista 1837 1º Sala 1.1, Oporto	Real estate development	4.755	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	KPMG Portugal	Avda. D. Joao III Lote 1,03,2,1, 7º Edif. Meridiano, Lisboa	Real estate development	9.541	100%
Mayw ood Invest, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	12.110	100%
Vía Célere, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	31.914	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	–	100%
Vía Célere 2, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	7.336	100%
Vía Célere Catalunya S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	16.181	100%
Vía Célere Gestión de Proyectos, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	381	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	–	100%

(*) Cost of the ownership interest of the Parent Company in each investee as at 31 December 2018.

On 14 March 2018, Copaga, S.A. changed its registered address to Calle Carlos y Guillermo Fernández Shaw n.º 1, Madrid.

During 2018, there were no changes in the consolidation perimeter.

The changes in the consolidation perimeter in 2017 were as follows:

Name	Date	Registered Office	Activity	Percentage of ownership int5erest
New acquisitions				
Maywood Invest, S.L.U. (Note 7.1)	24/02/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Vía Célere, S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Vía Célere 1, S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Vía Célere 2, S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Vía Célere Catalunya S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Vía Célere Gestión de Proyectos, S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	100%
Conspace, S.L.U. (Note 7.1)	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	100%
Disposals				
Hotel Rey Pelayo, S.A.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Property leasing and management	100%
Udrasol Inmobiliaria S.L.U.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Real estate development	100%
Udramar Inmobiliaria S.L.U.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Real estate development	100%
Douro Atlántico S.L.U.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Real estate development	100%
Sofia Hoteles, S.L.U.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Property leasing and management	100%
Green Inmuebles, S.L.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Property rental	83%
Inmoprado Laguna, S.L.U.	29/12/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Real estate development	100%
Lardea, S.L.U.	29/12/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	100%
Otoño, S.L.	23/03/2017	C/Mariano de los Cobos nº 1, Valladolid	Dormant	67%
Udra Argentina S.A.	29/12/2017	Ciudad de Buenos Aires (Argentina)	Real estate development	90%
Parquesoles Portugal SGPS, S.A.	29/12/2017	Lisboa (Portugal)	Property rental	100%
Edificio Avenida da Libertade N35 - Investimentos Imobiliários, S.A.	29/12/2017	Lisboa (Portugal)	Property rental	100%
Edificio Duque de Palmela N11 - Investimentos Imobiliários, S.A.	29/12/2017	Lisboa (Portugal)	Property rental	100%
Edificio Duque de Loule N106 - Investimentos Imobiliários, S.A.	29/12/2017	Lisboa (Portugal)	Property rental	100%
Burgo Fundiàrios, S.A.	29/12/2017	Oporto (Portugal)	Property rental	100%
Liquidated companies				
Azac, S.A.U.	31/07/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Dormant	100%
Altiplano Desarrollos Inmobiliarios, S.L.U.	31/07/2017	Paseo de la Castellana nº 79 Planta 6, Madrid	Property rental	100%

b) Associates

The associates included in the consolidation perimeter as at 31 December 2018 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	13,212	50%

(*) Cost of the ownership interest recognised in the Parent Company of the investee as at 31 December 2018.

During 2018, there were no changes in the consolidation perimeter.

The changes in the consolidation perimeter in 2017 were as follows:

Name	Date	Registered Office	Activity	Percentage of ownership interest
New acquisitions				
Célere Fórum Barcelona, S.L.	29/03/2017	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	50%
Disposal				
Desarrollos Inmobiliarios Makalu, S.L.	29/12/2017	Avenida del Talgo nº 155, Madrid	Real estate development	50%
Antigua Rehabitalia, S.A.	29/12/2017	Paseo de la Castellana 95, Edificio Torre Europa, Madrid	Development and sale	40%

3. Distribution of the result of the Parent's Company profits

The Parent Company's profits for the 2018 financial year amounted to Euros 90,963 thousand, with their proposal for distribution, formulated by the Directors and pending approval by the General Shareholders' Meeting, being the offsetting of "Negative results from previous years" amounting to Euros 81,867 thousand and the provision of the legal reserve amounting to 9,096 thousand euros.

The proposed distribution of profits of the Parent Company for the year ended 31 December 2017 approved by the General Shareholders' Meeting on 6 June 2018, being the offsetting of "Negative results from previous years" amounting to Euros 144,476 thousand.

The amount of restricted reserves is limited to the balance of the legal reserve, which amounted to Euros 20,814 thousand as at both 31 December 2018 (Euros 20,814 thousand in 2017).

Furthermore, the share premium and other reserves cannot be distributed in an amount sufficient to cover the losses of prior years unless ensuring that such distribution does not reduce equity to below half of share capital.

4. Accounting policies

The following accounting policies have been consistently applied in the consolidated annual accounts.

4.1. Basis of consolidation

I. Subsidiaries

Subsidiaries, including structured entities, are companies controlled directly by the Parent Company or indirectly through its subsidiaries. The Parent Company controls a subsidiary when it is exposed, or has rights to, variable returns, and when it can use its power in the subsidiary to affect said returns. The Parent Company has power when the voting rights are sufficient to give it the ability to direct significant activities of the investee. The Parent Company is exposed, or has rights to, variable returns from its involvement with the subsidiary when its returns from its involvement may vary because of the subsidiary's performance. (IFRS 10.6, 10 and 15).

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts as from the date of acquisition, which is the date on which the Group effectively obtains control over the subsidiary. Subsidiaries are excluded from consolidation on the date that control is lost.

Transactions with Group companies and unrealised gains or losses thereon, as well as balances held with Group companies, have been eliminated on consolidation. However, the unrealised losses have been considered as an indicator of impairment of the assets transferred.

The accounting policies of subsidiaries have been adapted to the Group's accounting policies for like transactions and events in similar circumstances.

The subsidiaries' annual accounts used in the consolidation process are for the same reporting date and same period as those of the Parent Company.

II. Business combination

The Group applies the acquisition method for business combinations. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration given excludes any payment that is not part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Group recognises the assets acquired and liabilities assumed at fair value. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. This criterion is applicable only for non-dominant holdings that grant present access to the economic benefits and the right to the proportionate share of the net assets of the acquired entity in the event of liquidation.

Except for lease and insurance contracts, the assets acquired, and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration paid, plus the value assigned to non-controlling interests, and the value of net assets acquired, and liabilities assumed, is recognised as goodwill. Any goodwill that arises is tested annually for impairment. Any shortfall, after evaluating the consideration paid, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

III. Associates

Associates are entities over which the Parent Company has significant influence and which are neither a subsidiary nor a joint venture. Generally, this capacity relates to the fact that it holds - directly or indirectly - 20% or more of the voting power of the investee.

The Group's investments in associates are accounted for in the consolidated annual accounts under the equity accounting method, from the date that the significant influence commences until the date that the influence ceases. The gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate, less any impairment on the individual holdings.

When the cost of acquisition is higher than the share of the fair value of the identifiable net assets of the associate attributable to the Group at the acquisition date, the difference is recognised as goodwill which is included in the carring amount of the investment. When the cost of acquisition is lower than the share in fair value of the identifiable net assets of the associate held by the Group at the acquisition date, the difference is taken to the income statement in the acquisition period.

If, as a result of losses incurred by an associate, the associate has an equity deficit, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to give it financial support.

Note 2.7.b of these 2018 consolidated annual accounts details the associates included in the consolidation perimeter, as well as related company information.

IV. Impairment

The Group applies the criteria for impairment described in the accounting policy for financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

The Group applies the criteria indicated in the accounting policy for financial instruments, including valuation adjustments for impairment to other financial instruments to which the equity method is not applied, including those that form part of the net investment in the associated entity.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. Accordingly, value in use is calculated to the extent of the Group's interest in the present value of estimated cash flows from ordinary transactions and the income generated on final disposal of the associate.

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in results, insofar as there is an increase in recoverable value. Impairment losses are presented separately from the Group's share in the results of the associates.

V. Joint ventures

Investments in joint ventures are accounted for using the equity method. This method involves incorporating the value of net assets and any goodwill corresponding to the interest in the joint venture under equity-accounted investees in the consolidated statement of financial position. The net profit/loss obtained each year corresponding to the percentage interest in joint ventures is reflected in the consolidated statement of profit and loss as share in profit/(loss) for the year of equity-accounted investees.

The distribution of dividends of joint ventures is recorded as a decrease in the value of the investments. Losses of joint ventures attributable to the Group are limited to the extent of its net investment, except where he Group has legal or constructive obligations or when payments have been made on behalf of the joint ventures.

VI. Non- controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

VII. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

VIII. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currency transactions, balances and flows

Transactions in foreign currency are translated to the functional currency by applying the spot exchange rates between the functional currency and the foreign currency at the date on which the transaction is carried out.

Monetary assets and liabilities in foreign currencies have been translated to Euros by applying the exchange rate at the reporting date, while non-monetary assets and liabilities measured at historical cost are translated by applying the exchange rate used at the date on which the transaction occurred. Lastly, the translation to Euros of non-monetary assets at fair value was carried out by applying the exchange rate of the date on which asset was recognised.

In the consolidated statement of cash flow, flows from transactions in foreign currencies are translated to Euros by applying the exchange rate of the date on which the flows occurred.

Differences arising in the settlement of transactions in foreign currency and the translation to Euros of monetary assets and liabilities are recognised in the income statement. However, exchange differences arising in monetary items forming part of the net investment in foreign transactions are recognised as translation differences in other comprehensive income.

As at 31 December 2018 and 2017, there is no foreign currency transactions.

4.3 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.4 Borrowing costs

The Group includes in the cost of intangible assets, property, plant and equipment, investment property and inventories that require a period of time in excess of one year to be ready for use, operation or sale, any finance costs related to specific or generic financing directly attributable to the acquisition, construction or production.

In so far as the specific financing obtained, the amount of interest to be capitalised is determined depending on the associated finance costs incurred during the year, less the returns obtained from the temporary

investments made with funds. In those cases, in which the financing is temporarily not used to finance the assets under construction, the finance costs relating thereto are not capitalised. The amount of interest to be capitalised corresponding to the general non-trade financing is determined by applying an average weighted interest rate to the investment in progress, less the specifically financed part, with a limit of the total finance expenses accrued in the income statement.

The capitalisation of interest begins when interest is incurred in the costs relating to inventories and the necessary activities to prepare the assets or part thereof for their intended use or their sale is being carried out and ends when all or practically all the activities necessary to prepare the assets or part thereof for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods in which activities are interrupted, if such are significantly prolonged, except when the delay is necessary in order to ensure the asset is in suitable condition for operation or sale.

The capitalisation of interest is recognised through “Finance cost – on payables to third parties” in the income statement.

4.5 Intangible assets

As a general rule, intangible assets are initially carried at their acquisition price or production cost, and subsequently at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their estimated useful life.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is tested annually for impairment and measured at cost less accumulated impairment. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

Computer software

Computer software acquired and developed by the Group, including development costs of websites, are recognised to the extent that the conditions set out for development costs are met. Payouts for the development of a website for promotional purposes or to announce the Group’s products or services are expensed when incurred. Maintenance costs of computer software are expensed when incurred.

Patents, licenses, brands and similar

The Group records in this account costs incurred in relation to the new image and brand.

Amortisation

Computer software and Patents, licenses, brands and similar are amortised on a straight-line basis, depending on their useful life, applying the following amortisation rates:

Description	Years	Rate
Patents, licenses, brands and similar	10	10%
Computer softw are	4	25%

The Group evaluates and determines the impairment allowances and the reversals of impairment losses of intangible assets in accordance with the criteria detailed in Note 4.8.

4.6 Property, plant and equipment

i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment.

The cost of the assets includes the acquisition cost, less commercial discounts or rebates, any cost directly related to taking the asset to the location necessary for its intended use and establishing the necessary conditions therein for operation in the manner planned by the Directors, the initial estimate of dismantling or removal costs, in addition to restoration of the place where it is located, provided such obligations are incurred as a result of the use of such assets and for purposes other than the production of inventories.

Any gain or loss on the sale of items of property, plant and equipment (the difference between the proceeds and the carrying amount of the item) is recognised in the income statement.

ii) Subsequent costs

Subsequent costs are only capitalised when future economic benefits related to the expense are likely to accrue to the Group. Continuous repair and maintenance costs are expensed when incurred.

iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over their useful life. For these purposes, the depreciable amount is the acquisition cost less the residual value.

Items depreciate from the date they are installed and ready for use.

Depreciation of assets is determined as follows:

Description	Rate
Buildings	2%
Plant and machinery	10%-33%
Other property, plant and equipment	20%-25%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Any amendments to the initial criteria are recognised as a change in estimate.

The Group evaluates and determines losses and reversals of impairment of non-financial assets in accordance with the criteria described in Note 4.8.

4.7 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation or both (including property under construction for such purposes) rather than for use in the production or supply of goods or services, or for administrative purposes or for sale in the ordinary course of business. Investment property is initially recognised at cost, including any transaction costs.

Rental income is recognised as detailed in Note 4.16.

Interest and other finance costs incurred during the construction period of rental property and accrued due to the specific financing received for such purpose is considered capitalized of the corresponding properties. During 2018 and 2017 no amount was recognised in this respect.

Investment property is subject to the same criteria of valuation, depreciation, estimation of respective useful lives and recognition of possible impairment losses that are applicable to Property, plant and equipment, as indicated in Note 4.8.

The Group reclassifies investment property to Property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies investment property to inventories when it begins work to substantially change the property with the intention of selling it.

The Group reclassifies Property, plant and equipment to investment property when it ceases to use the property in the production or supply of goods or services, or for administrative purposes, and it is used to earn rent or capital gains, or both.

The Group reclassifies inventory to investment property when the property becomes part of an operating lease agreement.

4.8 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset´s recoverable amount is estimated. Goodwill is tested annually for impairment.

Impairment losses are recognised in the income statement.

The recoverable amount is calculated for each individual asset or cash generating unit (CGU), unless the asset does not generate cash inflows that are largely independent of those of other assets or asset groups.

At the end of each reporting period, the Group determines whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses relating to goodwill are not reversible. Impairment losses on other assets are reversed only if there is a change in the estimates used to determine the recoverable amount of the asset.

The reversal of an impairment loss is credited to the consolidated income statement. Nevertheless, the reversal of a loss may not increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation/depreciation, had the impairment not been recognised.

Once the valuation adjustment for impairment or reversal thereof has been recognised, amortisation/depreciation charges for the subsequent years are adjusted in accordance with the new carrying amount.

Nevertheless, if the specific circumstances of the assets make clear that there is an irreversible loss, it is recognised directly in the income statement, under losses on non-current assets.

4.9 Leases

(i) Lessor accounting

The Group has assigned the usage rights of properties as part of lease agreements.

Leases are classified as finance leases whenever the Group substantially transfers the risks and rewards incidental to ownership of the assets to a third party. All other leases are classified as operating leases.

Operating leases

Assets leased to third parties under operating leases are presented according to their nature after the application of the accounting principles detailed in Note 4.6 and 4.7 above (Property, plant and equipment and Investment property).

Income from operating lease payments, net of incentives granted, are recognised as revenue on a straight-line basis during the term of the lease, except where another systematic basis is more representative of the time pattern of the benefit from the use of the leased asset.

The incentives included in the operating leases, as well as the grace periods, must be recognised as a reduction of revenue throughout the lease period, distributed on a straight-line basis without prejudice to the amount resulting from applying the incentive. In any case, this shall begin to accrue when the Group hands over control of the asset, a circumstance which happens when the corresponding contracts are signed.

The initial direct costs of the lease include the carrying amount of the leased asset and are recognised as an expense throughout the period of the lease through the application of the same criteria as that used for the recognition of revenue.

(ii) *Lessee accounting*

The Group has been assigned the usage rights for specific assets as part of lease agreements.

Leases are classified as finance leases whenever all the risks and rewards incidental to ownership of the assets are transferred to the Group; otherwise, they are classified as operating leases.

Operating leases

Operating lease payments, net of incentives received, are recognised as an expense on a straight-line basis, except where another systematic basis is more representative of the time pattern of the benefits received from the leased asset.

4.10 Financial instruments

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Financial assets. Classification and subsequent measurement (policy applicable from 1 January 2018)*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Subsequent measurement and gain and losses policy from1 January 2018:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) *Financial assets. Classification and subsequent measurement (policy applicable before 1 January 2018)*

The Group classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and

Loans and receivables comprise trade receivables and non-trade receivables with fixed or determinable payments that are not traded on an active market different to those classified in other categories of financial

asset categories. These assets are initially recognised at their fair value including the transaction costs incurred and are subsequently recognised at amortised cost using the effective interest rate method.

Interest income and expenses are recognised using the effective interest rate method.

Dividend income from investments in equity instruments is recognised when the Group's right to receive the dividend arises. Distributed dividends are recognised as a reduction in the carrying amount of the investment when they are clearly derived from profits generated prior to the acquisition date as amounts higher than the profits generated by the investee since acquisition have been distributed.

Subsequent measurement and gain and losses policy before 1 January 2018:

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

(iv) Financial liabilities. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(v) Basis of offsetting

A financial asset and a financial liability are only off-set when the Group has a legally enforceable right to offset the recognised amounts and has the intention of liquidating the net amount or of realising the asset and settling the liability simultaneously.

(vi) Derecognition

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred, and the Group has substantially transferred the risks and rewards incidental to their ownership.

Full derecognition of a financial asset involves recognition of a gain/loss arising from the difference between its carrying amount and the total consideration received, net of transaction costs, including assets obtained or liabilities accepted, and any deferred gain or loss in recognised income and expense under equity.

A financial liability, or part of it, is derecognised when the Group either discharges the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group recognises the difference between the carrying amount of the financial liability, or part thereof, cancelled or transferred to a third party and the consideration paid, including any asset transferred different to the cash or liability assumed, charged or credited to the income statement.

(vii) Impairment of financial assets

The Group recognizes in the income statements a value adjustment due to expected credit losses of the financial assets valued at amortized cost, fair value with changes in other comprehensive income, accounts

receivable for financial leases, assets by agreement, loan commitments and financial guarantees.

For the financial assets appraised at fair value with changes in other comprehensive income, the expected credit loss is recognised in other comprehensive income and the fair value of the assets is not reduced.

The Group appraises at the end of each reporting period the value adjustment for an amount equal to the expected credit loss in the following twelve months, for the financial assets so that the credit risk has not significantly increased from the initial recognition or when it considers that the credit risk of a financial asset has significantly increased.

At the end of each reporting period, the Group appraises if the credit risk of an individually considered instrument or a group of instruments considered collectively has significantly increased since the initial recognition.

Under IAS 39, a financial asset or group of financial assets is impaired, and an impairment loss has occurred if objective evidence exists of impairment resulting from one or more events occurring after initial recognition of the asset, and if such events causing the loss have an impact on the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

The Group recognises impairment losses on loans and receivables and debt instruments when a reduction or delay occurs in estimated future cash flows due to the insolvency of the debtor.

In the case of equity instruments, impairment exists when there is a lack of recoverability of the carrying value of the asset due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at amortised cost

In the case of financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows, excluding any future credit losses discounted at the asset’s original effective interest rate. For variable rate financial assets, the effective interest rate for the valuation date is used in accordance with the contractual conditions.

Impairment losses are charged to the income statement and can be reversed in subsequent years if the decrease can be objectively related to an event subsequent to recognition. However, reversal of the loss is limited to the assets’ amortised cost, if any, if the impairment loss had not been recognised.

(viii) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss, are initially recognised at fair value, less any transaction costs directly attributable to their issue. Subsequent to initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

However, financial liabilities are measured at their nominal value if they do not have an established interest rate, the amount matures or is expected to be received in the short term and the effect of discounting is not significant.

(ix) Security deposits

Security deposits received as a result of the operating leases are measured using the same criteria as detailed for financial liabilities. The difference between the amount received and its fair value is recognised as a collection in advance which is taken to the income statement during the term of the lease.

Pursuant to legislation of the autonomous communities where the Group operates, the Group deposits rental bonds and securities deposits with those governmental offices which request such bonds/deposits to reasonably guarantee the return, where applicable, of the guarantees received from the lessees of the

investment properties owned by the Group. These guarantees are measured according to the criteria for financial assets. The difference between the amount delivered and the fair value is recognised as an advanced collection which it is taken to the income statement during the term of the lease (during the period in which the service is rendered).

The advances to be applied over the long term are subject to discounting at the close of each financial period depending on the market interest rate at the time of its initial recognition. In the case of short-term guarantees, cash flows are not discounted if their effect is not significant.

4.11 Shareholders distribution and common control transactions

A combination of entities or businesses under common control does not fall under the scope of IFRS 3 “Business combinations”, as stated in paragraph 2 of the standard.

IFRIC 17 “Distribution of Non-cash Assets to Owners” does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

Additionally, as stated in paragraph 3 of IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, the company shall not apply this Interpretation to transactions in situations where the creditor is also a direct or indirect shareholder and is acting in its capacity as a direct or indirect existing shareholder.

Paragraph 10 of IAS 8, “Accounting policies, changes in accounting estimates and errors”, states that “in the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgment in developing and applying an accounting policy”.

Therefore, the Company’s Directors have analyzed these transactions and conclude the following from an accounting perspective:

- In the accounting of acquisitions of subsidiaries among entities under common control, in case of consideration transferred in a monetary form, the Group applies fair value accounting based on the methodology of IFRS 3 as the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole.
- Dividends, whether in cash or in kind, are recognized as a reduction in net worth at the time of approval at the General Shareholders’ Meeting. The liability is recognized at the time of the dividends approval, valued at the fair value of the assets to be delivered. On the settlement date, the difference between the book value of the assets delivered at which they are recognized in the consolidated annual accounts under IFRS-EU at the transaction date, and the amount of the liability is recognized within reserves in the consolidated statement of changes in equity.
- In the accounting of demerger transactions, including distributions in kind, whether in the form of non-monetary assets, businesses or investments in other entities or groups that are made between entities under common control, the Group applies book value accounting.
- Capitalization of loans which shareholders granted to the Company through equity instruments is outside of IFRIC 19. Therefore, the Group selected as an accounting policy choice the derecognizing of the debt at book value, registering the equity instrument to be handed over at fair value and recognizing the difference between these amounts as a gain or loss in the income statement. The equity instruments issued should first be recognized and valued on the date in which the liability occurs. When valuing the newly issued equity instruments, the IFRS 13 “Fair value measurement” has been applied.

The acquisitions and disposals that do not give rise to a change of control shall be entered as equity operations in Other reserves, recognising neither loss nor gain in the income statement and not re-appraising the goodwill initially recognised. The difference between the compensation submitted or received and the decrease or increase in the Minority interests (non-controlling shares), respectively, is recognised in reserves.

Likewise, when control of a controlled company is lost, the assets, liabilities and minority interests (non-controlling interests) and other entries that may be recognised in Other accumulated comprehensive income of said company are cancelled from the consolidated statement of financial position, recording the fair value of the compensation received, and any remaining investment. The difference between these amounts is recognised in the consolidated income statement.

4.12 Inventories

This heading of the statement of financial position includes the assets that the Group:

- Holds for sale in the ordinary course of business;
- Is in the process of construction or development for sale;
- Is expected to consume in the production process or in the rendering of services.

Consequently, Inventories include land and other property held for sale or for inclusion in a property development in the ordinary course of the business of the Group, and not for their appreciation or rental.

The Group uses the following criteria for measuring their inventories:

- Land and building lots acquired for disposal or for development are recognised at their acquisition price, which includes costs directly related to the purchase (registration costs, fees, costs of technical studies and designs prior to the acquisition of lots, etc.).
- The Group does not capitalise as an increase in the value of land and building lots any finance costs accrued on loans obtained to finance such purchases during the period between the acquisition date and the date the building licence is requested.
- Costs incurred in assets under development are recorded as “Property developments in progress”. Such costs for each development include amounts corresponding to the building lot’s acquisition price, urban development and construction costs, in addition to cost directly related to the development (studies and designs, licences, etc.) and finance costs accrued on specific financing obtained during construction.

Likewise, “Property development in progress of short cycle” are considered the accumulated costs of those developments for which the expected date of completion of the construction does not exceed 12 months.

Upon completion of each rental business, the Group transfers the cost of properties not yet sold from “Property developments in progress” to “Completed developments”.

The Group recognises the appropriate write-downs and records them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition cost (or production cost). Such net realisable value is based on valuations by an independent expert (see Note 16.6). In order to calculate the values of the different properties of the Group portfolio the valuation methods employed were the Discounted Cash Flow Method (DCF), the Comparison Method and the Dynamic Residual Method. Such studies were performed by “Savills Consultores Inmobiliarios” as of 31 December 2018 and 31 December 2017. Valuations were made based on the fair value in accordance with the definition adopted by the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS).

Write-downs to net realisable value are recognised or reversed in the consolidated income statement. The Group records the impairment loss associated to land and plots in “Raw material and other consumables used” and the impairment loss associated to completed developments and property developments in progress in “Changes in inventories of finished goods and work in progress”.

Given the uncertainty associated with the hypothesis and in the future expectations used in the estimates of the recoverable values of the inventory, differences may arise between the projected and actual results, which may give rise their modification in the coming financial years, recording the accounting impact in prospective manner in the profit and loss account.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in demand deposits at banks. This also includes other short-term, highly liquid investments provided they can readily be converted to specific cash amounts and where the risk of change in value is insignificant.

Likewise, this heading includes the cash and banks received as customer advances and deposited in a special account separate from the rest of the Company funds which is allocated to covering the costs arising from the corresponding development.

4.14 Provisions and contingencies

In preparing the consolidated annual accounts, the Directors of the Parent Company made a distinction between:

a) Provisions: creditor balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources will be required to settle the obligation, which is uncertain as to its amount and/or timing.

b) Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated annual accounts include all the provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated annual accounts, but rather are disclosed in the notes, unless the possibility of an outflow is considered remote.

The amounts recognised in the consolidated statement of financial position for provisions are a best estimate at the reporting date of the payouts necessary to settle the current obligation, having taken account of the risks and uncertainties related to the provision and, when significant, the financial effect of the discount, provided the payouts to be made in each period can be reliably estimated. The discount rate is determined before tax, reflecting the time value of money and the specific risks not taken account of in future flows related to the provision at each reporting date.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Group is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

Provisions are reversed in the consolidated income statement when a cash outflow to settle the obligation is not probable.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

4.15 Income taxes

Income tax benefit/(expense) includes the current tax payable and deferred tax liability.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that are in force or approved and pending publication at the reporting date.

Current and deferred tax is recognised as income or expense and included in the consolidated income statement, except to the extent that the tax arises from a transaction or event recognised, in the same or a different year, directly in equity, or from a business combination.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

As at 31 December 2018, all Group companies less Celere Forum Barcelona S.L., Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos S.A. belong to a tax group and thus, the Parent Company files the relevant consolidated income tax return.

The income tax expense of companies filing a consolidated income tax return is determined on the basis of the following, in addition to the parameters to be considered for individual returns:

- Temporary and permanent differences arising from the elimination of results on intra-group transactions, arising from determining the consolidated tax base.
- Tax relief and tax credits that relate to each company of the tax group under the regime of consolidated tax returns; for these purposes, tax relief and tax credits are recognised by the company that carried out the activity or obtained the income necessary to obtain the right to receive the tax relief and tax credit.

Temporary differences arising from eliminations of results between companies of the tax group are recognised in the company that generated the result and are measured at the tax rate applicable to them.

Intercompany payables and receivables arise between Group companies relating to tax losses of Group companies that are off-set by other companies of the consolidated tax group. If a tax loss cannot be off-set by other companies in the consolidated tax group, tax credits for losses eligible for off-setting are recognised as deferred tax assets, with the tax group considered to be the taxpayer for purposes of recovery.

The Parent Company recognises the total benefit/(expense) for consolidated income tax with a charge/(credit) to accounts receivable from/(payable to) Group companies and associates.

The amount of the receivable/(payable) relating to subsidiaries is recorded with a credit/(charge) to accounts receivable from (payable to) Group companies and associates.

(i) *Recognition of deferred tax liabilities*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(ii) *Recognition of deferred tax assets*

Each company recognises deferred tax assets, provided it is probable that sufficient future taxable profit will be available to off-set these assets or when the tax legislation contemplates the possibility of the future conversion of deferred tax assets into receivables from public administrations, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is

probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unless demonstrated otherwise, it is not considered probable that any of the companies shall have sufficient future taxable profit when it is expected that its future recovery shall occur within a period exceeding 10 years counted from the close of the current financial period, regardless of the nature of the deferred tax asset or in the case of credits deriving from deductions or other unused tax benefits due to insufficient taxable profit after performance of the activity or obtaining of the profit or loss giving entitlement to them, there is reasonable doubt regarding the fulfilment of the requirements to make them effective.

Each company only recognises the deferred tax assets deriving from tax loss carryforwards, insofar as it is probable that there will be sufficient future taxable profit so that they may be off-set within a period not exceeding that established by the applicable tax legislation, with a maximum limit of 10 years, unless demonstrated that its recovery is probable within a longer period, when the tax legislation allows these to be off-set within a longer period or does not establish time limits for them to be off-set.

However, it is considered probable that each company has sufficient taxable profit to recover deferred tax assets, provided there are sufficient taxable temporary differences related to the same tax authority and the same taxpayer, the reversal of which is expected in the fiscal year in which deductible temporary differences are expected to reverse, or in years in which a tax loss arising from a deductible temporary difference may be off-set by prior or subsequent gains.

For the purposes of determining the future taxable profit, each company takes into account their tax planning opportunities, provided that it intends to avail itself of them or is likely to do so.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been substantially enacted and having reflected the tax consequences that would follow from the manner in which each company expects to recover or settle the carrying amount of its assets and liabilities. For such purposes, the Group considers the deduction for reversal of the temporary measures implemented in transitional provision thirty-seven of Income Tax Law 27/2014 of 27 November as an adjustment to the tax rate applicable to the deductible timing difference associated with the non-deductibility of the amortisation/depreciation charges made in 2013 and 2014.

The Group reviews the book value of deferred tax assets at the end of the year, in order to reduce said value to the extent that it is not probable that there will be sufficient future positive tax bases to offset them.

Deferred tax assets that do not meet the above conditions are not recognised in the consolidated statement of financial position. The Group reconsiders at the end of the year, if the conditions for recognising deferred tax assets that had previously not been recognized are met.

(iv) Off-setting and classification

The Group only off-sets deferred corporate income tax assets and liabilities where it has a legal right to do so and such assets and liabilities correspond to the same tax authority and to the same taxpayer, or to different taxpayers that intend to settle or realize current tax assets and liabilities for their net amount or to simultaneously realize the assets and settle the liabilities, in each of the future years in which significant deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the statement of financial position under non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

4.16 Revenue from contracts with customers

Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable. Discounts for early payment, volume or for other reasons, and interest included in the nominal amount of loans are recognised as a reduction of the revenues.

Nevertheless, the Group includes interest added to trade receivables falling due within one year and which do not have a contractual interest rate when the effect of not discounting the cash flows is not material.

The Group recognises property development sales and the related costs upon execution of the deed of sale, that is, when the properties have been handed over and the control thereto has been transferred.

However, the Group does not recognise income when there is a continued commitment of the same in sold properties, or when there are contingent clauses beyond the control of the Group, or when the terms determining payment do not provide sufficient evidence of the buyer's commitment to pay in full the amounts owed, which may indicate a failure to control.

The Group primarily promotes and sells residential homes. Income is recognised when the control of the homes is transferred. The homes generally do not have alternative uses for the Group, but there is no unconditional right of collection until the home is delivered to the customer, which infers that income is only recognised when the homes are delivered, which is when the property is legally transferred.

With respect to customer advances, in application of IFRS 15, the Group considers that there is a significant financial component in these advances, so that the amount received is considered as the discounted price of the operation that takes into account the significant financial component. (see Note 2.1.a).

Before the adoption of IFRS 15, the Group presented these advances as customer advances in the consolidated statement of financial position and no interest was accrued on advances received in the short term.

4.17 Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Non-current assets or disposal groups are classified as non-current assets held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale provided that they are available for sale in their present condition, subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not depreciated.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit or loss from continuing operations in the consolidated income statement (consolidated statement of comprehensive income), unless it is a discontinued operation. Impairment losses on a cash generating unit (CGU) are allocated first to reduce the carrying amount of goodwill and then to reduce pro rata the carrying amounts of other assets in the unit.

A gain on increases in the fair value less costs of disposal (either due to remeasurement of fair value less costs of disposal or to impairment losses that occurred before classification of the asset as held-for-sale) is recognised in the income statement to the extent that it reverses any impairment of the asset.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

A non-current asset or disposal group, including subsidiaries and all or part of investments in associates and joint ventures acquired exclusively for resale or swap, is classified at the date of acquisition as held-for-sale if the transaction is expected to be realised within twelve months after the reporting date and the sale is considered highly probable within a short period after acquisition. On initial classification as held-for-sale, non-current assets are recognised at the lower of the carrying amount of the asset had it not been classified as held-for-sale and fair value less costs of disposal.

The Group measures a non-current asset that ceases to be classified as held-for-sale or to form part of a disposal group at the lower of the carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held-for-sale, and its recoverable amount at the date of reclassification. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held-for-sale is included in profit or loss from continuing operations or other comprehensive income.

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or part of a co-ordinated single plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group discloses the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement at fair value less disposal or distribution costs or on the disposal of the assets or disposal groups constituting the discontinued operation on the face of the consolidated income statement.

If the Group ceases to classify a component as a discontinued operation, the results previously disclosed as discontinued operations are reclassified to continuing operations for all years presented.

The consolidated annual accounts for periods prior to the classification of a subsidiary, associate or joint venture as a discontinued operation are restated as if they had never been classified as such. As a result, the assets and liabilities of subsidiaries are presented according to their nature, and any amortisation, depreciation or revaluations that would have been recognised had they not been classified as disposal groups held for sale is recognised.

4.18 Current remuneration to employees and termination benefits

The Group recognises the expected cost of current remuneration in the form of rights to remunerated leave that is accumulated over time as employees render services that entitle them to such leave. If leave is not cumulative, the expense is recognised when leave is taken.

Companies are obligated to compensate employees when terminating their employment, except in fair dismissals.

In the absence of foreseeable need for abnormal termination of employment and given that employees who retire or voluntarily terminate employment do not receive termination benefits, termination payments are expensed when approved in a formal plan to dismiss certain employees by Group management, and a valid expectation is caused in relation to the employees concerned that the employment relationship is going to be terminated.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be reliably estimated.

In the case of transactions that are settled with equity instruments, the services rendered as well as the increase in net equity will be valued at the fair value of the assigned instruments, referred to the date of the agreement. If, on the other side, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the latter, referring to the date on which the requirements for recognition are met.

On 29 March 2017, the remuneration policy for the CEO and an incentive plan for the Group's Senior Management was approved. However, on 9 February 2018 the General Meeting of Company Shareholders approved a new remuneration policy for the Company on the basis of the dispositions of Article 249.4 *in fine* of the Capital Companies Act and rescinded that passed in 2017. Said remuneration policy regulated the remuneration of the Managing Director by reason of his position, likewise a bonus remuneration for the CEO and the Board of Directors.

As of the date of the contract, the incentive retribution was associated to the increase in value of the Group according to specific profitability targets and the following milestones: (i) a liquidity event or (ii) termination of Senior Management contracts after the established stay period.

The incentive retribution will be calculated with the initial value of the Group as of the date of the contract, and it will be determined by an independent expert when one of the milestones and certain specific profitability targets included in the contract are fulfilled. As of 31 December 2018 and 2017, the profitability targets and the milestones have not been reached.

As it was not executed before 31 December 2018, the plan is null and void. The new incentive plan is under discussion as at the date of preparation of these consolidated annual accounts, none of which were in force as at 31 December 2018.

4.19 Classification of assets and liabilities as current and non-current

The Group distinguishes between current and non-current assets and liabilities in its consolidated statement of financial position. For these purposes, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised in, or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of being traded, they are expected to be realised within twelve months of the end of the reporting period or when they involve cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.
- Liabilities are classified as current when they are expected to be settled within the Group's normal operating cycle, when they are held primarily for the purposes of being traded, they are due to be settled within twelve months of the end of the reporting period, or the Group does not have an unconditional right to defer settlement of the liability within 12 months following the end of the reporting period.
- Financial liabilities are classified as current when they are expected to be settled within twelve months of the end of the reporting period, even if the original term is for a period longer than 12 months, or in

the event of a long-term refinancing or payment restructuring agreement that has expired following the reporting date and prior to the authorisation for issue of the annual accounts.

Exchanges of property, plant and equipment and/or inventories (Barter)

An item of property, plant and equipment and/or inventories is considered to be acquired through an exchange when the item is received in exchange for non-monetary assets or a combination of non-monetary assets and monetary assets.

In exchange transactions with commercial substance, the item of property, plant and equipment and/or inventories received shall be measured at the fair value of the asset given up plus any monetary consideration given in exchange, unless clearer evidence of the fair value of the asset received is available, up to the limit of this value. Any measurement differences arising on derecognition of the item given in exchange shall be taken to the income statement.

An exchange is considered to have commercial substance when:

- The risk, timing and amount of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or
- The present value of the post-tax cash flows from the activities of the companies involved in the exchange changes as a result of the transaction.

In exchange transactions with no commercial substance, or where the fair value of the exchanged items can not be measured reliably, the property, plant and equipment and/or inventories received shall be measured at the carrying amount of the asset given up plus any monetary consideration given in exchange, up to the limit of the fair value, where available, of the asset received, if this were lower.

These criteria are equally applied to exchanges of buildable land for completed dwellings, measured at the fair value of the completed dwellings to be delivered in the future.

4.20 Cash flow statement

The following terms are used in the consolidated cash flow statement, which was prepared using the indirect method, with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents; defined as highly liquid, short-term investments with low risk of experiencing significant fluctuations in their value.
2. Operating activities: the main revenue-producing activities of the Group that are not investing or financing activities.
3. Investing activities: the acquisition, disposal or holding by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of equity and borrowings and that are not operating activities.

4.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see Note 6).

5. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Parent Company shareholders (after tax and non-controlling interests) by the weighted average number of ordinary shares in circulation during the year, excluding the number of treasury shares held during the same period. Accordingly:

	2018		
	Continued operations	Discontinued operations	Total
Profit for the year attributable to Parent Company shareholders (thousands of Euros)	84,786	–	84,786
Weighted average ordinary shares in circulation (thousands of shares)	33,134	–	33,134
Basic earnings per share (Euros)	**2.56**	**–**	**2.56**

	2017		
	Continued operations	Discontinued operations	Total
Loss for the year attributable to Parent Company shareholders (thousands of Euros)	(134,893)	(526)	(135,419)
Weighted average ordinary shares in circulation (thousands of shares)	21,705	21,705	21,705
Basic earnings per share (Euros)	**(6.21)**	**(0.03)**	**(6.24)**

Weighted-average number of ordinary shares is calculated as follows:

In thousands of shares	2018	2017
Shares outstanding at 1 January	28,239	20,209
Effect of shares issued	4,895	1,496
Weighted average number of ordinary shares outstanding at 31 December	**33,134**	**21,705**

Diluted earnings per share

Diluted earnings per share are established on a similar basis to basic earnings per share. However, the weighted average number of shares outstanding is increased by the number of shares outstanding for all the inherent diluting effects of potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, there is only one segment, which is the residential development business.

The Parent Company does not make decisions or prepare discrete financial information separately for each branch of activity (development and legacy) and therefore there is only one operating segment.

7. Changes in the consolidation perimeter

7.1. *Additions to the consolidation perimeter*

In 2018 the Group did not present any changes in the scope of consolidation.

Details of the net assets acquired, and goodwill recognised on business combinations during 2017 were as follows:

		In thousands of Euros			
	Country	Consideration in cash	Deferred payment at fair value	Total purchase price	Fair value of identifiable net assets
Via Celere	Spain	76,824	15,001	91,825	91,825
Mayw ood Invest, S.L.	Spain	12,110	–	12,110	12,110
		88,934	**15,001**	**103,935**	**103,935**

The Group recognised in the caption Other expenses in the consolidated income statement, Euros 950 thousand corresponding to transaction costs related to these acquisitions.

The cash outflow incurred to purchase these businesses, net of cash acquired, was as follows:

		In thousands of Euros		
	Country	Consideration in cash	Cash and cash equivalents acquired	Outflow of cash on acquisition
Via Celere	Spain	76,824	24,766	52,058
Mayw ood Invest, S.L.	Spain	12,110	31	12,079
		88,934	**24,797**	**64,137**

7.1.1. ***Acquisition of Maywood Invest, S.L.***

On 24 February 2017, the Group, through the Parent Company, acquired 100% of the shares of Maywood Invest, S.L.U., a Spanish company specialised in residential development from a related party, Luxembourg company BPLP S.á.r.l. The acquisition was carried out between entities under common control, as these companies share the same controlling shareholder (Värde Partners).

Between the acquisition date and the reporting date, the acquired business generated consolidated losses for the Group of Euros 1,199 thousand.

If the acquisition had taken place on 1 January 2017, Group consolidated results for the twelve-month period ended as of 31 December 2017 would have decreased by Euros 100 thousand, and there would have been no effect on revenues for the year.

The total transaction price was Euros 12,110 thousand, fully paid in cash.

Details of the cost of the business combination, the fair value of the net assets acquired and goodwill on consolidation are as follows:

	In thousands of Euros		
	Carrying amount of acquiree	Fair value adjustments	Fair value
Inventories (Note 16)	35,007	6,607	41,614
Trade and other receivables	4	–	4
Cash and cash equivalents	31	–	31
Deffered tax assets	–	312	312
Assets	**35,042**	**6,919**	**41,961**
Short term debt with financial institutions	(52)	–	(52)
Trade and other payables	(337)	–	(337)
Deferred tax liabilities (Note 22.2)	–	(2,221)	(2,221)
Long term debt with financial institutions	(28,266)	1,025	(27,241)
Liabilities	**(28,655)**	**(1,196)**	**(29,851)**
Identifiable net assets acquired	**6,387**	**5,723**	**12,110**
Cost of the business combination			12,110
Goodwill			–

The acquisition of the subsidiary Maywood Invest, S.L. had as an objective the incorporation to the portfolio of 14 urban land plots in different geographical locations in Spain (Barcelona, Seville, Pamplona, Málaga, Leon, Valencia, Tenerife, La Coruña and Zaragoza), with a total land area of 87,252 square meters and residential buildable area of 108,629 square meters.

The fair value of the main assets and liabilities at the date when control was taken was calculated as follows:

- Land bank: the fair value of these inventories was calculated by applying an income approach using discounted cash flow (DCF) methodology. All cash flows have been discounted at a weighted average cost of capital of 8.4% on a monthly basis. Every land plot has been analysed individually based on market criteria taking into account the potential income of the proposed development, the cost of completion, development and other related expenses.

- Long-term debt with financial institutions: projected cash flows have been discounted at 3.4% (2% spread as per loan terms and an additional spread of 1.4% based on the differential observed in bond issues of comparable companies).

- Deferred tax assets and deferred tax liabilities have been calculated on the negative and positive adjustments to assets' net book value and from negative adjustments to liabilities' net book value applying the corporate tax rate of 25%.

7.1.2. *Acquisition of Via Celere S.L.U., Via Celere 1, S.L.U., Via Celere 2, S.L.U., Via Celere Catalunya, S.L.U., Conspace S.L.U., Via Celere Gestión de Proyectos, S.L.U., Celere Forum Barcelona, S.L.U. and certain assets and liabilties of Via Agora, S.L.U. (hereinafter, the "Business combination Via Celere")*

On 29 March 2017, the Group, through the Parent Company, acquired certain assets and liabilities of Via Agora, S.L.U., including the 100% stakes in Via Celere, S.L.U., Via Celere 1, S.L.U., Via Celere 2, S.L.U., Via Celere Catalunya, S.L.U., Conspace, S.L.U., Via Celere Gestión de Proyectos, S.L.U. and a 50% share in Celere Forum Barcelona, S.L.U., representing jointly the totality of the residential developments business in Spain of the group headed by the company Via Agora, S.L.U., which after the acquisition is considered a related party.

Between the acquisition date and the reporting date, the acquired business generated revenues and profit for the Group of Euros 47,664 thousand and Euros 3,662 thousand.

If the acquisitions had taken place on 1 January 2017, Group consolidated revenues for the twelve-month period ended 31 December 2017 would have increased by Euros 16,717 thousand and the consolidated loss would have decreased by Euros 3,168 thousand (Euros 3,046 thousand for companies globally consolidated and Euros 122 thousand for those entities accounted for under the equity method).

The purchase price was Euros 91,825 thousand and consisted of the following:

- A cash payment of Euros 76,824 thousand.
- A deferred payment of Euros 15,001 thousand payable to Via Agora S.L.U. by non-negotiable promissory notes no later than 15 December 2018 (see Notes 19 and 25).

Details of the cost of the business combination, the fair value of the net assets acquired and goodwill on consolidation were as follows:

	In thousands of Euros		
	Carrying amount of accquiree	Fair value adjustments	Fair value
Property, plant and equipment (Note 9)	3,184	–	3,184
Equity investments in associates (Note 15.1.a)	8,395	7,806	16,201
Other non-current assets	342	–	342
Inventories (Note 16)	147,920	20,937	168,857
Trade and other receivables	22,411	–	22,411
Other current assets	913	–	913
Deferred tax assets	11	19	30
Cash and cash equivalents	24,766	–	24,766
Assets	**207,942**	**28,762**	**236,704**
Loans and borrowings	(85,038)	–	(85,038)
Deferred tax liabilities (Note 22.2)	–	(7,444)	(7,444)
Provisions (Note 18)	(828)	–	(828)
Trade and other payables	(51,569)	–	(51,569)
Liabilities	**(137,435)**	**(7,444)**	**(144,879)**
Identifiable net assets acquired	**70,507**	**21,318**	**91,825**
Cost of the business combination, net of cash received			91,825
Goodwill			–

With this acquisition the Group expected to launch new developments, as well as to expand their portfolio of projects.

The fair value of the main assets and liabilities at the date control was taken was calculated by an independent expert as follows:

- Inventories: the fair value of residential assets recognised as inventories was calculated by applying different methods for different type of assets:
  - Land and plots: for the fair value of land the DCF method, the Sales Comparison method and the Residual Static method were employed.
  - Developments in progress: for the fair value of ongoing development projects the DCF method and the Sales Comparison method were applied.

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- Completed developments: for the fair value of the finished products the Sales Comparison method and the DCF method were employed.

- Equity-accounted investee: the fair value adjustment on the equity-accounted investee was calculated using the same methods as mentioned above for inventories as it relates to the residential asset belonging to Celere Forum Barcelona, S.L.U.

- Deferred tax assets and deferred tax liabilities have been calculated applying a tax rate of 25% to the residential assets' net book values adjustments (see Note 22.2).

The historical financial information of the acquired entities for the period from 1 January 2017 to each acquisition date were as follows:

	01.01.2017 -29.03.2017									01.01.2017 -24.02.2017	
Thousands of Euros	Vía Célere, S.L.U.	Vía Célere 1, S.L.U.	Vía Célere 2, S.L.U.	Vía Célere Catalunya, S.L.U.	Vía Célere Gestión de Proyectos, S.L.U.	Conspace, S.L.U.	AGGREGATE Vía Célere	Inter-company elimination adjustments	Total Vía Célere	MAYWOOD, S.L.	Total
Revenue	**1,225**	**1**	**31**	**15,460**	**4,228**	**348**	**21,293**	**(4,576)**	**16,717**	**–**	**16,717**
Sales	1,225	–	30	15,460	–	348	17,063	(348)	16,715	–	16,715
Services rendered	–	1	1	–	4,228	–	4,230	(4,228)	2	–	2
Other operating income	**21**	**–**	**–**	**–**	**–**	**–**	**21**	**–**	**21**	**–**	**21**
Changes in inventories of finished goods and work in progress	**33,198**	**–**	**430**	**(10,434)**	**–**	**–**	**23,194**	**–**	**23,194**	**–**	**23,194**
Raw materials and other consumables used	**(33,947)**	**–**	**(232)**	**–**	**(3,610)**	**(206)**	**(37,995)**	**4,576**	**(33,419)**	**–**	**(33,419)**
Raw materials and other consumables used	(29,222)	–	–	–	–	–	(29,222)		(29,222)	–	(29,222)
Work performed by other companies	(4,725)	–	(232)	–	(3,610)	(143)	(8,710)	4,576	(4,134)	–	(4,134)
Changes in warehouse inventory	–	–	–	–	–	(63)	(63)	–	(63)	–	(63)
Personnel expenses	**–**	**–**	**–**	**–**	**(580)**	**(181)**	**(761)**	**–**	**(761)**	**–**	**(761)**
Wages, salaries and similar	–	–	–	–	(430)	(131)	(561)	–	(561)	–	(561)
Employee benefits expense	–	–	–	–	(150)	(50)	(200)	–	(200)	–	(200)
Other operating costs	**(346)**	**(2)**	**(364)**	**(193)**	**(49)**	**(68)**	**(1,022)**	**–**	**(1,022)**	**(46)**	**(1,068)**
Depreciation and amortisation charge	**(9)**	**–**	**–**	**(3)**	**(7)**	**(16)**	**(35)**	**–**	**(35)**	**–**	**(35)**
OPERATING PROFIT/(LOSS)	**142**	**(1)**	**(135)**	**4,830**	**(18)**	**(123)**	**4,695**	**–**	**4,695**	**(46)**	**4,649**
Finance cost	**(414)**	**(2)**	**(2)**	**(21)**	**–**	**–**	**(439)**	**–**	**(439)**	**(87)**	**(526)**
On payables to third parties	(414)	(2)	(2)	(21)	–	–	(439)	–	(439)	(87)	(526)
Capitalisation of financial interests in assets	**256**	**–**	**–**	**–**	**–**	**–**	**256**	**–**	**256**	**–**	**256**
FINANCE INCOME	**(158)**	**(2)**	**(2)**	**(21)**	**–**	**–**	**(183)**	**–**	**(183)**	**(87)**	**(270)**
PROFIT/(LOSS) BEFORE TAX	**(16)**	**(3)**	**(137)**	**4,809**	**(18)**	**(123)**	**4,512**	**–**	**4,512**	**(133)**	**4,379**
Income tax	(215)	1	34	(1,202)	(168)	84	(1,466)	–	(1,466)	33	(1,433)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(231)**	**(2)**	**(103)**	**3,607**	**(186)**	**(39)**	**3,046**	**–**	**3,046**	**(100)**	**2,946**
PROFIT/(LOSS) FOR THE PERIOD	**(231)**	**(2)**	**(103)**	**3,607**	**(186)**	**(39)**	**3,046**	**–**	**3,046**	**(100)**	**2,946**

7.2. Disposals

On 28 December 2017, the Company's shareholders approved the distribution of the shares in Dospuntos Asset Management, S.L. one of the Group's wholly-owned subsidiaries. Dospuntos Asset Management, S.L.'s transactions represented the entire rental business of the Group (see Note 1). Management committed to a plan to distribute this business to its shareholders following a strategic decision to restructure its activities and place greater focus on the Group's key competencies, the residential business, according to methodology of IFRS 3 in the accounting of acquisition of subsidiaries among entities under common control (see Note 4). The distribution occurred on 29 December 2017.

The rental business mainly comprised rental assets with certain characteristics:

- Assets with a commercial and industrial nature for the purpose of rental; and
- Land and buildings under construction for the development of buildings with a commercial and industrial nature for the purpose of rental.

Its assets and liabilities were in Spain, Portugal and Argentina.

The corporate reorganization was carried out among entities under common control in several steps:

- Spin-off of the rental business to a newly-incorporated company, Dospuntos Asset Management, S.L., a wholly owned subsidiary of Via Celere Desarrollos Inmobiliarios, S.A. The spin-off was formalised by a public deed on 27 November 2017. It was formed by the segregated branch, assets and liabilities of Via Celere Desarrollos Inmobiliarios, S.A. and investment in the following subsidiaries: Inmoprado Laguna, S.L.U., Sofia Hoteles, S.L.U., Hotel Rey Pelayo, S.A., Green Inmuebles, S.L., Desarrollos Inmobiliarios Makalu, S.L. Udra Argentina, S.A. and Parquesoles Portugal SGPS, S.A., this last company including the subsidiary Edificio Duque de Loule - Investimentos Imobiliários, S.A., Edificio Duque de Palmela Nº 11 - Investimentos Imobiliários, S.A., Edificio Avenida da Liberdade Nº 35-Investimentos Imobiliários, S.A. and Parquesoles Inmobiliaria y Proyectos - Investimentos Imobiliários, S.A. with a net book value at the consolidation level at the date of the restructuring of Euros 158,621 thousand.
- On 22 December 2017, Via Celere Desarrollos Inmobiliarios, S.A. made a non-monetary contribution to Dospuntos Asset Management, S.L. of their wholly-owned stake in the following companies: Lardea, S.L.U., Udramar Inmobiliaria, S.L.U. and its associate "Antigua Rehabitalia, S.A.", Udrasol Inmobiliaria, S.L.U. and Douro Atlántico, S.L.U. A net carrying amount at the consolidation level of the assets and liabilities contributed at the date of the contribution amounted to Euros 10,058 thousand.
- On 22 December 2017, the Parent Company acquired from its subsidiary Parquesoles SGPS, S.A. the shares in Parquesoles Inmobiliaria y Proyectos – Investimentos Inmobiliários, S.A. with a net book value at consolidation level at the acquisition date of Euros 20,577 thousand. At the same time, Parquesoles SGPS, S.A. acquired from Douro-Atlantico – Sociedade Inmobiliária, S.A. its stake in Burgo Fundiários, S.A. with a net book value at the consolidation level at the acquisition date of Euros 14,611 thousand.

On 29 December 2017 (the settlement date) Via Celere Desarrollos Inmobilarios, S.A. distributed to its shareholders as a share premium, the shares in Dospuntos Asset Management, S.L. At the date of transfer, the disposal group comprised assets and liabilities with a net carrying amount at the consolidation level of Euros 159,265 thousand (see table below). The fair value of the shares in Dospuntos Asset Management, S.L. was estimated based on an independent expert's appraisal report at Euros 173,031 thousand. The fair value was estimated using a valuation technique by applying income approach using the DCF methodology. All cash flows have been discounted at a weighted average cost of capital of 8.6%. The difference between the estimated fair value of the assets distributed and their carrying amount at the consolidation level of Euros 14,410 thousand was recognised in Retained earnings in the consolidated statement of changes in equity. The rental business was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss, consolidated income statement has been restated to show the discontinued operation separately from continuing operations.

Results for the year from discontinued operations

	Thousands of Euros
Revenue	**14,974**
Changes in inventories of finished goods and work in progress	51,067
Raw materials and other consumables used	(51,166)
Raw materials and other consumables used	(51,103)
Work performed by other companies	(63)
Personnel expenses	(1,005)
Other expenses	(15,252)
Depreciation and amortisation charge (Note 8,9,10)	(5,409)
Impairment losses and gains on disposal of non-current assets (Note 10)	8,186
OPERATING PROFIT	**1,395**
Finance cost	(7,365)
Exchange differences	320
Impairment losses and gains/(losses) on disposal of financial instruments	4,521
NET FINANCE COST	**(2,524)**
PROFIT/(LOSS) BEFORE TAX	**(1,129)**
Income tax	603
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	**(526)**
Profit/(loss) attributable to non-controlling interests	**(30)**
Profit/(loss) attributable to Parent Company shareholders	**(496)**

Effect of distribution on the financial position of the Group

	Thousands of Euros
	29.12.2017
Assets	
Intangible assets (Note 8)	229
Property, plant and equipment (Note 9)	402
Investment property (Note 10)	258,244
Non-current Investments in associates (see Note 15.1)	614
Non-current financial assets	1,024
Deferred tax assets	810
Total non-current assets	**261,323**
Inventories (Note 16)	89,638
Trade and other receivables	7,653
Current loans in associates	6,284
Current financial assets	395
Prepayments and accrued income	127
Cash and cash equivalents	9,524
Total current assets	**113,621**
Total assets	**374,944**
Non-current provisions (see Note 18)	2,553
Non-current payables	205,037
Non-current payables to associates	121
Deferred tax liabilities	395
Total non-current liabilities	**208,106**
Current payables	5,867
Trade and other payables	1,403
Accrued expenses and deferred income	303
Total current liabilities	**7,573**
Total liabilities	**215,679**
Net assets	**159,265**

Cash flow from discontinued operations

	Thousands of Euros
Net cash from / (used in) operating activities	8,748
Net cash from investing activities	45,978
Net cash (used in) / from financing activities	(46,738)
Net cash flows for the year	**7,988**

7.3. *Other Societary transactions*

In 2018 the Group did not present any changes in the scope of consolidation.

In 2017, two idle Group subsidiaries with no residential assets, Azac, S.A.U. and Altiplano Desarrollos Inmobiliarios, S.L.U., were liquidated. They were 100% owned by Via Celere Desarrollos Inmobiliarios, S.A. The capital gain resulting from the liquidation of the subsidiaries amounted to Euros 11,880 thousand and Euros 860 thousand, respectively. This amount was contributed to Dospuntos Asset Management, S.L. in the spin-off

explained in Note 7.2. Additionally, on 23 March 2017, the Parent Company sold its ownership interest in Otoño, S.L. to the other shareholder (1,050 shares for Euros 100 thousand).

8. Intangible assets

Changes in intangible assets in 2018 and 2017 were as follows:

	Thousands of Euros				
	Transfert rights	Computer software	Patents, licenses, trademarks and similar	Goodwill	Total
Cost					
1 January 2017	68	712	312	5	1,097
Additions	–	70	–	–	70
Disposals	(68)	(274)	(114)	–	(456)
Disposals by chage in consolidation perimeter (Note 7.2)	–	(350)	(129)	–	(479)
Transfers from property, plant and equipment (Note 9)	–	1	51	–	52
31 December 2017	–	159	120	5	284
1 January 2018	–	159	120	5	284
Additions	–	85	–	–	85
31 December 2018	–	244	120	5	369
Amortisation					
Accumulated at 1 January 2017	(68)	(521)	(185)	–	(774)
Amortisation charge	–	(94)	(25)	–	(119)
Amortisation charge spin-off companies	–	(6)	–	–	(6)
Disposals	68	268	114	–	450
Disposals by chage in consolidation perimeter (Note 7.2)	–	247	3	–	250
Accumulated at 31 December 2017	–	(106)	(93)	–	(199)
Accumulated at 1 January 2018	–	(106)	(93)	–	(199)
Amortisation charge	–	(48)	–	–	(48)
Accumulated at 31 December 2018	–	(154)	(93)	–	(247)
Net carrying amount at 31 December 2017	**–**	**53**	**27**	**5**	**85**
Net carrying amount at 31 December 2018	–	90	27	5	122

The cost of fully amortised assets as at 31 December 2018 is Euros 33 thousand (Euros 8 thousand for 2017). During 2017, the Group derecognised most of the assets that were fully amortised.

Additions to Computer software relate entirely to the acquisition of new accounting and administrative software.

As at 31 December 2018 and 2017, there were no impairment indicators regarding the book value of the intangible assets.

For information on Goodwill, see Note 13.

9. Property, plant and equipment

Changes in property, plant and equipment during 2018 and 2017 were as follows:

	Thousands of Euros				
	Land and Buildings	Plant and machinery	Other property plant and equipment	Work in progress	Total
Cost					
1 January 2017	329	1,254	2,117	–	3,700
Additions	–	25	310	–	335
Disposals	(73)	(123)	(791)	–	(987)
Additions by change in consolidation perimeter (Note 7.1.2)	2,978	206	–	–	3,184
Disposals by change in consolidation perimeter (Note 7.2)	(370)	(814)	(1,023)	–	(2,207)
Transfers	(28)	(49)	77	–	–
Transfers to intangible assets (Note 8)	–	(52)	–	–	(52)
31 December 2017	2,836	447	690	–	3,973
1 January 2018	2,836	447	690	–	3,973
Additions	–	6	269	217	492
Disposals	–	–	(13)	–	(13)
31 December 2018	2,836	453	946	217	4,452
Amortisation					
Accumulated at 1 January 2017	(26)	(1,066)	(2,029)	–	(3,121)
Depreciation charge for the year	(145)	(54)	(28)	–	(227)
Depreciation charge spin-off companies	–	(11)	–	–	(11)
Disposals	61	123	790	–	974
Disposals by change in consolidation perimeter (Note 7.2)	59	735	1,011	–	1,805
Transfers	28	49	(77)	–	–
Accumulated at 31 December 2017	(23)	(224)	(333)	–	(580)
Accumulated at 1 January 2018	(23)	(224)	(333)	–	(580)
Depreciation charge	(30)	(57)	(188)	–	(275)
Disposals	–	–	3	–	3
Accumulated at 31 December 2018	(53)	(281)	(518)	–	(852)
Impairment					
Accumulated at 1 January 2018	–	–	–	–	–
Impairment losses for the period	(54)	–	–	–	(54)
Accumulated at 31 December 2018	(54)	–	–	–	(54)
Net carrying amount at 31 December 2017	**2,813**	**223**	**357**	**–**	**3,393**
Net carrying amount at 31 December 2018	**2,729**	**172**	**428**	**217**	**3,546**

The main additions for the year 2018 correspond to the construction in progress of various worksite huts necessary for the Group's different developments in progress for an amount of Euros 217 thousand, and the model units in the sales developments thereof for an amount of Euros 258 thousand. The main additions for the

9. Property, plant and equipment (continued)

year 2017 corresponded to the headquearters of the Group located on Calle Carlos and Guillermo Fernandez Shaw in Madrid.

At 2018 year-end, Property, plant and equipment were derecognised for a net book value of Euros 10 thousand, giving rise to a gain of Euros 26 thousand (see Note 24.11).

The cost of the fully depreciated assets as at 31 December 2018 and 2017, was Euros 260 thousand and Euros 151 thousand, respectively. During 2017, the Group derecognised most of the assets that were fully amortised.

The Group has taken out insurance policies to cover the risks to which its Property, plant and equipment are exposed. Coverage under these policies is considered sufficient.

The Group has evaluated the existence of indications that could reveal the potential impairment of the assets composing the Property, plant and equipment at 31 December 2018, determining an impairment of Euros 54 thousand in land and buildings.

As at 31 December 2017 there were no impairment indicators regarding the book value of the Property, plant and equipment assets.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2018 and 2017 were as follows:

	Thousands of Euros					
	Land	Buildings	Investment property in progress	Plant and real estate assets	Other investment property	Total
Cost						
1 January 2017	31	415,049	44,781	13,982	3,491	477,334
Disposals	–	(43,669)	–	(1,536)	(220)	(45,425)
Additions by change in consolidation perimeter (Note 7.1)	–	116	–	–	–	116
Disposals by change in consolidation perimeter (Note 7.2)	(31)	(370,356)	(44,781)	(12,446)	(3,271)	(430,885)
Translation differences disposals	–	93	–	–	–	93
Transfer to Held-for-sale (Note 11)	–	(1,117)	–	–	–	(1,117)
31 December 2017	–	116	–	–	–	116
1 January 2018	–	116	–	–	–	116
31 December 2018	–	116	–	–	–	116
Depreciation						
Accumulated at 1 January 2017	–	(57,807)	–	(12,318)	(3,426)	(73,551)
Depreciation charge	–	(40)	–	–	–	(40)
Depreciation charge spin-off companies	–	(5,392)	–	–	–	(5,392)
Reversals	–	7,136	–	1,247	168	8,551
Disposals by change in consolidation perimeter (Note 7.2)	–	56,002	–	11,071	3,258	70,331
Translation differences disposals	–	(32)	–	–	–	(32)
Transfer to Held-for-sale (Note 11)	–	133	–	–	–	133
Accumulated at 31 December 2017	–	–	–	–	–	–
Accumulated at 1 January 2018	–	–	–	–	–	–
Depreciation charge	–	(2)	–	–	–	(2)
Accumulated at 31 December 2018	–	(2)	–	–	–	(2)
Impairment						
Accumulated at 1 January 2017	–	(70,181)	(32,129)	–	–	(102,310)
Disposals by change in consolidation perimeter (Note 7.2)	–	70,181	32,129	–	–	102,310
Accumulated at 31 December 2017	–	–	–	–	–	–
Net carrying amount at 31 December 2017	**–**	**116**	**–**	**–**	**–**	**116**
Net carrying amount at 31 December 2018	**–**	**114**	**–**	**–**	**–**	**114**

As at 31 December 2018 and 2017, the investment property is a commercial place in Valdemoro amounting to Euros 114 thousand and Euros 116 thousand, respectively.

The main disposals for the year 2017 correspond to the contribution to Dospuntos Asset Management, S.L explained in Note 7.2.

11. Non-Current assets held for sale

At 31 December 2018 there were no assets qualifying for recognition under the heading "Non-Current Assets Held for Sale".

At 31 December 2017, Euros 16,642 thousand were classified under the heading Non-Current Assets Held for Sale:

- Option to sell land located in Cortijo Norte for Euros 12,991 thousand. This option was exercised on 10 April 2018, giving rise to a loss of Euros 57 thousand (see Note 24.11).
- Euros 2,667 thousand from inventories due to the sale of "Edificio Paque das Naçòes" (Meridiano) (see Note 16) and Euro 984 thousand from one building and parking (see Note 10). This agreement has been settled in January 2018 without impact on the consolidated income statement for the year ended 2018.

12. Leases

As at 31 December 2018 and 2017, according to the contract leases in force, the Group, as lessor, had agreed the following minimum lease payments, without factoring in service charges, future increases in the CPI or future contractual lease payment revisions:

	Thousands of Euros	
	2018	**2017**
Up to a year	1	16
Between 1-5 years	–	82
More than five years	–	144
	1	**242**

As at 31 December 2017, the main leased asset was Edificio Paque das Naçòes" (Meridiano), which was sold on January 2018 (see Note 11).

13. Goodwill

As at 31 December 2018 and 2017, Goodwill included goodwill derived from the Torok Investment, S.L. business combination for Euro 5 thousand.

14. Equity-accounted investees

Details of movements in equity-accounted investees in 2018 and 2017 are as follows:

	Thousands of Euros
	Célere Forum Barcelona, S.L.
Balance at 31 December 2016	–
Loss for 2017	(480)
Changes in the consolidation perimeter (Note 7.1.2)	16,202
Balance at 31 December 2017	**15,722**
Loss for 2018	(640)
Share premium refund AREO, S.A.R.	(1,600)
Share premium refund	(800)
Balance at 31 December 2018	**12,682**

Celere Forum Barcelona, S.L. is the only shareholding of the Group in associated companies.

As at 31 December 2018 and 2017, an equity-accounted investee Celere Forum Barcelona, S.L. (hereinafter, “Celere Forum”) has been recognised derived from a joint venture (see Note 4.1). Celere Forum was acquired within the Via Celere business combination (see Note 7.1.2).

Celere Forum is a joint venture with AREO S.A.R. for the development of the project “Forum” in which the Group has joint control and a 50% ownership interest. This joint venture is structured as a separate vehicle and the Group has a residual interest in the net assets of Celere Forum.

In 2018 Celere Forum paid dividends charged to the share premium of Euros 800 thousand to the Parent Company, reducing the cost of the investment in the consolidated annual accounts. This amount corresponds to the contribution made by the shareholder to its investee to finance the acquisition of the property to be developed by the investee and, as agreed by the parties, it would be returned once 40% of the execution of the financed work has been reached and the presentation of 35% of the private contracts for the purchase and sale of the real estate units to be developed has been reached; a milestone which was reached before 31 December 2018.

In addition, Celere Forum paid dividends charged to the share premium of Euros 3,200 thousand to the other parent AREO S.A.R., generating a negative impact on the equity-accounted investee of the Group consolidated annual accounts amounting to Euros 1,600 thousand.

Financial information as at 31 December 2018, is as follows:

Description	Thousands of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	240
Current assets	63,240
Current liabilities	(53,728)
Total net assets	**9,752**
Percentage of participation	50%
Participation in net assets	4,876
Fair value adjustment (Note 7.1.2)	7,806
Carrying value of the participation	**12,682**
Profit and Loss account information	
Loss from continuing operations (100%)	(1,279)
Total comprehensive income (50%)	**(640)**

As at 31 December 2017, is as follows:

Description	Thousands of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	251
Current assets	39,824
Non-current liabilities	(13,950)
Current liabilites	(10,293)
Total net assets	**15,832**
Percentage of participation	50%
Participation in net assets	7,916
Fair value adjustment	7,806
Carrying value of the participation	**15,722**
Profit and Loss account information	
Loss from continuing operations (100%)	(960)
Total comprehensive income (50%)	**(480)**

15. Financial assets

Classification of financial assets by category

	Thousands of Euros			
	Non- current		Current	
	2018	2017	2018	2017
Amortized Cost				
Loans to associates (Note 25)	–	–	365	681
Financial assets	27,323	38,531	419	828
Trade receivables for sales and services	–	–	3,438	2,759
Receivables from Group companies and associates (Note 25)	–	–	121	–
Other accounts receivable	–	–	3,483	2,111
Fair Value with change in Profit and Loss				
Derivatives (Note 19.1.4)	26	99	–	–
	27,349	**38,630**	**7,826**	**6,379**

At both 31 December 2018 and 2017, the Board of Directors considered that the difference between the amortised cost and the fair value of these financial assets is not material.

15.1 Financial assets

The detail of "Financial assets" as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros			
	Non-current		Current	
	2018	2017	2018	2017
Loans to third parties	26,688	38,188	–	–
Deposits and guarantees	635	343	419	828
	27,323	38,531	419	828

"Loans to third parties" includes the purchase of non-performing loans secured by land. In the event of enforcement, the Group would acquire such security-backed lands. As of December 2018, the Group has three non-performing loans secured by land which were assigned to us by certain financial institutions under the terms described below.

1. On 21 March 2016, the Group entered into an assignment agreement with Bank of America Merrill Lynch Ltd., by means of which the Group was assigned a non-performing loan. This non-performing loan, which was acquired for approximately Euros 7,250 thousand (this loan represents an unpaid amount of Euros 21,675 thousand), was the result of a mortgage credit facility agreement entered into between Caufec, S.L. and Bank of America Merrill Lynch Ltd. Such loan is secured by a mortgage over a plot of land located in Espluges de Llobregat (Barcelona).

2. In addition, on 31 March 2016, the Group entered into an assignment agreement with Banco Popular Español, S.A., by means of which the Group was assigned a non-performing loan. This non-performing loan, which was acquired for approximately Euros 11,000 thousand (this loan represents an unpaid amount of Euros 23,108 thousand), was the result of a mortgage credit facility agreement entered into between Caufec, S.L. and Banco Popular Español, S.A. on 29 November 2001. Such loan is secured by a mortgage over a plot of land located in Espluges de Llobregat (Barcelona).

3. Lastly, on 13 December 2016, the Group entered into an assignment agreement with Caixabank, S.A. by means of which the Group was assigned two non-performing loans. One non-performing loan was the result of a mortgage loan agreement entered into between Caufec, S.L., and Caixabank, S.A. on

29 November 2001, and the other non-performing loan was the result of a mortgage loan agreement entered into between Sacresa Terrenos Promoción, S.L. and Barclays Bank, S.A. (now, Caixabank, S.A.), on 18 August 2008. Both non-performing loans were acquired for a total of approximately Euros 8,000 thousand (this loan represents an unpaid amount of Euros 11,867 thousand). Such loans are currently secured by mortgages over plots of land located in Espluges de Llobregat (Barcelona) and Alcorcón (Madrid), respectively.

As at 31 December 2018 the total value of all the land guaranteeing the abovementioned loans is higher than the total carrying amount.

On 14 December 2016, the Group entered into an assignment agreement with Royal Bank of Scotland PLC, by means of which the Group was assigned a non-performing loan. This non-performing loan was acquired for approximately Euros 11,500 thousand (as at 31 December 2017 this loan represented an unpaid amount of Euros 330,218 thousand) and was the result of a mortgage loan agreement entered into between Sacresa Terrenos Promoción, S.L. and Royal Bank of Scotland PLC on 27 March 2007. Such loan was secured by a mortgage over a plot of land located in Los Cerros (Madrid). On October 2018, the Parent Company executed the purchase of the asset indicated as a consequence of the extrajudicial mortgage foreclosure for a total amount of Euros 11,500 thousand (Note 16.1).

As at 31 December 2018 and 2017, "Deposits and guarantees" mainly relates to security deposits deposited by the Group with public institutions under rental contracts, where the repayment period was greater than twelve months.

15.2 Trade and other receivables

This heading in the consolidated statement of financial position includes the present value of the uncollected amounts of revenue arising from the Group's various activities and which are the basis of the operating profit.

The breakdown of "Trade and other receivables" is as follows:

	Thousands of Euros	
	2018	2017
Associates		
Trade receivables (Note 25)	121	–
Non-related parties		
Customers	3,594	4,794
Other accounts receivable	3,483	2,111
Bad debt provision (Note 18)	(156)	(2,035)
	7,042	**4,870**

As at 31 December 2018, other accounts receivable include Euros 3,285 thousand pending receipt related to the sale of the land Cortijo Norte (see Note 11). As at February 2019, the Group has collected Euros 2,100 thousand in relation to this transaction. As at 31 December 2017, other accounts receivable included Euros 2,111 thousand pending receipt related to the convertible loans for a total of Euros 41,327 thousand (see Note 17.7). This amount has been collected in January 2018.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

The Group does not have a significant concentration of credit risk, with exposure spread over many counterparties and customers.

15.3 Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is similar to their fair value.

The detail of this balance as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Available cash	9,387	55,969
Restricted cash	46,849	44,077
	56,236	**100,046**

There were no restrictions on the use of the cash as at 31 December 2018 except for the fact that, as required under Spanish law 20/2015, down payment received in connection with residential developments must be deposited in a special account separate from the rest of the Group funds and may only be used to cover expenses deriving from the construction of the respective developments.

As at 31 December 2018, restricted cash includes pre-sales amounting to Euros 46,849 thousand. As at 31 December 2017, restricted cash includes pre-sales amounting to Euros 26,491 thousand and the cash received from a barter for an amount of Euros 17,586 thousand corresponding to a pledged account.

As at 31 December 2018, the available cash of subsidiaries integrated through equity method accounting is Euros 3,686 thousand (Euros 2,455 thousand as at 31 December 2017).

15.4 Use of derivative financial instruments

Virtually all transactions are performed in Euros, therefore, the financial risk to which the Group companies may be exposed is considered to be insignificant in the measurement of its assets, liabilities, and profit/(loss) for the year (see Note 19).

16. Inventories

The detail of the balances under this heading of the consolidated statements of financial position as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Raw Material	1,180	-
Land and plots	679,594	709,076
Property developments in progress	481,934	426,149
Completed developments	6,298	43,068
Advances to suppliers	9,315	13,146
Impairment	(502,697)	(574,491)
	675,624	**616,948**

As at 31 December 2018, the detail of the net book value of inventories by geographic area is as follows:

City	Thousands of Euros		
	2018		
	Cost	Impairment	Net Book Value
Madrid	475,238	(200,184)	275,054
Barcelona	24,903	(148)	24,755
Málaga	161,183	(46,969)	114,214
Seville	64,986	(5,005)	59,981
Valladolid	173,935	(111,275)	62,660
La Coruña	76,202	(44,288)	31,914
Balearic Islands	42,825	–	42,825
Portugal	43,343	(6,865)	36,478
Other	105,211	(86,747)	18,464
	1,167,826	**(501,481)**	**666,345**

Note: The previous detail does not include advances to suppliers.

As at 31 December 2017, the detail of the net book value of inventories by geographic area is as follows:

City	Thousands of Euros		
	2017		
	Cost	Impairment	Net Book Value
Madrid	412,628	(202,549)	210,079
Barcelona	69,988	(323)	69,665
Málaga	145,812	(60,852)	84,960
Seville	63,964	(8,092)	55,872
Valladolid	178,500	(119,558)	58,942
La Coruña	116,546	(69,705)	46,841
Balearic Islands	12,682	–	12,682
Portugal	50,255	(18,980)	31,275
Other	127,918	(93,216)	34,702
	1,178,293	(573,275)	605,018

Note: The previous detail does not include advances to suppliers.

The changes in inventories during 2018 and 2017 are as follows:

	Thousand of Euros						
	Inventories for resale	Raw material	Lands and plots	Completed developments	Property Developments in	Advances to suppliers	Total
Cost as at 1 January 2017	**4**	**–**	**773,997**	**64,236**	**190,271**	**26,479**	**1,054,987**
Additions	–	–	97,977	1,067	91,753	11,338	202,135
Disposals	–	–	(1,783)	(70,743)	–	(24,687)	(97,213)
Additions by change in consolidation perimeter (Note 7.1)	–	–	43,332	6,108	161,015	16	210,471
Disposals by change in consolidation perimeter (Note 7.2)	(4)	–	(163,147)	(132)	–	–	(163,283)
Transfers	–	–	(28,309)	45,199	(16,890)	–	–
Transfers to held-for-sale (Note 11)			(12,991)	(2,667)	–	–	(15,658)
Cost as at 31 December 2017	**–**	**–**	**709,076**	**43,068**	**426,149**	**13,146**	**1,191,439**
IFRS 15 adjustment (Note 2.1.a)	–	–	–	–	1,468	–	1,468
Adjustment cost as at 31 December 2017	**–**		**709,076**	**43,068**	**427,617**	**13,146**	**1,192,907**
Cost as at 1 January 2018	**–**	**–**	**709,076**	**43,068**	**427,617**	**13,146**	**1,192,907**
Additions	–	1,180	53,765	–	122,648	4,112	181,705
Disposals	–	–	(13,281)	(175,067)	–	(7,943)	(196,291)
Transfers	–	–	(69,966)	138,297	(68,331)	–	–
Cost as at 31 December 2018	**–**	**1,180**	**679,594**	**6,298**	**481,934**	**9,315**	**1,178,321**
Impairment losses as at 1 January 2017	**–**	**–**	**(433,228)**	**(9,198)**	**(110,879)**	**(25,903)**	**(579,208)**
Charges	–	–	(118,563)	(25,045)	(27,436)	–	(171,044)
Reversals	–	–	34,356	15,923	27,150	24,687	102,116
Disposals by change in consolidation perimeter (Note 7.2)	–	–	73,601	44	–	–	73,645
Transfers	–	–	8,846	(3,610)	(5,236)	–	–
Impairment losses as at 31 December 2017	**–**	**–**	**(434,988)**	**(21,886)**	**(116,401)**	**(1,216)**	**(574,491)**
Impairment losses as at 1 January 2018	**–**	**–**	**(434,988)**	**(21,886)**	**(116,401)**	**(1,216)**	**(574,491)**
Charges	–	–	(12,061)	(321)	(2,192)	–	(14,574)
Reversals	–	–	26,724	45,439	14,205	–	86,368
Transfers	–	–	11,960	(24,729)	12,769	–	–
Impairment losses as at 31 December 2018	**–**	**–**	**(408,365)**	**(1,497)**	**(91,619)**	**(1,216)**	**(502,697)**
Net carrying amount at 31 December 2017	**–**	**–**	**274,088**	**21,182**	**309,748**	**11,930**	**616,948**
Net carrying amount at 31 December 2018	**–**	**1,180**	**271,229**	**4,801**	**390,315**	**8,099**	**675,624**

The Group recognises short-cycle and long-cycle property developments in progress in "Developments in progress". In the same way, for "Short-cycle developments in progress" the accumulated costs of the developments are considered, for which the expected completion date of the construction does not exceed 12 months.

As at 31 December 2018 and 2017, the net book value of inventories divided by short-cycle and long-cycle, is as follows:

	Thousands of Euros	
	2018	2017
Short-cycle	210,286	82,994
Long-cycle	456,059	522,024
Total current assets	**746,624**	**744,835**
Debt related to stock financing (Long-cycle)	54,471	107,975
Total current liabilities	**378,812**	**485,191**

As at 31 December 2018, short-cycle corresponds, mainly, to the developments of Méndez Álvaro (Madrid), Franco Rodríguez (Madrid), Casa Forestier (Seville), Casa Banderas (Málaga and Residencial Barama (Málaga).

The Group capitalises the finance costs incurred in financing for the development of property inventories provided these are related to inventories which have a production cycle longer than one year. In 2018, finance costs of Euros 7,110 thousand were capitalised (Euros 2,048 as at 31 December 2017) (see Note 24.10). Additionally, in 2018, 3,702 thousand euros and 417 thousand euros corresponding to personnel expenses and external service expenses, respectively, were recorded as the highest value of developments in progress (see Note 24.2).

Reversals of impairment losses of developments during the year 2018 includes an amount of 4,224 thousand euros that has been recorded against other reserves.

On 9 January 2019, the Parent Company completed the acquisition and merger of the net assets of some components of Aelca Group (see Note 28). It should be noted that the assets acquired involve Euros 383,067 thousand relating to land and plots; Euros 193,097 thousand relating to Developments in progress; Euros 6,592 thousand euros relating to Developments completed; and Euros 353 thousand relating to Advances to suppliers.

16.1 Land and plots

The balance of this account corresponds to the acquisition price of land and plots which, as at 31 December 2018 and 2017 were classified as land being prepared for development or at the planning stage.

As at 31 December 2018 and 2017 the buildable surface area above ground of the Group's portfolio of land totalled 1,368,026 square meters and 869,654 square meters, respectively, with approximately 70% of the land classified as "fully permitted" development in both reporting periods.

The details of the Group's land by geographic area is as follows:

	Total m2	
City	2018	2017
Madrid	581,220	199,496
Málaga	140,671	103,397
Seville	187,699	185,661
Valladolid	105,847	104,170
Portugal	78,368	89,825
Others	274,221	187,105
	1,368,026	**869,654**

The main items included under this heading are:

- Plots in Pozuelo de Alarcón, Guadarrama, Boadilla, Las Rozas, Getafe, Fuente El Saz and Solagua, Madrid;
- Plots in Aznalfarache, Dos Hermanas, Airport, Seville;
- Plot in Condomina, Murcia;
- Plot in Churriana, Jardinana, Málaga;
- Plots in Laderas Sur, Valladolid;
- Plot in Lastra, Leon;
- Land in Rua do Grijó and Quinta dos Moinhos, Porto, Portugal;

- Land in Oerias, Lisbon, Portugal;
- Land in Finestrelles, Barcelona;

The main movements that have been taking place in 2018 are:

- The acquisition of a plot in Campomanes (Las Rozzas in Madrid) for Euros 1,900 thousand.
- The acquisition of a plot in Ibiza UA 14 for Euros 26,900 thousand.
- The execution of a purchase option of a plot maintained in Los Cerros (Madrid) for Euros 11,500 thousand (see Note 15.1).
- Disposal relates to land sales for a net carrying amount of Euros 12,943 thousand. The most significant were the sale of Sevilla Este for Euros 5.167 thousand and Sevilla Aeropuerto for Euros 3,320 thousand.

The main movements that have been taking place in 2017 are:

- The additions amounted to Euros 97,977 thousand, mainly related to:
    - The acquisition of a commercial plot located in Barcelona (22@) in October. The acquisition price amounted to Euros 51,000 thousand. This plot was transferred to Dospuntos Asset Management, S.L. in November as part of the spin-off transaction.
    - The acquisition of a plot in Ibiza for Euros 12,322 thousand.
    - The acquisition of a plot in Seville Este for Euros 26,526 thousand.
- The additions corresponding to the integration of new companies (see Note 7.1) with a total cost amounting of Euros 43,332 thousand.
- Change in the consolidation perimeter due to the spin-off with a total to cost and an impairment amounting of Euros 163,147 and Euros 73,601 thousand, respectively.

As at 31 December 2018 and 2017, there are certain assets under "Land and plots" with a net cost of Euros 39,732 thousand and Euros 97,812 thousand, respectively, mortgaged to secure repayment of a number of bilateral bank loans, of which Euros 34,308 thousand and Euros 84,391 thousand, respectively, have been drawn down (see Note 19.1.3).

As at 31 December 2018 and 2017, no land or plots had been pledged to secure the syndicated loan.

16.2 Commitments to acquire lands and plots

As at 31 December 2018 and 2017, the Group had signed purchase commitments or options on land and plots totalling Euros 44,135 thousand and Euros 71,100 thousand, respectively, having made prepayments of Euros 5,242 thousand and Euros 7,942 thousand, respectively. During 2017, "Advances to suppliers" that were totally provisioned have been written off as it was unlikely to recover the advances paid out.

In addition, during 2018 an advance to suppliers for an amount of Euros 2,857 thousand (Euros 3,396 thousand during 2017), has been registered relating to provisions delivered to notaries for land purchases.

As at 31 December 2018 and 2017, the main commitments to acquire lands and plots are:

- On 14 February 2017, the Group entered into a purchase option agreement with Iberia Líneas Aéreas de España, Sociedad Anónima Operadora, over several plots of land located on Carretera Camino de la Fuente, Madrid.
- On 6 April 2017, the Group entered into a purchase option agreement with Resto HG, S.L. over several plots of land all part of UZ 2.4-03 "ARPO". Under this purchase agreement the Group was granted two purchase options.

16.3 Completed developments

The cost of the unsold part of the following developments is recognised under the heading “Completed developments”.

As at 31 December 2018, the geographical distribution of the main completed developments is as follows:

- ***Madrid*** (Adelfas development; Villaverde development; Rivas development; Valdebebas Gil development, Fernández Shaw development, Tres Cantos)
- ***Barcelona*** (Magoria residential development)
- ***A Coruña*** (Casa Vega residential development)
- ***Valladolid*** (La Joya 108 development; La Joya 109 development; Juan de Austria building; Paseo Jalón residential development)
- ***Other provinces*** (Viñadelmar residential development in Murcia)

As at 31 December 2017, the geographical distribution of the main completed developments is as follows:

- ***Madrid*** (Adelfas development; Nebulosas development; Rivas development; Arcones Gil development)
- ***Málaga*** (Babaco in Churriana residential development)
- ***Valladolid*** (La Joya 108 development; La Joya 109 development; Parquesur development, phase 1 and 2; Panama development, phase 2; Jardines de Jalon development; Jardines de Zorrilla development; Cuzco building; Corona building; Juan de Austria building; Alfonso X building; Paseo Jalon residential development)
- ***Other provinces*** (Arago, Barcelona; La Salle (San Pedro, Tarragona); Guadamarina I, San Roque, Sotogrande; Plaza de Compostela, Vigo, Pontevedra)

In 2018 disposals were recognised under “Completed developments” amounting to Euros 175,067 thousand (Euros 70,743 thousand in 2017), corresponding to the cost of the inventories delivered during the reporting period.

The main disposals in 2018 relate to the following developments: Magoria in Barcelona, Villaverde in Madrid and Casa Vega in La Coruña.

The main disposals in 2017 relate to the following developments: Arago in Barcelona, Adelfas and Rivas in Madrid. Additionally, the amount of Euros 12,991 thousand has been transferred to assets held for sale (see Note 11).

As at 31 December 2018 and 2017, there are certain residential assets recognised under “Completed developments” of the consolidated statement of financial position for a net cost of Euros 1,553 thousand and Euros 15,150 thousand, respectively, which are mortgaged to secure repayment of a number of bank loans with a drawn down balance as at said dates of Euros 2,270 thousand and Euros 21,629 thousand (see Note 19.1.3).

16.4 Property developments in progress

The balance of this account as at 31 December 2018 and 2017 corresponds to the total costs incurred in the execution of the residential developments in progress, including the purchase cost of the land, up until said date.

As at 31 December 2018, the main items included under this heading are:

- Residential developments located at Las Rosas, Mostoles, Mendez Alvaro, Embajadores and Francos Rodriguez owned by the Group company “Via Celere, S.L.U.”

- Residential developments located at the Antigua Fábrica de Tabacos in La Coruña M2 and M4, owned by the Group company “Udralar, S.L.U.”
- Promociones Residencial Barama and Casa Banderas in Málaga, Casa de la Cierva in Getafe, Casa Ponce Leon and Ariza in Valladolid, Cortijo Norte, Solagua and Perales del Rio in Madrid, Casa Forestier in Seville and Ibiza UA14 owned by “Via Celere Desarrollos Inmobiliarios, S.A.”

As at 31 December 2017, the main items included under this heading are:

- Residential developments located at Magoria in Barcelona; and Villaverde, Mostoles, Mendez Alvaro and Francos Rodriguez owned by the Group company “Via Celere, S.L.U.”
- Residential developments located at the Antigua Fábrica de Tabacos in La Coruña M2 and M4 an M1, owned by the Group company “Udralar, S.L.U.”
- Promociones Residencial Barama and Casa Banderas, Málaga, Casa Ventura, Retamar Fase I and Casa Ponce Leon owned by “Via Celere Desarrollos Inmobiliarios, S.A.”

Of the residential developments in progress as at 31 December 2018 and 2017, a number of them, recognised on said dates for a net cost of Euros 197,425 thousand and Euros 226,367 thousand respectively, are mortgaged to secure the repayment of the bilateral loans, the balances drawn down on said dates amounted to Euros 80,450 thousand and Euros 92,288 thousand (see Note 19.1.3).

16.5 Commitments to sell residential developments in progress and constructed buildings

The Group recognises the advanced amount under “Trade and other payables”, in cash or in bills of exchange receivable, received from customers with whom said sale commitments have been formalised.

As at 31 December 2018 and 2017, the Group had signed contracts for the sale of residential developments in progress at said date, or constructed buildings, for the total amount of Euros 580,444 thousand and Euros 335,329 thousand, respectively. Of the total sale commitments as at 31 December 2018 and 2017 the Group had received advances paid on account for a total of Euros 92,909 thousand and Euros 57,777 thousand, respectively (see Note 19.2). As at 31 December 2017, within the balance of customer advances (Euros 57,777 thousand) two barters were collected for an amount of Euros 19,294 thousand (Euros 17,586 thousand corresponding to the land purchase of Magoria and Euros 1,708 thousand corresponding to the land purchase of Mostoles).

As is normal practice, virtually all the sales contracts are subject to indemnity clauses for the non-delivery of the homes, mostly the legal interest on the amounts delivered between the projected delivery date in the contract and the effective delivery date. The Group makes no estimate of the impact on these consolidated annual accounts due to their experience over recent years, as well as the fact that the projected delivery date in the contracts includes a margin of safety. In addition, presales generally include indemnities payable to the Group in the event of cancellation by the customer, although no amounts for this item are recognised until they are collected.

16.6 Impairment of inventories

The Group annually commissions studies from independent experts to determine the fair value of its inventories at year end. Such studies were performed by “Savills Consultores Inmobiliarios” as of 31 December 2018 and 31 December 2017. Valuations were made based on the fair value in accordance with the definition adopted by the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS).

In order to calculate the values of the different properties of the Group portfolio the valuation methods employed were the Discounted Cash Flow Method (DCF), the Comparison Method and the Dynamic Residual Method.

The DCF, as defined by Savills, comprises analysing the development and its disposal upon completion, taking into account all the necessary costs to take the project to fruition (construction, architecture, urban planning and disposal cost) and recognising income as the sales are completed. This will result in a cash-flow that will be discounted as at the valuation date using the IRR, which reflects the level of risk the developer is willing to accept and the return that expects to obtain.

During 2018, the Group recognised an impairment loss of Euros 14,573 thousand (Euros 171,044 thousand in 2017) and the reversal of impairment of Euros 86,368 thousand (Euros 102,116 thousand in 2017), of which Euros 43,682 (Euros 3,516 thousand in 2017) related to units delivered in the year. The amounts were recognised to adjust the carrying amount of inventories to estimated realisable value not to exceed cost, determined based on valuations by Savills.

In turn, during the year 2017 a provision for impairment of advances to suppliers of 24,687 thousand euros was used.

Due to the spin-off of the rental business in 2017, inventories were removed from the consolidated statement of financial position which included an impairment of Euros 73,645 thousand.

As at 31 December 2018 and 2017, the overall fair value of the Group's inventories detailed in the above-mentioned studies amounted to Euros 905,041 thousand and Euros 764,140 thousand, respectively.

Main hypotheses included by Savills in the valuation are as follows:

Sell price (€/m2)	Margin	Internal Rate of Return
957 - 6,571	1% - 49%	6% - 25%

Additionally, for 2018 the Group's Directors have performed several sensitivity analyses of the valuations:

- In the case of the discount rate, a sensitivity of +/- 100 basis points based on the different economic scenarios foreseen for the short and medium term has been set, as well as consideration of the rate of return which other property developers, with different characteristics than those of the Group, would demand.
- In the case of the sale price, sensitivity analyses of +/- 1%, +/-5% and +/- 10% were performed, although the Directors believe that increases or decreases of 10% on the valuation are unlikely.

This sensitivity exercise was performed assuming all other variables as constant.

Variations and the net book value of the stock would be affected as follows if variation of the key hypothesis is considered:

Assumption	Thousands of Euros	
	Discount rate Increase/(decrease)	
	1%	(1%)
Market Value	881,607	929,940
Net Book Value	660,015	671,935

Assumption	Thousands of Euros					
	Sell price Increase / (Decrease)					
	1%	(1%)	5%	(5%)	10%	(10%)
Market Value	921,274	888,026	985,786	820,154	1,066,114	736,969
Net Book Value	672,022	662,918	688,851	643,941	707,707	619,281

The impact that these sensitivities would have on the valuations conducted by the independent expert are as follows:

- A reduction of 100 basis points in the discount rate would lead to an increase in the valuation of Euros 24,899 thousand and an increase of 100 basis points would lead to a decrease in the valuation of Euros 23,434 thousand.
- A 1% reduction in the sale price would lead to a reduction in the valuation of Euros 17,015 thousand and an increase of 1% basis points would lead to an increase in the valuation of Euros 16,232 thousand.
- A 5% reduction in the sale price would lead to a reduction in the valuation of Euros 84,888 thousand and an increase of 5% basis points would lead to an increase in the valuation of Euros 80,745 thousand.
- A 10% reduction in the sale price would lead to a reduction in the valuation of Euros 168,073 thousand and an increase of 10% basis points would lead to an increase in the valuation of Euros 161,072 thousand.

Likewise, the discount rate associated to each project has been calculated through a sensitivity analysis of the same based on the status of each of the developments at that time. The discount rates applied shall vary depending on the development stage of the asset (land not yet developed, under construction, pre-sales or finished), ranging between 6% and 25% with a weighted average of 12.9%.

The average weighted discount rate by type of asset is as follow:

TIR (%)	Discount rate (%) 31.12.2018
Work in progress	9.50%
Fully permitted	12.50%
Strategic land	15.50%
TOTAL	**12.9%**

16.7 Inventories in litigation

"Inventories" as at 31 December 2018 includes the amount of Euros 1,195 thousand (Euros 1,085 thousand as at 31 December 2017) relating to claims of customers based on eventual breaches of contractual obligations.

The Board of Directors and legal counsel of the Group consider that the resolution of the above-mentioned legal proceedings will not result in any material losses for the Group in addition to those already recognised in these consolidated annual accounts.

16.8 Insurance policy

The Group's policy is to arrange insurance policies to cover any possible risks to which virtually all of its inventories are exposed. The Board of Directors considers that the coverage of these policies is sufficient.

17.Equity

17.1 Share capital

On 29 March 2017, at the Company's General Shareholders' Meeting it was resolved to increase share capital by Euros 11,297 thousand, through the creation of 1,882,832 new shares with the same rights as the current shares at that date. The capital increase was carried out by means of a monetary capital increase executed in a public deed dated 22 June 2017 which was filed with the Madrid Companies Register.

On 28 December 2017, the Company's General Shareholders' Meeting resolved to increase share capital by Euros 36,882 thousand, through the creation of 6,147,042 new shares with the same rights as the current shares at that date. The capital increase was carried out with a debt-to-equity swap, the Convertible Loan Agreement equitized executed on 24 July 2017 was contributed by several of its shareholders and third parties that assigned its financial claims on this Convertible Loan Agreement to Bank of America Merill Lynch International Limited. This capital increase was executed in a public deed on 29 December 2017 and registered on 1 February 2018.

On 23 February 2018, the Company's Annual General Meeting resolved to increase its share capital by Euros 22,158 thousand through the issue of 3,692,956 new shares with a par value of Euros 6 each and with the same rights as the existing shares. This capital increase was carried out through a non-monetary consideration consisting of the capitalisation of certain bilateral loans that the shareholders had granted to the Company for a book value of Euros 98,839 thousand. The increase in share capital was recognised at the fair value of the loans capitalised at that date (Euros 73,020 thousand) and the difference of Euros 25,819 thousand was recognised as a contribution from shareholders and is recognised as finance income in the income statement (see Note 19 and 24.13). The public deed of the capital increase was executed on 2 March 2018, having been registered in the Companies' Registry of Madrid.

In addition, at the same General Meeting of Shareholders of the Company, it was resolved to increase its share capital by Euros 56 thousand through the issue of 9,280 new shares, each with a par value of Euros 6, with the same rights as the existing shares. This capital increase was executed by means of a public deed dated 28 March 2018, which has been registered in the Companies' Registry of Madrid.

On 2 March 2018, the Company's Annual General Meeting approved an increase in share capital by Euros 12,540 thousand through the issue of 2,090,120 new shares with a par value of 6 euros each and with the same rights as the existing shares. This capital increase was executed by public deed on 3 April 2018 and is registered in the Companies' Registry of Madrid.

As at 31 December 2018, the Parent's share capital of Euros 204,187,122 (Euros 169,432,986 as at 31 December 2017) comprised registered shares with a nominal value of Euros 6 each, fully subscribed and paid, each one authorised, subscribed and paid in, and not listed on any stock exchange, all with the same dividend and voting rights.

After 31 December 2018 and before the date of preparing these consolidated annual accounts, as an integral part of the merger described in notes 1 and 28, the Parent's share capital has been increased by the issue of 31,746,987 new shares with the same nominal value.

The breakdown of ownership interest as at 31 December 2018 and 2017 is as follows:

	2018		2017	
Company	Number of shares	Percentage of ownership interest	Number of shares	Percentage of ownership interest
Maplesville Invest, S.L.U	17,828,983	52.39%	15,143,442	53.63%
Greencoat B.V.	5,513,934	16.20%	4,110,294	14.56%
Trinity Investment Ltd.	5,112,989	15.02%	4,898,247	17.35%
MELF B.V.	1,832,276	5.38%	1,411,943	5.00%
Barclays Bank PLC	1,329,208	3.91%	1,192,045	4.22%
Bank of America Merrill Lynch International	–	0.00%	307,351	1.09%
Merrill Lynch International	2,229,368	6.55%	1,104,588	3.91%
Deutsche Bank AkticngescMschafl	97,877	0.29%	–	0.00%
JP Morgan Securities PLC	86,552	0.25%	70,921	0.25%
	34,031,187	**100.00%**	**28,238,831**	**100.00%**

At the General Shareholders Meeting of the Company held on 28 December 2017, it was unanimously agreed to distribute the share premium reserve in kind, which had the nature of a freely distributable reserve, for an amount of Euros 173,031 thousand, through the transfer of the shares of its wholly owned subsidiary Dospuntos Asset Management, S.L., and this was distributed among the Shareholders proportionally to their stake in the share capital of the Company (see Note 1).

The expenses incurred in the capitalizations are not significant and were recorded in the income statement.

The movement of the number of shares during the year was as follows:

Company	Number of shares at 31.12.2017	Capital increase (23.02.2018)	Capital increase (02.03.2018)	Transfer	Number of shares at 31.12.2018
Maplesville Invest, S.L.U	15,143,442	–	1,356,077	1,329,464	17,828,983
Greencoat B.V.	4,110,294	1,329,464	74,176	–	5,513,934
Trinity Investment Ltd.	4,898,247	245,159	–	(30,417)	5,112,989
MELF B.V.	1,411,943	–	420,333	–	1,832,276
Barclays Bank PLC	1,192,045	–	106,746	30,417	1,329,208
Bank of America Merrill Lynch International	307,351	690,992	126,437	(1,124,780)	–
Merrill Lynch International	1,104,588	–	–	1,124,780	2,229,368
Deutsche Bank AkticngescMschafl	–	97,877	–	–	97,877
JP Morgan Securities PLC	70,921	9,280	6,351	–	86,552
Arvo Invcsliiienl Holdings S.á.r.l.	–	1,329,464	–	(1,329,464)	–
	28,238,831	**3,702,236**	**2,090,120**	**–**	**34,031,187**

Company	Number of shares at 31.12.2016	Transfer	Capital increase (29.03.2017)	Capital increase (28.12.2017)	Number of shares at 31.12.2017
Greencoat B.V	3,837,612	(1,045,390)	309,059	1,009,013	4,110,294
Maplesville Invest, S.L:U	10,356,309	471,690	1,019,010	3,296,433	15,143,442
Bank of America Merrill Lynch International	151,804	(165,947)	14,143	307,351	307,351
Merrill Lynch International	2,020,657	(996,067)	79,998	–	1,104,588
Barclays Bank PLC	299,135	743,634	27,870	121,406	1,192,045
JP Morgan Securities PLC	50,754	–	4,729	15,438	70,921
MELF B.V.	1,010,449	–	94,142	307,352	1,411,943
Trinity Investment Ltd.	2,482,237	992,080	333,881	1,090,049	4,898,247
	20,208,957	**–**	**1,882,832**	**6,147,042**	**28,238,831**

17.2 Share premium

The Spanish Corporations Law expressly permits the use of the share premium balance to increase the share capital of the entities in which it is registered and establishes the same restrictions as regards its availability as the voluntary reserves.

17.3 Legal reserve

Under the Spanish Companies Act 10% of profit for each year must be transferred to a legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to off-set losses.

17.4 Restrictions on the distribution of dividends

As at 31 December 2018 and 2017, there is no restriction on the distribution of dividends except that the amount of total equity remaining following distribution of any dividend cannot be less than the amount of the share capital.

On the date of preparing these consolidated annual accounts, the Parent Company signed a senior syndicated finance agreement (see Note 28) which contains limitations to the distribution of dividends.

17.5 Translation differences

As at 31 December 2018 and 2017, there is no translation differences.

17.6 Treasury shares

As at 31 December 2018 and 2017, the Group did not hold any treasury shares, nor had it performed any treasury share transactions during the reporting periods.

17.7 Other equity instruments

On 24 July 2017, the Company entered into a profit participating loan amounting to Euros 150,000 thousand with its shareholders and Värde Investment Partners, L.P. The loan established a maturity date before 24 December 2017 and a mandatory conversion into capital clause to be fulfilled by the parties. The Company has converted the entire principal of the loan into ordinary Company shares (see Note 17.1).

On 21 December 2017, the Company entered into a loan agreement amounting to Euros 41,327 thousand with several of its shareholders (Maplesville Invest, S.L.U., Greencoat B.V, MELF, B.V, and Barclays Bank Plc.) and Värde Investment Partners, L.P. The disbursement of the Loan occurred on 29 December 2017, establishing as expiry date of the Loan that which should occur first, between (i) the date the borrower sends the conversion communication stipulated in section 3.1 of the loan agreement; or (ii) the first working day following the third month expired since the Loan agreement signing date, i.e. 28 February 2018. As indicated in section 13.1, on 2 March 2018, said Loan was converted into ordinary shares.

As at 31 December 2018, there is no other equity instruments.

On the date of preparing these annual accounts, a series of contributions of shareholders converted into share capital has occurred as an integral part of the merger process with the objective of being able to carry out said operation (See Note 28).

17.8 Capital management

The Group’s capital management policies are designed to obtain a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy enables the creation of value for shareholders while tapping into the financial markets on competitive terms to cover both debt financing and investment funding needs not met through internally generated cash flow.

18. Provisions and contingencies

The composition of the balance of these headings of the statement of financial position at the close of 2018 and 2017 is as follows:

	Thousands of Euros 2018				
	31 December 2017	Additions	Applications	Reversals	Closing balance at 31 December 2018
Non-current provisions					
Provisions for contingencies and charges	10,093	59	(621)	(708)	8,823
Current provisions					
Provision for bad debts (Note 15)	2,035	156	(2,035)	–	156
Operating provisions	3,812	300	(3,456)	(235)	421
	15,940	**515**	**(6,112)**	**(943)**	**9,400**

	Thousands of Euros 2017						
	31 December 2016	Additions	Applications	Reversals	Disposals by change in consolidation perimeter (Note 7.2)	Additions by change in consolidation perimeter (Note 7.1)	Closing balance at 31 December 2017
Non-current provisions							
Provisions for contingencies and charges	5,951	7,900	(13)	(1,192)	(2,553)	–	10,093
Current provisions							
Provision for bad debts (Note 15)	4,351	–	(136)	–	(2,180)	–	2,035
Operating provisions	1	3,401	(418)	–	–	828	3,812
	10,303	**11,301**	**(567)**	**(1,192)**	**(4,733)**	**828**	**15,940**

As at 31 December 2018 and 2017, the provision for contingencies and charges corresponds mainly to contingencies that probably will arise from legal proceedings relating to the ordinary business of the Group. The outcome of these related contingencies depends on court proceedings.

Additionally, the Parent Company had granted two comfort letters to Antigua Rehabitalia S.A., a subsidiary of the Company until 29 December 2017, covering all of the two mortgage loans between Antigua Rehabitalia, S.A. and SAREB amounting to Euros 12,400 thousand secured by two plots owned by Antigua Rehabitalia, S.A. located in the Conil de la Frontera sector (Cadiz). At 31 December 2017, Antigua Rehabitalia, S.A. was in bankruptcy, therefore the Group recognised a provision of Euros 7,900 thousand relating to the difference between the guarantees provided and the estimated realisable value of the land. This provision has been maintained to date since there have been no updates on the matter.

In 2017 the Parent Company recognised a provision in respect of the accrual of municipal capital gains tax in relation to the following transactions:

- Sales for the month of December amounting to Euros 74 thousand; and
- Segregation of the branch of activity amounting to Euros 3,327 thousand.

In the first half of 2018, the Company paid the settlements of the tax on the increase in value of urban land amounting to Euros 3,209 thousand arising from segregation, for which the related provision of Euros 3,209 thousand was applied.

As it has been described in Note 7.2 related to the structure and background of the consolidated management report of the Company, in December, Via Celere Desarrollos Inmobiliairos S.A. sole shareholder of Dospuntos Asset Management, S.L. approved the contribution to Dospuntos Asset Management, S.L.'s own resources the Company stake on Lardea, S.L.U., Douro Atlántico, S.L.U., Udramar Inmobiliaria, S.L.U. and Udrasol Inmobiliaria, S.L.U. and the Company transfer to Dospuntos Asset Management, S.L. the borrower or lender position on every credit with the refered subsidiaries.

Prior to this credits transfer, the Parent Company and Udramar Inmobiliaria, S.L. formalized a netting of the balance position between both companies. However, a certain amount of these balances were not liquid, due and payable at the date of the netting agreement, and the netting could potentially penalize third party rights. In this regard, in 2018 both companies agreed to cancel the related netting and transfer the balances separately to Dospuntos Asset Management, S.L. This transfer has no effect on Via Celere's consolidated annual accounts.

As additional information, the Apolo Arbitration dissolved the obligation of San Jose Desarrollos Inmobiliarios, S.A. (currently Via Celere Desarrollos Inmobiliarios, S.A.) to bear any cost of certain maintenance and repair works in Hotel Apolo Barcelona; this resolution was ratified and declared enforced by the court of first instance number 101 of Madrid. On January 2019, the court of first instance number 101 of Madrid has issued an attachment order for the amount claimed by Melia Hotels International, S.A. in such judicial proceeding. However, Dospuntos Asset Management, S.L., in accordance with the aforementioned commitment assumed by Dospuntos Asset Management, S.L., is managing the return in favour of Via Celere Desarrollos Inmobiliarios, S.A. of the amount seized in compliance with the said enforcement order; a return which took place on 21 March 2019.

19. Current and non-current liabilities and trade payables

Classification of financial liabilities by category is as follows:

	Thousands of Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Bank borrowings	1,309	237,648	1,460	363,255
Payables to related parties and associates	–	142	–	15,001
Payable to employees	–	1,442	–	1,066
Payables to suppliers	–	41,196	–	38,712
Customer advances	–	92,909	–	57,777
Other financial liabilities	188	536	260	222
	1,497	**373,873**	**1,720**	**476,033**

On 29 March 2017, the Parent Company deferred a payment for the acquisition of Via Celere of Euros 15,001 thousand payable not later than 15 December 2018. (Note 7.1.2) and the payment was made on the agreed date.

As at December 2017, payable to suppliers included Euros 15,821 thousand as deferred land payment (Euros 7,500 thousand of Cortijo Norte and Euros 8,321 thousand of UA-San Francesc Ibiza). As at December 2018, there is no deferred land payments.

Borrowings are classified as "current" if they finance goods or assets also classified as "current" in the consolidated statement of financial position, irrespective of the date of effective repayment.

Additionally, the reconciliation of movements of liabilities to cash flows arising from financing activities, is as follows:

	Thousands of Euros	
	Bank borrowings current and non current	Associates companies
Balance at 31 December 2017	364,715	15,001
Changes from financing activities		
Proceeds from related parties	–	(15,001)
Proceeds from bank borrowings	50,377	–
Repayment of bank borrowings	(76,508)	–
Total changes from financing cash flows	**(26,131)**	**(15,001)**
Other changes		
Interest expense	12,997	142
Interest paid	(12,997)	–
Change in fair value of financial instruments	(25,743)	–
Capitalisation of bilateral loans	(73,020)	–
Other changes	(864)	–
Balance at 31 December 2018	**238,957**	**142**

19.1 Non-current and current payables

19.1.1 Bank borrowings

The detail, in thousands of Euros, by maturity of the items include under current and non-current bank borrowings is as follows:

		Dispose short term				Maturity					
Instrument	Limit	Long cycle	Short cycle	Dispose long term	Total drawn down	2019	2020	2021	2022	2023 and rest	Total
Mortgage loans secured by inventories (see Note 19.1.3)	430,549	54,471	62,557	–	117,028	72,564	27,036	16,131	46	1,251	117,028
Credit lines	123,428	–	114,092	–	114,092	11,409	11,409	91,274	–	–	114,092
Accrued interests (Note 19.1.3)	–	509	369	–	878	878	–	–	–	–	878
Other loans	6,960	5,499	151	1,309	6,959	5,664	154	157	160	824	6,959
Borrowing at 31/12/2018	**560,937**	**60,479**	**177,169**	**1,309**	**238,957**	**90,515**	**38,599**	**107,562**	**206**	**2,075**	**238,957**

		Dispose short term				Maturity					
Instrument	Limit	Long cycle	Short cycle	Dispose long term	Total drawn down	2018	2019	2020	2021	2022 and rest	Total
Mortgage loans secured by inventories (see Note 19.1.3)	403,555	107,975	90,333	–	**198,308**	138,924	34,533	2,316	21,098	1,437	**198,308**
Credit lines	148,408	–	142,061	–	**142,061**	24,340	11,651	11,651	94,419	–	**142,061**
Accrued interests (Note 19.1.3)	–	4,225	4,880	–	**9,105**	9,105	–	–	–	–	**9,105**
Other loans	18,619	13,781	–	1,460	**15,241**	13,781	151	154	157	998	**15,241**
Borrowing at 31/12/2017	**570,582**	**125,981**	**237,274**	**1,460**	**364,715**	**186,150**	**46,335**	**14,121**	**115,674**	**2,435**	**364,715**

The total drawn down in 2018 and 2017 includes reducing this arrangement fees (commissions) figure by Euros 9,983 thousand and Euros 11,628 thousand, respectively, and increasing the interest by Euros 878 thousand and Euros 9,105 thousand, respectively.

See appendix 1 for more details of bank borrowings.

All of these loans have an interest rate based on Euribor plus a spread in line with market conditions.

As at December 2017, certain loans related to the companies acquired in the business combination described in Note 7.1.2, established the following clauses:

(i) Reporting obligations to the lenders;

(ii) acceleration of the loan triggered by, among other things, breach of payment obligations, false representation, insolvency, litigation and/or cross defaults; and

(iii) limitations on use of the funds beyond the agreed purpose and activities, the creation of security over their assets, disposal in any manner of their assets or the initiation of any action related to insolvency proceedings. Notwithstanding the above, payment of dividends is not restricted under any of the loan agreements.

Under the loan agreement entered into between Caixabank, S.A. and our subsidiary, Via Celere, S.L.U. for an amount of Euros 48,500 thousand, the following events would trigger early repayment:

(i) Transfer of our shares or the shares of our subsidiaries by any of our shareholders,

(ii) a change of control regarding our management body; and

(iii) third parties acquire control, by means of a contract or other ways, over the management and the policies of the management body.

The events described under (i) and (ii) shall not accelerate maturity as long as they are previously notified to Caixabank, S.A., and on 20 February 2017, the Group received a waiver from Caixabank, S.A. acknowledging receipt of our notification and its approval.

Similarly, under the loan agreement entered into by Via Celere, S.L.U. and Bankinter on 24 January 2017 for an amount of Euros 13,700 thousand, a significant change in the corporate structure would constitute an early repayment event. On 21 February 2017, the Group received a waiver from Bankinter.

During 2018 given or due to for the merger operation and the financing agreement described in Note 28, the Parent Company and certain subsidiaries had requested waivers from the following financial and insurance entities: Bankia, S.A., BBVA, S.A., Caixabank, S.A., Abanca, S.A., Unicaja Banco, S.A., Bankinter, S.A., Banco Sabadell, S.A., Kutxabank, S.A., Banco Santander, S.A., Liberty Mutual Insurance Europe Limited and QBE Insurance (Europe) Limited, to comply with certain clauses included in certain agreements.

Considering these waivers, as of the date of these consolidated annual accounts, the Group complies with all covenants under the loan agreements.

During 2018, a capital increase was carried out through a non-monetary consideration consisting of the capitalisation of certain bilateral loans that the shareholders had granted to the Company for a book value of Euros 98,839 thousand (Note 17.1).

As at 31 December 2018 and 2017 the balance of credit lines comprises mainly a credit line for the purchase of land with a limit of 121 million euros, which was fully drawn down.

Additionally, debt of associates integrated by the equity method amounts to Euros 18,450 thousand as at 31 December 2018 and Euros 6,975 thousand as at 31 December 2017.

19.1.2 Mortgage loans secured by investment property

As at 31 December 2018 and 2017, the Group does not have any mortgage secured by investment property.

19.1.3 Mortgage loans secured by inventories

The “developer loans” amounting to Euros 82,710 thousand and “loan for land purchase” amounting to Euros 34,308 thousand as at 31 December 2018, are defined as mortgage loans secured by inventories for a total amount of Euros 117,028 thousand (see Note 16).

The entire amount of the financial debt liability related to “Inventories” is stated as part of current liabilities of the accompanying consolidated statement of financial position irrespective of the effective repayment date.

The breakdown of mortgage loans secured by inventories as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Mortgage loans secured by property developments in progress	**80,450**	**92,288**
Of the Parent (see Note 16.4)	28,316	25,059
Of the subsidiaries (see Note 16.4)	52,134	67,229
Mortgage loans secured by completed developments	**2,270**	**21,629**
Of the Parent (see Note 16.3)	–	19,971
Of the subsidiaries (see Note 16.3)	2,270	1,658
Mortgage loans secured by land and plots	**34,308**	**84,391**
Of the Parent	12,384	14,022
Of the subsidiaries	21,924	70,369
	117,028	**198,308**

The main changes that took place in 2018 and 2017 in mortgage loans secured by inventories are related to the discharge of mortgage loans by the delivery of assets to secure loans in the amount of Euros 56,613 thousand (Euros 11,378 thousand in 2017), which a results in financial income for the Group of Euros 621 thousand (Euros 5,859 thousand in 2017) (see Note 24.12).

Some development loan contracts state that the interest accrued shall be capitalized to the principal amount at each interest payment date. The cost of the fully paid assets as at 31 December 2018 and 2017 was Euros 2,405 thousand and Euros 8,159 thousand, respectively.

These mortgage loans accrue variable annual interest rates. In 2018, these rates fluctuated between 1.75% and 2.50% (0.15% and 4% in 2017).

19.1.4 Derivative financial instruments

The Group has arranged over-the-counter (OTC) derivative financial instruments with Spanish and international banks with high credit ratings.

As a result of the transaction described in note 7.1.2 Business combination Via Celere, the Group has been subrogated to an interest rate cap (CAP) entered into by Via Agora on 22 April 2016. This CAP has the following features:

	Thousands of Euros				
Financial Instruments	**Maturity**	**Notional**	**Variable reference rate**	**CAP rate**	**Value at 31 December 2018 (Note 15)**
CAP	22/04/2021	9,000,000	Euribor 12M	0%	26

This instrument entitles the holder to receive a positive settlement if the 12M Euribor established at the start of the quarterly calculation period is above the related CAP rate. Settlement is quarterly as the difference between the 12M Euribor and the CAP rate on the nominal amount of the transaction.

19.2 Trade and other payables

"Trade and other payables" includes mainly the amounts outstanding for trade purchases and related costs.

The details of this heading are:

	Thousands of Euros	
	2018	2017
Current payables to suppliers	41,196	38,712
Payable to employees	1,442	1,066
Customer advances (Note 16.5)	92,909	57,777
	135,547	97,555

20. Average Supplier Payment Period. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010"

Details of payments to suppliers by Spanish consolidated companies are as follows:

	Payments made and outstanding at the reporting date	Payments made and outstanding at the reporting date
	2018	2017
	Days	Days
Average period of payment to suppliers	55	67
Ratio of paid transactions	58	59
Ratio of transactions pending payment	43	112

	Amount (Euros)	Amount (Euros)
Total payments made	99,121,313	48,649,441
Total payments pending	32,486,260	15,107,285

In accordance with the Institution of Accounting and Auditing (ICAC) Resolution, the calculation of the average supplier payment period considered commercial transactions relating to the delivery of goods or the provision of services accrued since the entry into force of Law 31/214, of 3 December.

Suppliers are defined, for the exclusive purposes of providing information set out in this Resolution as trade payables for debts with suppliers of goods or services, included in the line item of suppliers and other payables of the current liabilities on the consolidated statement of financial position.

The average period for payments to suppliers has been calculated, as stated in the ICAC Resolution of 29 January 2016, using the weighted average of the two ratios explained below:

- Ratio of paid transactions: Average payment period of transactions paid in 2018 weighted by the amount of each transaction.
- Ratio of transactions pending: Average payment period between the invoice end of the year weighted by the amount of each transaction.

21. Financial risk management and fair value

21.1 Financial risk management

Risk management framework

The Group's activities are exposed to credit risk, interest rate risk and liquidity risk. The Group's global risk management programme aims to reduce these risks through a variety of methods, including the use of financial instruments.

Financial risk management is centralized in the Corporate Finance Department, which has established the mechanisms necessary for controlling exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

21.2 Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group receivables from customers and investments in debt securities.

The Group is not exposed to significant credit risk since its customers and the institutions with which cash is deposited and derivatives arranged are highly solvent entities, for which the counterparty risk is not material.

The Group's main financial assets are cash balances, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in respect of its financial assets, without considering any guarantees in place or other credit enhancements.

The Group's credit risk is mainly attributable to its trade receivables. Amounts are shown in the accompanying consolidated statement of financial position net of provisions for bad debts, estimated by Group's management on the basis of prior years' experience and their assessment of the prevailing economic situation. The Group has formal procedures for detecting objective evidence of impairment of trade receivables. Impairment of trade receivables as at 31 December 2018 amounts to Euros 156 thousand (Euros 2,035 thousand in 2017) (see Note 15.2). Trade receivables balances with no credit risk are not included in this provision at the end of 2018 and 2017.

The credit risk associated with liquid funds and financial derivatives is low as counterparties are banks which have been highly rated by international credit rating agencies.

The Group's credit risk is not significantly concentrated. Risk exposure is spread over a large number of customers.

The Group monitors and has specific procedures in place for the management of loans, establishing conditions for accepting orders, and performing periodic monitoring of the same.

21.3 Interest rate risk exposure

This risk exposure is due to the variability of the future cash flows for debt arranged at variable interest rates (or with a short-term maturity) due to fluctuations in market interest rates.

The objective of the process to manage this risk is to mitigate the impact on borrowing costs of fluctuations in interest rates.

The Group analyses its interest rate risk exposure dynamically. In 2018 and 2017 all of the financial liabilities at variable interest rates were denominated in Euros.

The Group has carried out a sensitivity analysis in relation to possible fluctuations in the interest rates that may occur in the markets in which it operates, based on these requirements. Through the sensitivity analysis, taking

as a reference the current amount of that financing with variable interest, we estimate the increase in interest that would exist in the event of a rise in reference interest rates.

- In case that the interest rates rise by 0.25%, the financial expense would increase in Euros 600 thousand.
- In case that the interest rates rise by 0.5%, the financial expense would increase in Euros 1,201 thousand.
- In case that the interest rates rise by 1%, the financial expense would increase in Euros 2,402 thousand.

21.4 Exchange risk exposure

The Group has not carried out significant transactions in foreign currencies, and therefore is not exposured to exchange risk.

In 2018 and 2017 the Group did not perform any transactions hedging exchange rate risks.

21.5 Liquidity risk exposure

The Group prudently manages its liquidity risk maintaining sufficient cash and marketable securities and having available funding through an adequate amount of committed credit facilities and sufficient capacity to settle its market positions. The Group determines its cash requirements through the cash budget, with a time horizon of 12 months. The Group considers that the financing framework agreed is sufficiently flexible to adapt to the needs given the dynamic nature of its underlying business.

Liquidity position for 2018 and 2017 is based on the following:

- Cash and cash equivalents of Euros 56,234 thousand as at 31 December 2018 (Euros 100,046 thousand in 2017).
- Undrawn credit facilities of Euros 2,398 thousand as at 31 December 2018 (Euros 1,223 thousand in 2017).
- Cash flows used in operating activities of continuing operations in 2018 amounting to Euros (20,277) thousand (cash flows from operating activities of continuing operations of Euros (158,146) thousand in 2017).

The Group also has the necessary financing for the development of assets classified as “Property developments in progress”. These loans are conditional on the specific construction of the asset for which the financing is obtained, and their drawdown is presented gradually with the progress of the construction work and, therefore, the Group does not depend solely on the cash available at 31 December 2018 to guarantee the continuity of the business. Annex I shows the details of the loans, indicating the approved limits and the amount drawn down at 31 December 2018.

22. Tax matters

Since 1 January 2016, the Company has been taxed on a consolidated basis for corporate income tax purposes as the head of the (Group 0258/16). The subsidiaries in the tax group are all the subsidiaries resident in Spain in which the Parent has a direct or indirect ownership interest of 75% or more.

With effect from 1 January 2018, seven subsidiaries, which were acquired by the Company in 2017 (see Note 2.7), have been included in the consolidation group.

As at 31 December 2018, fiscal consolidation group is as follows:

Tax Group	
2018	**2017**
Parent	**Parent**
Vía Célere Desarrollos Inmobiliarios, S.A.	Vía Célere Desarrollos Inmobiliarios, S.A.
Subsidiaries	**Subsidiaries**
Copaga, S.A.	Copaga, S.A.
Udralar, S.L.U.	Udralar, S.L.U.

Tax Group	
2018	**2017**
Udrasur Inmobiliaria, S.L.U.	Udrasur Inmobiliaria, S.L.U.
Torok Investment 2015, S.L.U.	Torok Investment 2015, S.L.U.
Vía Célere, S.L.U.	
Vía Célere 1, S.L.U.	
Vía Célere 2, S.L.U.	
Vía Célere Gestión de Proyectos, S.L.U.	
Conspace, S.L.U.	
Vía Célere Catalunya, S.L.U.	
Maywood Invest, S.L.U.	

22.1 Tax receivables and payables

Details of tax receivables are as follows:

	Thousands of Euros	
	2018	2017
Deferred tax assets		
Deductible temporary differences	45,385	8,694
Credits in respect of loss carryforwards	25,704	360
	71,089	**9,054**
Current:		
VAT recoverable	2,952	3,568
Withholdings and payments on account	-	53
Current tax receivable	96	85
	3,048	**3,706**
Total	**74,137**	**12,760**

Details of tax payables are as follows:

	Thousands of Euros	
	2018	2017
Non-current:		
Deferred tax liabilities	13,852	15,780
	13,852	**15,780**
Current:		
Income tax payable (VAT)	2,515	1,047
Income tax payable (CIT)	1,061	3,684
Social security payable	365	193
Other taxes payable	574	422
	4,515	**5,346**
Total	**18,367**	**21,126**

22.2 Deferred tax assets and liabilities

The detail of the balance of "Deferred tax assets" as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros			
	Balance at 31/12/2017	Addition	Disposal	Balance at 31/12/2018
Assets with tax value different from the accounting value	6,778		(1,264)	5,514
Reversal of 30% accounting depreciation costs	962	-	(101)	861
Non deductible finance costs	326	38,174	-	38,500
NOLs	359	25,345	-	25,704
Tax deductions	20	-	(20)	-
Others	223	-	-	223
Consolidation adjustments	386	-	(99)	287
Total	**9,054**	**63,519**	**(1,484)**	**71,089**

The breakdown of "Deferred tax liabilities" as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros			
	Balance at 31/12/2017	Addition perimeter	Disposal (residential business)	Balance at 31/12/2018
Revaluation of asstes from prior reorganizations	9,197	234	(402)	9,029
Exemption for reinvestment tax credits	-	1,643	(52)	1,591
Consolidation adjustments	6,583	59	(3,410)	3,232
Total	**15,780**	**1,936**	**(3,864)**	**13,852**

The deferred tax assets /liabilities of the group are related to the following concepts:

- Non-deductible finance costs. According to article 16 of the CIT Law, net finance costs are deductible up to 30% of the operating profit of the period and, in any event, net finance costs of Euros 1 million are deductible. This year, the Parent company has decided to recognize accounting a deferred tax asset corresponding to the finance cost not deductible in the previous years amounting to Euros 38,174 thousand, the Directors of the Company understand that at the end of 2018 it is reasonably assured that future tax benefits will be obtained that will allow deductibility of financial expenses not deducted in previous years.

- Credits for loss carryforwards. In the 2018 financial year, the Group recorded deferred tax assets corresponding to tax loss carryforwards from prior years pending set-off. In previous years, the Directors of the Company considered that the Group's economic and financial situation was not consolidated and, therefore, the recoverability of the aforementioned tax losses was not reasonably assured. During the 2018 financial year, the directors reassessed the situation of the Group and have concluded that obtaining future tax benefits that allow the setting-off of these tax losses is reasonably assured. On this basis, and considering also the positive result obtained in 2018, the Group has made an estimate of the tax benefits that it expects to obtain in the next six years (period for which it considers that the estimates have sufficient reliability) according to the business plan prepared by the Directors of the Company for the period 2018-2023, recognizing deferred tax assets for the tax bases that it estimates it can set-off during these six years.

  Limitation of the accounting depreciation. In 2013 and 2014, it only was tax deductible the 70% of the accounting depreciation expense and the other 30% of the expense was registered as a tax credit (deferred tax asset) that will reverse on straight-line basis over 10 years

To evaluate the recoverability of the deferred tax assets, the Group has also considered the valuation of the inventories at the end of 2018 made by Savills, which reflects a Gross Asset Value of same amounting to 905,041 thousand euros (see Note 16).

22.3 Reconciliation of accounting profit to taxable profit

The Corporate Income Tax basis is as follows:

	Thousands of Euros		
			2018
	P&L statement	Reserves	Total
Consolidated profit of the current year	84,786	-	84,786
Corporate Income Tax	60,823	-	60,823
Profit before tax	23,963	-	23,963
Permanent differences	(26,350)	-	(26,350)
Temporary differences	6,776	-	6,776
Offset of negative tax bases	(4,209)	-	(4,209)
Consolidation adjustments	7,348	-	7,348
CIT base	**7,528**	**-**	**7,528**

	Thousands of Euros		
			2017
	P&L statement	Reserves	Total
Consolidated loss of the current year	(135,449)	(639)	(135,449)
Corporate Income Tax	(11,437)	(213)	(11,437)
Continuing operations	(10,834)	(213)	(10,834)
Non-continuing operations	(603)	-	(603)
Profit before tax non - continuing operations (Note 7)	1,129	-	1,129
Loss before tax (continuing operations)	(145,757)	(852)	(145,757)
Permanent differences	82,479	-	82,479
Temporary differences	49,564	-	49,564
Proforma Adjustments Acquisitions IFRS-EU (Note 7)	4,379	-	4,379
CIT base	**(9,335)**	**-**	**(9,335)**

In 2018, the principal permanent tax differences to the consolidated accounting result correspond to bilateral capitalisation (negative non -accounting sheet adjustment of Euros 25,819 thousand, see Note 13.1). According to article 17.2 LIS, "operations to increase capital or shareholders' equity by offsetting credits shall be valued for tax purposes at the amount of such increase from a commercial point of view, regardless of the accounting valuation". Therefore, in accordance with the aforementioned precept, regardless of the fact that from an accounting point of view an income had to be recorded (for the difference between the par value of the loan and its fair value), it would not have a fiscal impact and, therefore, a negative adjustment to the taxable base is made.

In 2017, the principal permanent tax differences to the consolidated accounting result correspond to non-deductible tax losses upon the spin-off of Dospuntos Asset Management, S.L. amounting to Euros 47,707 thousand, impairment of equity investments amounting to Euros 30,229 thousand, and impairment of the participating loans and ordinary loans of Via Celere Desarrollos Inmobiliarios, S.A. amounting to Euros 9,190.

In 2018, the principal timing tax differences to the consolidated accounting result are the following:

- Depreciation of certain elements of inventory which have an accounting value different from the tax value (Euros 1,610 thousand).

- Positive adjustment of Euros 5,807 thousand arising from the limitation on the deductibility of financial expenses, in accordance with Article 16 of the Corporate Income Tax Law.

The reconciliation of accounting profit to taxable profit for income tax purposes is as follows:

	Thousands of Euros		
	2018		
	P&L statement	Reserves	Total
Profit (loss) before tax	**23,963**	**-**	**23,963**
CIT at 25%	5,991	-	5,991
Permanent differences	(8,544)	-	(8,544)
Tax credits not recognized in previous years	(36,721)	-	(36,721)
Deferred tax assets not recognised in previous years	(25,344)	-	(25,344)
Tax credits used this year not recognized in previous years	(1,052)	-	(1,052)
Exemption due to the reinvestment of previous years´ profits	1,644	-	1,644
Adjustments from previous years	379	-	379
Others	(17)	-	(17)
Assets with a fiscal value other than book value	1,008	-	1,008
Revaluation of assets from previous reorganizations	243	-	243
Deductions and credits relating to the current year	(247)	-	(247)
Consolidated adjustments	1,837	-	1,837
Total consolidated income tax expense / (income)	**(60,823)**	**-**	**(60,823)**

	Thousands of Euros		
	2017		
	P&L statement	Reserves	Total
Profit (loss) before tax (continuing operations)	**(145,757)**	**(852)**	**(145,757)**
Proforma Adjustments Acquisitions IFRS-EU (Note 7)	4,379	-	**4,379**
Profit (loss) before tax non - continuing operations (Note 7)	(1,129)	-	(1,129)
Profit (loss) before tax	**(142,507)**	**(852)**	**(142,507)**
CIT at 25%	(35,626)	(213)	(36,439)
Permanent differences	23,656	-	23,656
Tax credits of the current year	(20)	-	(20)
Unregistered tax credits of the current year	8,321	-	8,321
Non-continuing operations CIT	(603)	-	(603)
Consolidated CIT	(7,447)	-	(7,447)
CIT quota of discontinued operations	282	-	282
Total consolidated income tax expense / (income)	**(11,437)**	**(213)**	**(11,650)**
Continuing operations	(10,834)	(213)	(11,047)
Non- continuing operations	(603)	-	(603)

The breakdown of "current and deferred CIT" as at 31 December 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Current Tax		
Current Tax of the year	3,138	(4,121)
Consolidation Adjustments	(3,503)	**2,716**
Adjustments from prior years	418	**642**
	53	**(763)**
Deferred Tax		
Origin and reversal timing differences	(60,533)	12,413
	(60,533)	**12,413**
Continuing operations	(60,480)	11,047
Non-continuing operations	-	603

22.4 Tax deductions pending application

The legislation in force regarding Corporate Tax establishes various tax incentives. The deductions generated over a year, in excess of the applicable legal limits, may be applied to the reduction of Corporate Income Tax payments for the following tax years, within the limits and terms established by tax regulations in this regard.

The deductions pending application and applied in the year are as follows:

Year	Thousands of Euros	Description
2017	60	I+D deduction
2017	65	Donation deduction
2017	20	Reinvestment deduction
	145	

Amount of tax credits generated and applied during 2018 is as follows:

Year	Thousands of Euros	Description
2018	82	Donation deduction
2018	20	Reinvestment deduction
	102	

At December 31, 2018 the Company has applied both the tax credits carry forward and the tax credits generated during the fiscal year 2018.

22.5 Unused tax loss carryforwards

The individual tax losses (pre-consolidation) not yet offset at 31 December 2018 are detailed below:

(i) The Individual NOLs are the following:

										Thousands of euros
Years	**Vía Célere Desarrollos Inmobiliarios S.A.**	**Copaga, S.L.U.**	**Udralar, S.L.U.**	**Udrasur Inmobliaria, S.L.U.**	**Torok Investment 2015, S.L.U.**	**Maywood Invest, S.L.U.**	**Via Celere, S.L.**	**Via Celere 1, S.L.**	**Conspace, S.L.**	**Total**
2003	-	-	-	1	-	-	-	-	-	1
2004	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-
2006	-	35	-	-	-	-	-	-	-	35
2007	-	1	-	-	-	-	-	-	-	1
2008	-	62	9,228	1	-	-	-	-	-	9,291
2009	1,848	23	1,813	1	-	-	-	-	-	3,685
2010	27,374	55	1,815	-	-	-	-	-	-	29,244
2011	44,313	111	2,014	-	-	-	-	-	-	46,438
2012	54,446	-	-	-	-	-	-	-	-	54,446
2013	133,580	25	9,613	-	-	1	-	-	-	143,219
2014	-	-	-	-	-	12	-	-	-	12
2015	160,436	-	50,466	13	-	793	-	-	-	211,708
2016	-	-	-	-	1,164	1,379	-	-	-	2,543
2017	-	-	-	-	-	1,765	3,028	72	250	5,115
TOTAL . . .	**421,997**	**312**	**74,949**	**15**	**1,164**	**3,950**	**3,028**	**72**	**250**	**505,736**

(ii) The Tax group NOLs are the following:

										Thousands of Euros
Year	**Via Celere Desarrollos Inmobiliarios S.A.**	**Copaga, S.L.U.**	**Udralar, S.L.U.**	**Udrasur Inmobliaria, S.L.U.**	**Torok Investment 2015, S.L.U.**	**Maywood Invest, S.L.U.**	**Via Celere, S.L.**	**Via Celere 2, S.L.**	**Via Celere Catalunya S.L.**	**Total**
2017	24,836	1,299		332	337					26,804
TOTAL	**24,836**	**1,299**	**-**	**332**	**337**	**-**	**-**	**-**	**-**	**26,804**

The tax loss carryforwards of the Parent and its subsidiaries may be used in the future with no time limit, although they are subject to the quantitative limits set out in Royal Decree-Law 3/2016, of 2 December. As mentioned in section 2 of this note, during 2018 the Group proceeded to activate tax losses from previous years amounting to 101,376 thousand euros, considering that its recoverability is reasonably assured for the next six years.

22.6 Restructuring operations

From 1 January to 31 December 2018, no restructuring operation took place. However, in 2019 relevant transactions took place, as detailed in Note 28.

Acquisitions of companies

On 24 February 2017, Via Celere Desarrollos Inmobiliarios, S.A. acquired 100% of the equity of the Spanish company Maywood Invest, S.L., which owns land in a number of locations throughout Spain.

On 29 March 2017, Via Celere Desarrollos Inmobiliarios, S.A. bought the real-estate business of the Via Agora group, comprising:

(i) seven subsidiaries (Via Celere, S.L., Via Celere 1, S.L., Via Celere 2, S.L., Via Celere Gestion de Proyectos, S.L., Conspace, S.L., Via Celere Catalunya, S.L., and Celere Forum Barcelona, S.L.),

(ii) the head offices (at C/Carlos y Guillermo Fernandez Shaw 1, Madrid).

On 22 December 2017, the Parent Company purchased and acquired from its subsidiary Parquesoles SGPS, S.A. the shares of Parquesoles Inmobiliaria y Proyectos –Investimentos Inmobiliarios, S.A. (see Note 1).

Liquidations of companies

In 2017, two idle Group subsidiaries with no residential assets, Azac, S.A.U. and Altiplano Desarrollos Inmobiliarios, S.L.U (see Note 2.7), were liquidated.

Sales of subsidiaries

On 23 March 2017, Via Celere Desarrollos Inmobiliarios, S.A. sold its ownership interest in Otoño, S.L. to the other shareholder (1,050 shares for Euros 100 thousand). (see Note 2.7).

On 22 December 2017, Parquesoles Portugal SGPS , S.A. purchased and acquired from Douro Atlantico, S.A. its stake in Burgo Fundiarios, S.A, all related companies.

Spin-off of the residential management activity of Via Celere Desarrollos Inmobiliarios, S.A.

On 27 November 2017, the residential management activity of Via Celere Desarrollos Inmobiliarios, S.A. was spun-off to a newly created Spanish company, Dospuntos Asset Management, S.L, which was 100% owned by Via Celere Desarrollos Inmobiliarios, S.A. (see Note 2.7).

Through this spin-off, Dospuntos Asset Management, S.L received all of the assets and liabilities of the residential management activity of Via Celere Desarrollos Inmobiliarios, S.A., constituting an autonomous economic unit for VAT purposes. These assets and liabilities included all of its rental assets and commercial land, and its ownership interests in the following companies:

1. Inmoprado Laguna, S.L.U.
2. Sofia Hoteles, S.L.U.
3. Hotel Rey Pelayo, S.A.
4. Green Inmuebles, S.L.
5. Desarrollos Inmobiliarios Makalu, S.L.U.
6. Parquesoles Portugal SGPS and its subsidiaries (Loule, Palmela and Avda. Liberdade)
7. Udra Argentina, S.A.

This transaction was executed in a public deed on 27 November 2017. The properties, rights, assets and liabilities of this business activity were transferred at their carrying amount in Via Celere Desarrollos Inmobiliarios, S.A.'s statement of financial position.

The spin-off was carried out in accordance with the provisions set forth in the Law on Structural Modifications of corporate enterprises, number 3/2009, but not under the special regime for restructuring transactions established in Chapter VIII of Title VII of the LIS. Therefore, all income generated from this spin-off was subject to tax.

On 28 December 2017, the Parent Company approved the transfer to Dospuntos Asset Management, S.L. the wholly-owned stakes in Lardea, S.L., Douro Atlántico, S.L.U., Udramar Inmobiliaria, S.L. and Udrasol Inmobiliaria, S.L.

Subsequently, on the same date, Via Celere Desarrollos Inmobiliarios, S.A. transferred 100% of its ownership interest in Dospuntos Asset Management, S.L to its shareholders (on a pro rata basis to their percentage ownership interest in Via Celere Desarrollos Inmobiliarios, S.A.) through distribution of a reserve as a premium.

Through this transaction, Dospuntos Asset Management, S.L and its subsidiaries were spun-off from Via Celere Desarrollos Inmobiliarios, S.A. and established as a separate independent group but with the same shareholders.

22.7 Years open to review and tax inspection

Currently, all the Group's resident companies are open to review for the following taxes:

Tax	Years open for review
Corporate Income Tax	2014-2018
Value Added Tax	2015-2018
Personal Income Tax - WHT	2015-2018
Capital Gains	2015-2018
Business Tax	2015-2018
Social Security	2015-2018
Non-Resident Income Tax	2015-2018

On March 8, 2019 Vía Célere Desarrollos Inmobiliarios, S.A., received from the Spanish Tax Authorities, Communication of the start of tax audits proceedings related to the following taxes and periods:

- Corporate Income Tax: 2013 and 2014.
- Valued Added Tax :04/2014 to 06/2015.

Corporate income tax year 2018 will not be revisable until the corresponding tax return has been filed (July 2019).

However, the right of the tax authority to verify or review the tax loss carryforwards used, or pending utilization, double taxation deductions and deductions to encourage the performance of certain activities applied or to be applied, expires 10 years after the day following the last day of the period for filing the return or self-assessment for the tax period in which the right to set off or application is generated. After this period, the Group must document tax loss carryforwards or credits, by presenting the tax settlement, or self-assessment and accounting records, and providing proof that these have been filed with the Companies Register within the estipulated period.

The years open to review for other non-resident subsidiaries and companies not part of the tax consolidation group are the maximums established in the legislation of each jurisdiction.

On July 2017, notification was received of the start of inspections for the subsidiaries Via Celere, S.L. and Via Celere 2, S.L. for income tax (2013 and 2014), VAT (07/2013 to 12/2014) and withholdings (07/2013 to 12/2014). As of 31 December 2018, (14 and 13 hearings respectively) were held in which the duty of all taxpayers to cooperate with the tax administration was complied with, providing the documentation and information required.

On 1 September 2017, the Company received notification of the processing of claims and proposal for provisional liquidation, which resulted in a reduction in the tax losses and pending application deductions by the Company in its corporate income tax return for 2015. Under the proposal, the tax authorities made the following deductions as a result of a formal error in the completion of the 2014 consolidated tax return filed by Grupo Empresarial San José (the parent company of the tax group in which the Company was then integrated), in which all of the tax losses corresponding to the Company were allocated:

1. Euros 259,713 thousand of consolidated tax loss reduction.
2. Euros 48 thousand reduction in double taxation tax credits.

Likewise, on 10 April 2018, the Board of Directors requested the Company to clarify the allocation of tax losses that were pending offset at the beginning of fiscal year 2016 and that coincided with those credited in the self-assessment for fiscal year 2015.

Grupo Empresarial San José presented a rectification of the consolidated corporate income tax self-assessment (model 220), recognising the rights that are questioned by the Board of Directors in the aforementioned procedure.

On 3 May 2018, the Board of Directors notified the positive resolution of the procedure for tax losses for fiscal year 2016. Therefore, once the tax loss declared by the Company in 2016 have been validated, the tax loss that were questioned in respect of 2015 are tacitly validated.

As a result of this procedure, no sanctioning proceedings have been opened.

In any event, the Company's directors consider that the aforementioned taxes have been properly settled and, therefore, even in the event of discrepancies in the current legal interpretation of the tax management granted to the transactions, any resulting liabilities, if any, would not have a material effect on the balance sheet.

23. Guarantee commitments to third parties and litigation

The Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business for an amount of Euros 216,180 thousand (Euros 60,016 thousand in 2017). The Parent's Directors consider that they will not give rise to additional liabilities to the Group.

24. Income and expense

24.1 Revenue

The detail of the Group's revenue in 2018 and 2017, by type of product and geographical area is as follows:

	Spain		Portugal		Total	
	2018	2017	2018	2017	2018	2017
Revenue from sale of property developments	156,749	57,787	299	-	157,048	57,787
Revenue from property leases	15	9	-	-	15	9
	156,764	**57,796**	**299**	**-**	**157,063**	**57,796**

As stated in Note 6, following the spin-off of Dospuntos Asset Management, S.L. there is only one segment, which is the residential development business, with the results generated by those development assets (Development) and assets forming part of the Company's core business (i.e. finished products before the economic crisis and land plots non-strategic) being considered non-strategic (Legacy).

During 2018 and 2017, revenue corresponds to:

- the sale of property developments amounted to Euros 119,587 thousand (Euros 47,665 thousands as at 31 December 2017).
- the sale of land amounted to Euros 21,893 thousand.
- and sales of legacy assets were Euros 15,568 thousand as at 31 December 2018 (Euros 10,122 thousand as at 31 December 2017)

The remaining legacy assets in the Group as of 31 December 2018 amounts to Euros 1,911 thousand.

24.2 Changes in inventories and procurements

The breakdown of the item "Changes in inventories of finished goods and work in progress" is the following:

	Thousands of Euros	
	2018	2017
Cost of goods sold	**(175,067)**	**(80,833)**
Cost of goods sold units delivered	(139,588)	(49,171)
Cost of goods sold legacy assets	(35,479)	(22,256)
Impairment of finished goods and work in progress	**52,907**	(9,406)
Changes in inventory of land and work in progress	**169,303**	**160,984**
Raw material capitalised	165,184	-
Other expenses capitalised	417	-
Personnel expenses capitalised	3,702	-
Total	**47,143**	**80,151**

24.3 Staff

The average workforce of the Group in 2018 and 2017, by category, is as follow:

	2018	2017
General Management	5	5
Directors and deparment heads	59	49
Technicians	75	48
Commercial staff	20	17
Staff	43	31
Other	65	45
	267	195

At the year-end workforce distribution by gender and professional categories of the Group in 2018 and 2017, is as follows:

	2018		2017	
	Women	Men	Women	Men
General Management	3	2	3	2
Directors and deparment heads	25	44	19	35
Technicians	41	59	21	24
Commercial staff	20	6	15	7
Staff	38	26	22	13
Other	3	99	4	48
	130	236	84	129

The average workforce of the Group with a disability of 33% or more in 2018 and 2017 is as follows:

	2018	2017
General Management	-	-
Directors and deparment heads	-	-
Technicians	1	2
Commercial staff	-	-
Staff	1	-
Other	1	-
	3	2

24.3 Personal expenses

The breakdown is as follows:

	Thousands of Euros	
	2018	2017
Wages, salaries and similar	(11,680)	(7,567)
Employee benefits expense	(3,073)	(1,970)
Severance payments/indemnities	(569)	(1,353)
Total	**(15,322)**	**(10,890)**

For the year ended 31 December 2018, personnel expenses amounted to Euros 15,322 thousand of which Euros 1,242 thousand relates to internal commercial staff (Euros 879 thousand as at 31 December 2017) (this amount is properly allocated in Contribution Margin).

Personal Expenses capitalised as "Property developments in progress" as of 31 December 2018 amounts Euros 3,702 thousand (see Note 24.2).

24.4 Audit Fees

The auditor of the Group's annual accounts invoiced the following fees and expenses for professional services in the years ended on 31 December of 2018 and 2017, respectively:

	Thousands of Euros	
	2018	2017
Audit services	787	800
Other services	9	86
Total	**796**	**886**

The amounts shown in the above table include all fees for services performed in 2018 and 2017, irrespective of the invoice date.

Other firms belonging to KPMG International also invoiced the Group fees for professional services during the years ended 31 December 2018 and 2017, as detailed below:

	Thousands of Euros	
	2018	2017
Audit services	14	14
Total	**14**	**14**

24.5 Other expenses

The breakdown is as follows:

	Thousands of Euros	
	2018	2017
External services	(15,640)	(10,473)
Tributes	(3,719)	(3,876)
Other	(1,393)	(1,835)
Total	**(20,752)**	**(16,184)**

During 2018, the Parent company has incurred in professional services expenses (auditors, legal consultant, legal advisory, etc.) of Euros 7,495 thousand (Euros 7,938 thousand as at 2017). The professional services

include Euros 1,200 thousand relating to an Initial Public Offering (Euros 680 thousand as at 2017) and include Euros 1,485 thousand relating to reversal of Initial Public Offering expenses capitalised on the current assets due to the low probability of the success. This amount has been registered in "Other expenses".

Additionally, for the year ended 31 December 2018, external services caption includes Euros 1,256 thousand of sales and marketing expenses (Euros 1,205 thousand as at 31 December 2017).

External service expenses capitalised as "Developments in progress" as of 31 December 2018 amount to 417 thousand euros (see Note 24.2)

24.6 Compensation in kind

As at 31 December 2018 and 2017 there were no significant remunerations of this nature.

24.7 Leases

Operating leases

As at 31 December 2018, the Group held leases for the offices in Valladolid, Barcelona and Madrid.

Additionally, external services include Euros 862 thousand as at 31 December 2018 (Euros 690 thousand as at 31 December 2017) corresponding to leases.

The commitments acquired regarding future minimum lease payments for the forthcoming five years amount to Euros 2,046 thousand as at 31 December 2018 (Euros 406 thousand in 2017).

The breakdown is as follows:

	Thousands of Euros
	2018
Up to a year	409
Between 1-5 years	1,637
More than five years	-
	2,046

24.8 Finance income

The detail of this heading in the consolidated income statement is as follows:

	Thousands of Euros	
	2018	**2017**
From marketable securities and other financial instruments	386	284
	386	**284**

24.9 Finance cost

The breakdown is as follows:

	Thousands of Euros	
	2018	**2017**
Interest accrued with associates (Note 25)	(56)	(43)
Finance cost capitalised (Note 16)	7,110	2,048
Debt interest	(12,941)	(12,861)
Interest arising from revenue contracts	(2,197)	-
Total	**(8,084)**	**(10,856)**

24.10 Impairment losses and gains/(losses) on disposal of non-current assets

The detail of these gains/(losses) is as follows:

	Thousands of Euros	
	2018	2017
Gains/(losses) on disposal of property, plant and equipment (Note 9)	26	-
Gains/(losses) on disposal of investment property	-	38
Gains/(losses) on disposal of non-current asset held for sale (Note 11)	(57)	-
Impairment losses on property, plant and equipment (Note 9)	(54)	-
	(85)	**38**

24.11 Impairment losses and gains/(losses) on disposal of financial instruments

The detail of these gains/(losses) is as follows:

	Thousands of Euros	
	2018	2017
Finance gain/(loss) on disposal of inventory (Note 19.1.3)	621	5,859
Comfort Letter Conil (Note 18)	-	(7,900)
Losses on disposal of financial instruments and other	-	(46)
	621	**(2,087)**

24.12 Change in fair value of financial instruments

The detail of change in fair value of financial instruments is as follows:

	Thousands of Euros	
	2018	2017
Change in fair value of loans capitalised (Notes 17 and 19)	25,819	-
Other	(76)	6
	25,743	**6**

25. Transactions and balances with companies accounted for using the equity method and related parties

Breakdown of transactions with related parties

Details of transactions with related parties in 2018 and 2017 are as follows:

	Thousands of euros				
	2018		2017		
	Finance Cost	Service Performance Income	Finance Cost	Service Performance Income	Bank Borrowing (Note 19)
Bank of America Merrill Lynch	-	-	-	-	1,993
Deutsche Bank A.G. (London)	-	-	-	-	143
Maplesville Invest, S.L.U.	56	-	-	-	-
Celere Forum Barcelona, S.L.	-	1,172	-	584	-
Vía Agora S.L.U.	-	-	43	-	-
	56	**1,172**	**43**	**584**	**2,136**

Revenues from services with the investee Celere Forum Barcelona, S.L. (accounted for using the equity method) relate to the provision of technical, financial, marketing and accounting management services. The amount of services rendered at 31 December 2018 totaled Euros 1,172 thousand (Euros 584 thousand as at 31 December 2017)

On 24 February 2017, the Group, through the Parent Company, acquired 100% of the stakes in Maywood Invest, S.L.U, a Spanish company specialised in residential development, from a related party, the Luxembourg company BPLP S.Á.R.L. The acquisition was made between entities under common control. The total transaction price was Euros 12,110 thousand, paid fully in cash (see Note 7.1.1).

On 28 December 2017, the Parent Company agreed to distribute Share premium in kind, which had the nature of a freely distributable reserve, to its shareholders for an amount of Euros 173,031 thousand, through the transfer of the shares of the wholly-owned subsidiary Dospuntos Asset Management, S.L. (see Note 7.2 and Note 17.1).

Breakdown of balances with related parties and associates

The amount of the balances with related companies recognised in the consolidated statement of financial position is as follows:

	2018	
	Thousands of Euros	
	Current (Note 15)	Current payables (Note 19)
Célere Forum Barcelona, S.L.	121	-
Vía Agora S.L.U.	179	142
Dospuntos Asset Management S.L.U.	186	-
	486	**142**

	2017		
	Thousands of Euros		
	Current (Note 15)	Current payables (Note 19)	Bank Borrowing (Note 19)
Bank of America Merrill Lynch	-	-	93,874
Deutsche Bank A.G. (London)	-	-	5,993
Vía Agora S.L.U. (Note 7.1.2)	574	15,001	-
Dospuntos Asset Management S.L.U.	107	-	-
	681	**15,001**	**99,867**

All transactions and outstanding balances with related parties were carried out on an arm's length basis.

26. Remuneration of members of the Board of Directors and Senior Management

26.1 Remuneration of Board of Directors and Senior Management

The members of the Board of Directors have not received any remuneration for their position as Members. The remuneration of the Senior Management for the years 2018 and 2017 amounts to Euros 3,193 thousands and Euros 3,513 thousands, respectively. In 2017, with the acquisition of the residential business of Vía Agora, S.L.U., changes were made in the Senior Management entailing exceptional restructuring costs and severance payments. It must be borne in mind that a member of the Board of Directors receives payment for his executive functions.

No advances or credits have been granted to the members of the governing body.

No obligations were undertaken on behalf of the Directors in the form of guarantees in 2018, and some payments were made on premiums for civil liability insurance to cover damage caused by actions or omissions in the performance of their duties amounting to Euros 56 thousand (Euros 23 thousand as at 31 December 2017). In addition, the Group has life insurance commitments with respect to current Senior Management.

There are four members of the Board of Directors (four men) and five members of Senior Management (two men and three women) as at 31 December 2018.

26.2 Transactions outside the ordinary course of business or under non-market conditions by the Directors or by the members of the Parent's Control Committee

In relation to the equity stakes of the Board of Directors or persons related thereto, during 2018 and 2017, the Directors and members of the Control Committee did not engage in any transactions outside the ordinary course of business or under non-market conditions with either the Parent Company or Group companies.

26.3 Situations of conflict of interest of the Directors

Except as outlined below, the members of the Company's governing body and related parties did not fall within any conflict of interest requiring disclosure under article 229 of the Consolidated Text of the Spanish Limited Liability Companies Act.

Héctor Serrat Sanz and related persons have been involved, in 2018 and up to the date of authorisation for issue of the Company's consolidated annual accounts, in a direct or indirect conflict with the interest of the Company, and in this sense, they have been obligated to abstain from participating in resolutions or decisions relating to such situation of conflict, due to the capacity of Héctor Serrat Sanz as Director of La Finca Global Assets, S.A., Chairman of Dos Puntos Asset Management, S.L., Chairman of Aelca Desarrollos Inmobiliarios, S.L. (until January 3, 2018) and his professional link with Värde Partners, Inc., entity that manages the funds that holds the ownership, direct or indirect, of the majority shareholder/s of the Company. Specifically, Héctor Serrat Sanz had to abstain from the second, third, fourth, fifth and seventh agreements of the meeting of the Board of Directors of the Company dated September 28, 2018; in the first and second agreements of the meeting of the Board of Directors of the Company dated October 30; in the first, second, third, fourth, fifth and sixth agreements of the meeting of the Board of Directors of the Company dated December 10, 2018, and in the first resolution of the meeting of the Board of Directors of the Company dated 21 December, 2018.

On the date hereof, Héctor Serrat Sanz only holds the position of Director of La Finca Global Assets, S.A. and Director of Dos Puntos Asset Management, S.L.

Francisco Milone and related persons have been involved, in 2018 and up to the date of authorisation for issue of the Company's consolidated annual accounts, in a direct or indirect conflict with the interest of the Company, and in this sense, they have been obligated to abstain from participating in resolutions or decisions relating to such situation of conflict, due to the capacity of Francisco Milone as Director of Aelca Desarrollos Inmobiliarios, S.L. (until January 3, 2018) and his professional link with Värde Partners, Inc., entity that manages the funds that holds the ownership, direct or indirect, of the majority shareholder/s of the Company. Specifically, Francisco Milone had to abstain from the second, third, fourth, fifth and seventh agreements of the meeting of the Board of Directors of the Company dated September 28, 2018; in the first and second agreements of the meeting of the Board of Directors of the Company dated October 30; in the first, second, third, fourth, fifth and sixth agreements of the meeting of the Board of Directors of the Company dated December 10, 2018, and in the first resolution of the meeting of the Board of Directors of the Company dated 21 December 2018.

Jaime Echevarría and related persons have not been involved, during May 11, 2018 and up to the date of authorisation for issue of the Company's consolidated annual accounts, nor a direct neither indirect conflict with the interest of the Company, and in this sense, they have not been obligated to abstain from participating

in resolutions or decisions relating to such situation of conflict. However, Jaime Echevarría has the following responsibilities with similar subject that Vía Célere: in his capacity as Director of Dos Puntos Asset Management, S.L.

Juan Antonio Gómez-Pintado Rodríguez de Segovia and related persons have been involved, in 2018 and up to the date of authorisation for issue of the Company's consolidated annual accounts, in a direct or indirect conflict with the interest of the Company, and in this sense, they have been obligated to abstain from participating in resolutions or decisions relating to such situation of conflict, due to the capacity of Juan Antonio Gómez-Pintado Rodríguez de Segovia as sole director of Vía Ágora, S.L.U. and delegated director of the Vía Célere Desarrollos Inmobiliarios, S.A. Specially, Juan Antonio Gómez-Pintado Rodríguez de Segovia had to abstain from the seventh agreement of the meeting of the Board of Directors of the Company dated February 7, 2018; in the first and second agreements of the meeting of the Board of Directors of February 14, 2018, and in the fifth y sixth agreements of the meeting of the Board of Directors dated 30 October, 2018.

Additionally, Juan Antonio Gómez Pintado has the following responsibilities in companies with similar subject that Via Celere in Spain and foreign countries:

- In his capacity as representative of the Sole Director of Quick Home Residential, S.L.U.
- In his capacity of Sole Director of Agora Sofia 2, EOOD.
- In his capacity of Sole Director of Via Agora Poland, sp zoo.
- In his capacity of Joint Director of Wolzcynska, sp zoo.
- In his capacity as direct/indirect owner of Vía Ágora Brasil Holding, Ltda.
- In his capacity as Shareholder of the 1% of Avantia Rumanía Desarrollos Inmobiliarios 4, SL.
- In his capacity as indirect Shareholder of the 100% of SP Premiere Jaguaribe Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect Shareholder of the 100% of Spe Meu Apê Salvador Norte Empreendimientos Imobiliarios, Ltda
- In his capacity as indirect Shareholder of the 50% SPE Horto Opera, Ltda.
- In his capacity as indirect Shareholder of the 100% Vía Célere Brasil 7 Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect Shareholder of the 100% of SPE Belbedere Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect Shareholder of the 100% of Vía Célere Brasil 9 Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect Shareholder of the 100% of Spe Ville Jardim Empreendimientos Imobiliarios, Ltda.
- In his capacity as indirect Shareholder of the 100% of Via Ágora Construçoes Ltda.

27. Environmental information

Given the Group's business as a promotional development company, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position and results of its transactions. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

28. Events after the reporting period

Purchase agreement and merger

On 28 September 2018, Via Celere Desarrollos Inmobiliarios, S.A. signed certain agreements with Myjoja Inversiones, S.L., (hereinafter “minority shareholder”), with the companies Lewistown Invest, S.L.U.; Glenwock Invest, S.L.U.; Rimbey Spain, S.L.U.; and Windham Spain, S.L.U. (hereinafter “majority shareholders”) and with the company controlled by the last ones, Aelca Desarrollos Inmobiliarios, S.L. (hereinafter “Aelca” or “ADI”) whereby the parties established the following terms and conditions:

i. Acquisition by Via Celere Desarrollos Inmobiliarios, S.A. of the minority interests that Myjoja Inversiones, S.L. held (minority interest around 10-20% of the share capital) in Promyva Inmuebles, S.L.; Myvain Inmuebles, S.L.; Nalentia Urbana, S.L.; Inmavy Urbana, S.L.; Nirbe Inmuebles, S.L.; Nirbe Meseta, S.L.; and Nirbe Costa Norte, S.L. (hereinafter “parent companies”). Said parent companies own 100% of the share capital of 70 companies whose activity is residential development (hereinafter, the “project companies” (see Appendix II).

ii. Acquisition by Via Celere Desarrollos Inmobiliarios, S.A. of 100% of the interest held by Aelca in the companies Habitatio Urbana, S.L.U.; Campuslar Inmuebles, S.L.U.; Novosolum Urbana, S.L.U.; Segeslar Inmuebles, S.L.U.; Velan Urbana, S.L.U.; Generlar Inmuebles, S.L.U.; and Numen Inmuebles, S.L.U. (hereinafter “operating companies from Aelca”).

iii. Merger of Via Celere Desarrollos Inmobiliarios, S.A, (as acquiring company) by takeover, with the parent companies, the project companies of the operating companies Aelca and Ponsnova Inmuebles, S.L.U. (as acquired companies), by simultaneous execution and in a single act, with annulment of all of these and the block transfer of their respective equity to VCDI, which will acquire all their rights and obligations by universal succession. As compensation for the merger operation, the major shareholders will receive shares of the Company to an amount equivalent to 80%-90% of the share capital of the acquired companies by means of a non-monetary contribution (issue and handover of new VCDI shares to said partners).

As a previous step to points, i., ii., and iii., on 2 January 2019, the Parent Company signed a syndicated senior financing agreement for an amount of 223,000 thousand euros as the original borrower. The Parent Company, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial entities as original lenders, and Credit Suisse International as agent and security agent. The initial amount has been distributed through an Acquisition facility (loan) in the amount of 185,000 thousand euros, which is fully disposed at the date of formulation of these consolidated annual accounts, and a “Revolving Credit Facility” (RCF) for an amount of 38,000 thousand euros, also fully disposed at the date of formulation of these consolidated annual accounts.

The syndicated senior loan has a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions are met and accrues an interest rate based on the EURIBOR plus a market differential.

The Parent Company undertakes to comply with certain covenant financial obligations during the term of the loan and relating to its quarterly Consolidated Annual Accounts. These obligations are as follows:

- Commitment to comply with a ratio known as “LTV”, understood as the quotient between *Net indebtedness and Gross Assets Value* (“GAV”).

  This ratio must be less than 45% and did not need to be validated until 31 December 2018. The first validation period will be 31 March 2019.

- Commitment to comply with at least 85% of the consolidated EBITDA, the contribution by the companies guaranteeing the senior syndicated loan and at least 5% of aggregate total assets (calculated on a non-consolidated basis and excluding all intragroup elements and investments in investees).

Additionally, a personal security was granted on the following Group companies: Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U. With regard to these securities, in 2019 and prior to the formulation of these consolidated annual accounts, the security on Maywood Invest, S.L.U. and Udralar, S.L.U. has been released.

The Merger deed was executed on 9 January 2019 and was registered in the Madrid Companies Register on 8 March 2019. The accounting effects of the Merger have been taken into consideration from 1 January 2019 as they are considered to be a transaction under common control.

The objective of the transaction is to increase Via Celere Desarrollos Inmobiliarios volume of assets under development. According to the information provided, the combination of the assets of Via Celere Desarrollos Inmobiliarios and the Aelca perimeter would create a leading pure-play residential housebuilder in Spain with a land bank of approximate value of Euros 2.100 thousand and potential to develop over 23,000 units and a target delivery rate per year of c. 5,000 units which would:

- Reduce the risks associated to the need to acquire land in order to reach the production targets – the combined land bank would be self-sufficient from that perspective.
- Benefit from the geographic complementarity of both land banks, providing national scope.
- Optimize the use of the operating platform as a result of the larger volume of activity.
- Increase leverage and optimize the use of shareholders' equity and returns.

Therefore, this merger by absorption implies: (i) the dissolution and extinction of the absorbed companies, and (ii) the block transfer of their corporate assets to the Absorbing Company which acquires, by universal succession, all the rights and obligations of the absorbed companies.

The issue of these new shares of Via Celere Desarrollos Inmobiliarios is equivalent to 48.26% of the capital approximately, whilst the remaining shareholders of the Parent Company hold shares approximately equivalent to 51.74% of the merged company.

Based on the stipulations of IFRS 3 "Business Combinations" and in particular, paragraph B1 of the IFRS 3 application guidance on "Business combinations of entities under common control" which states that "A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory", the Parent Company Directors have concluded that said contributions constituted a real estate development business and that it was a transaction under common control and as a consequence, and following that stated in paragraph 10 of IAS 8 on the definition of an accounting policy for transactions not regulated by the IFRS-EU, the Directors have chosen to record said contribution at the book values at which the assets and liabilities received were recorded in the books, instead of at the values at which said contribution has been made. The difference revealed between the values to which the contribution has been made and the book value of the assets and liabilities received has been entered in financial year 2019 against the heading "Voluntary Reserves".

The Parent Company directors have considered the operations and agreements described in this section as an integral part of a single transaction. Said interpretation has been agreed based on the fact that the operations and agreements have been performed in benefit of the merged companies and their calendar has been defined in a single framework of the merger, not generating profit for the previous owners except those they receive as part of the combined entity.

The operation described is included in the special tax regime of mergers, spin-offs, asset contributions, securities swap and change of company address of a European company or European cooperative company from one Member State to another of the European Union regulated in Part VII of Royal Legislative Decree 4/2014, of 27 November, on Corporation Tax.

The detail of the assets acquired, and liabilities assumed on the date of the business combination is as follow:

	Thousand of euros
Property, plant and equitment	296
Non-current investments	4,539
Inventories	575,691
Trade and other receivables	9,637
Current investments in associates	23
Current investments	26,078
Prepayments and accrued income	89
Cash and cash equivalents	71,617
Total Assets	687,970
Loss for the period	-
Non-current provisions	1,128
Non-current payables	54
Non-current related party payables	19
Current payables	113,574
Current related party payables	57,659
Trade and other payables	105,257
Total liabilities	277,691
Net assets	**410,279**
Payment to minority shareholders	**(166,772)**
New shares issued	**(647,966)**
Merger reserves	**(404,459)**

The outflow of cash produced in the business combination described, net of cash acquired, is as follows:

		Thousand of euros
	Country	Consideration in cash
Acquisition 10%-20% to minority shareholders (i)	Spain	126,031
Acquisition 100% "Aelca Operating Companies" (ii)	Spain	40,741
Merged companies (80%-90%) (iii)	Spain	-
Contribution 100% "Posnova"(iv)	Spain	-

Proforma Consolidated Statement of Financial position as at 31 December (*)

Thousand euros	Group Via Celere	Merged entities	Subtotal	Corporate and financing operations	Total
Intangible assets	122	-	122		122
Property, plant and equitment	3,546	296	3,842		3,842
Investment property	114	-	114		114
Investments in associates	12,682	-	12,682		12,682
Non-current investments	27,349	4,539	31,888		31,888
Deferred tax assets	71,089	-	71,089		71,089
Inventories	675,624	575,691	1,251,315		1,251,315
Trade and other receivables	10,090	9,637	19,727		19,727
Current investments in associates	365	23	388		388
Current investments	419	26,078	26,497		26,497
Prepayments and accrued income	3,890	89	3,979		3,979
Cash and cash equivalents	56,236	71,617	127,853	46,690	174,543
Total Assets	**861,526**	**687,970**	**1,549,496**	**46,690**	**1,596,186**
Equity	**458,542**	**426,571**	**885,113**	**(145,887)**	**739,226**
Non-current provisions	8,823	1,128	9,951		9,951
Non-current payables	1,497	54	1,551	220,138	221,689
Non-current related party payables	-	19	19		19
Deferred tax liabilities	13,852	-	13,852		13,852
Current provisions	421	-	421		421
Current payables	238,184	113,574	351,758		351,758
Current related party payables	142	33,073	33,215	(19,267)	13,948
Trade and other payables	140,062	113,551	253,613	(8,294)	245,319
Accrued expenses and deferred income	3	-	3		3
Total liabilities	**402,984**	**261,399**	**664,383**	**192,577**	**856,960**
Total equity and liabilities	**861,526**	**687,970**	**1,549,496**	**46,690**	**1,596,186**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Proforma Consolidated Income Statement for the year ended 2018 (*)

In thousand of Euros	Vía Célere Group	Merged entities	Subtotal
Revenue	157,063	62,320	219,383
Other income	2,136	196	2,332
Changes in inventories of finished goods and work in progress	47,143	30,057	77,200
Raw materials and other consumables used	(163,921)	(81,750)	(245,671)
Personnel expenses	(15,322)	-	(15,322)
Other expenses	(20,752)	(9,988)	(30,740)
Depreciation and amortisation charge	(325)	(46)	(371)
Impairment losses and gains/(losses) on disposal of non-current assets	(85)	(1)	(86)
Operating Loss	**5,937**	**788**	**6,725**
Finance Income	386	35	421
Finance Cost	(8,084)	(1,213)	(9,297)
Change in fair value of financial instruments	25,743	-	25,743
Impairment losses and gain/(losses) on disposal of financial instruments	621	-	621
Net Finance Income / (Cost)	**18,666**	**(1,178)**	**17,488**
Share of loss on investments accounted for using the equity method	(640)	-	(640)
Loss Before Tax	**23,963**	**(390)**	**23,573**
Income tax	60,823	(2,435)	58,388
Loss for the year from continuing operations	**84,786**	**(2,825)**	**81,961**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Monetary capital increase

On 10 December 2018, the Company's General Shareholders' Meeting agreed a capital increase for the amount of Euros 37,177 thousand, by means of the issue of 1,821,490 new shares with the same rights as those existing on that date. Said increase was performed by monetary contributions and was executed in a public deed dated 15 March 2019 and having effect on that date; it is pending inscription at the Madrid Companies Register.

Capital increases by credit compensation

On 10 December 2018, the Company's General Shareholders' Meeting agreed a capital increase for the amount of Euros 18,924 thousand, by the issue of 927,189 new shares with the same rights as the ones in existence on that date. The increase was performed by credit compensation and was executed in a public deed on 15 March 2019 having effect on said date; it is pending inscription at the Madrid Companies Register.

Notification of an inspection

On March 8, 2019 Via Celere Desarrollos Inmobiliarios, S.A., received from the Spanish Tax Authorities, Communication of the start of tax audits proceedings related to the following taxes and periods:

- Corporate Income Tax: 2013 and 2014
- Valued Added Tax: 04/2014 to 06/2015.

Appendix I

The details of bank borrowings (see Note 19.1.1) as at 31 December 2018 and 2017 are as follows:

	Miles de euros				
	Saldos a 31 de diciembre de 2018				
		Pasivos corrientes		No corriente	
	Límite	Vencimiento a largo plazo	Vencimiento a corto plazo	Pasivo	Total
Crédito hipotecario en existencias	13,071	-	4,359	-	4,359
Crédito hipotecario en existencias	32,468	-	7,749	-	7,749
Crédito hipotecario en existencias	12,274	-	2,300	-	2,300
Crédito hipotecario en existencias	36,519	-	10,240	-	10,240
Crédito hipotecario en existencias	13,564	-	4,173	-	4,173
Crédito hipotecario en existencias	12,550	-	6,304	-	6,304
Crédito hipotecario en existencias	9,314	-	1,701	-	1,701
Crédito hipotecario en existencias	4,292	-	1,445	-	1,445
Crédito hipotecario en existencias	6,564	-	238	-	238
Crédito hipotecario en existencias	50,269	-	14,053	-	14,053
Crédito hipotecario en existencias	39,340	-	5,612	-	5,612
Crédito hipotecario en existencias	7,500	-	107	-	107
Crédito hipotecario en existencias	55,600	13,888	-	-	13,888
Crédito hipotecario en existencias	13,930	2,712	-	-	2,712
Crédito hipotecario en existencias	23,130	3,182	-	-	3,182
Crédito hipotecario en existencias	8,149	(238)	-	-	(238)
Crédito hipotecario en existencias	36,236	2,418	-	-	2,418
Crédito hipotecario en existencias	6,550	258	-	-	258
Crédito hipotecario en existencias	11,499	(57)	-	-	(57)
Crédito hipotecario en existencias	168	-	168	-	168
Crédito hipotecario en existencias	786	-	786	-	786
Crédito hipotecario en existencias	4	-	4	-	4
Crédito hipotecario en existencias	273	-	271	-	271
Crédito hipotecario en existencias	200	-	200	-	200
Crédito hipotecario en existencias	5	-	5	-	5
Crédito hipotecario en existencias	-	-	-	-	-
Crédito hipotecario en existencias	735	-	611	-	611
Crédito hipotecario en existencias	613	-	231	-	231
Total créditos hipotecarios garantizados por promociones en curso y terminadas	**395,603**	**22,163**	**60,557**	**-**	**82,720**
Crédito hipotecario en existencias	2,000	-	2,000	-	2,000
Crédito hipotecario en existencias	20,334	19,924	-	-	19,924
Crédito hipotecario en existencias	12,612	12,384	-	-	12,384
Total préstamos con garantía hipotecaria sobre terrenos y solares	**34,946**	**32,308**	**2,000**	**-**	**34,308**
Líneas de crédito	123,428	-	114,092	-	114,092
Intereses devengados	-	509	369	-	878
Otros créditos	6,960	5,499	151	1,309	6,959
Total Otros créditos	**130,388**	**6,008**	**114,612**	**1,309**	**121,929**
Total	**560,937**	**60,479**	**177,169**	**1,309**	**238,957**

This appendix forms an integral part of note 19 to the consolidated annual accounts, in conjunction with which should be read

	Thousands of Euros				
	Balances at 31 December 2017				
		Current Liabilities		Non-current	
	Limit	Long-term maturity	Short-term maturity	Liabilities	Total
Mortage loan on stock	18,080	-	4,694	-	4,694
Mortage loan on stock	48,500	-	26,705	-	26,705
Mortage loan on stock	17,585	-	8,020	-	8,020
Mortage loan on stock	13,071	3,299	-	-	3,299
Mortage loan on stock	117	-	117	-	117
Mortage loan on stock	32,468	(771)	-	-	(771)
Mortage loan on stock	12,274	357	-	-	357
Mortage loan on stock	36,519	10,063	-	-	10,063
Mortage loan on stock	13,564	2,570	-	-	2,570
Mortage loan on stock	12,550	(56)	-	-	(56)
Mortage loan on stock	9,314	474	-	-	474
Mortage loan on stock	4,292	118	-	-	118
Mortage loan on stock	6,564	267	-	-	267
Mortage loan on stock	50,269	14,387	-	-	14,387
Mortage loan on stock	1,193	-	1,193	-	1,193
Mortage loan on stock	4,748	-	4,748	-	4,748
Mortage loan on stock	1,314	-	1,314	-	1,314
Mortage loan on stock	9,441	-	9,441	-	9,441
Mortage loan on stock	988	-	988	-	988
Mortage loan on stock	530	-	530	-	530
Mortage loan on stock	795	-	795	-	795
Mortage loan on stock	10	-	10	-	10
Mortage loan on stock	953	-	953	-	953
Mortage loan on stock	172	-	172	-	172
Mortage loan on stock	835	-	835	-	835
Mortage loan on stock	4	-	4	-	4
Mortage loan on stock	324	-	324	-	324
Mortage loan on stock	207	-	207	-	207
Mortage loan on stock	115	-	115	-	115
Mortage loan on stock	13,168	-	13,168	-	13,168
Mortage loan on stock	3,737	3,737	-	-	3,737
Mortage loan on stock	1,508	1,508	-	-	1,508
Mortage loan on stock	3,631	3,631	-	-	3,631
Total developer loan	**318,840**	**39,584**	**74,333**	**0**	**113,917**
Mortage loan on stock	9,886	9,886	-	-	9,886
Mortage loan on stock	4,136	4,136	-	-	4,136
Mortage loan on stock	14,000	-	14,000	-	14,000
Mortage loan on stock	20,000	19,732	-	-	19,732
Mortage loan on stock	2,000	-	2,000	-	2,000
Mortage loan on stock	5,993	5,993	-	-	5,993
Mortage loan on stock	-	0	-	-	0
Mortage loan on stock	28,700	28,644	-	-	28,644
Total loan for land purchase	**84,715**	**68,391**	**16,000**	**0**	**84,391**
Credit lines	148,408	-	142,061	-	142,061
Accrued interest	-	4,225	4,880	-	9,105
Other loans	18,619	13,781	-	1,460	15,241
Total Other loans	**167,027**	**18,006**	**146,941**	**1,460**	**166,407**
Total	**570,582**	**125,981**	**237,274**	**1,460**	**364,715**

As at 31 December 2018 figures, bank debt stood at Euros 238,957 thousand. It is composed of:

- Bank debt: Euros 238,957 thousand

As at 31 December 2017 figures, bank debt stood at Euros 364,715 thousand. It is composed of:

- Bank debt: Euros 264,848 thousand
- Shareholders debt: Euros 99,867 thousand

Appendix II

Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
1 Habitatio Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
2 Novosolum Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
3 Ponsnova Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
4 Campuslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
5 Segeslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
6 Generlar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
7 Numen Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
8 Velan Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
9 Promyva Inmuebles, S.L.	Myjoja, S.L.	20%			
	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
10 Promyva Inmuebles I, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
11 Promyva Inmuebles II, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
12 Promyva Inmuebles III, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
13 Promyva Inmuebles IV, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
14 Promyva Inmuebles V, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
15 Promyva Inmuebles VI, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
16 Promyva Inmuebles VII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
17 Promyva Inmuebles VIII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
18 Promyva Inmuebles IX S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
19 Myvain Inmuebles, S.L.	Myjoja, S.L.	20%			
	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
20 Myvain Inmuebles I, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
21 Myvain Inmuebles II, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
22 Myvain Inmuebles III, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
23 Myvain Inmuebles IV, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
24 Myvain Inmuebles V, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
25 Myvain Inmuebles VI, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
26 Myvain Inmuebles VII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
27 Myvain Inmuebles VIII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
28 Nalentia Urbana, S.L.	Myjoja, S.L.	20%			
	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
29 Nalentia Urbana I, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
30 Nalentia Urbana IV, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
31 Nalentia Urbana V, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
32 Nalentia Urbana VII, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
33 Invamy Urbana, S.L.	Myjoja, S.L.	20%			
	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
34 Invamy Urbana I, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
35 Invamy Urbana II, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
36 Invamy Urbana IV, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
37 Invamy Urbana V, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
38 Invamy Urbana VI, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
39 Nirbe Inmuebles, S.L.	Myjoja, S.L.	10%			
	Glenwock Invest, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
40 Nirbe Inmuebles I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
41 Akantia Urbana I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
42 Naiva Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
43 Invamy Urbana III, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
44 Invamy Urbana VII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
45 Invamy Urbana VIII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
46 Nalentia Urbana II, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
47 Nalentia Urbana VI, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
48 Akantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
49 Selantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
50 Akantia Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
51 Nuarca Inmuebles, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
52 Nirbe Costa Este, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
53 Nirbe Meseta, S.L.	Myjoja, S.L.	10%			
	Rimbey Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
54 Selantia Urbana I, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
55 Selantia Urbana, S.L.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
56 Nirbe Costa Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
57 Nirbe Norte, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
58 Nirbe Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
59 Nirbe Este, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
60 Nirbe Oeste, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
61 Nalentia Urbana III, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
62 Nirbe Sierra, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
63 Nalentia Urbana VIII, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
64 Promyva Inmuebles X, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
65 Nirbe Costa Norte, S.L.	Myjoja, S.L.	10%			
	Windham Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
66 Lancaster Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
67 Argao Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
68 Makati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
69 Laonan Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
70 Cebu Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
71 Luzon Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
72 Manarola Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
73 Sangat Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
74 Dunadry Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
75 Limavady Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
76 Derrylin Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
77 Craigavon Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
78 Strabane Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
79 Colorado Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
80 Manati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
81 Duncan Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
82 Moraine Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
83 Baracoa Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
84 Lora Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
85 Cienfuegos Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Appendix III

Proforma Consolidated Statement of Financial position as at 31 December (*)

In thousand of Euros	Promyva Inmuebles Group	Myvain Inmuebles Group	Nalentia Urbana Group	Invamy Urbana Group	Nirbe Inmuebles Group	Nirbe Meseta Group	Nirbe Costa Norte Group	SPVs	Posnova	Consolidation adjustments	Subtotal
Property, plant and equitment	18	18	10	3	81	40	120	1	5	-	296
Non-current investments	2,072	695	236	253	158	76	12	11	1,026	-	4,539
Inventories	57,006	56,890	15,002	40,385	92,144	96,318	165,636	40,035	12,275	-	575,691
Trade and other receivables	400	493	192	651	1,711	1,359	3,837	490	504	-	9,637
Current investments in associates	4,890	-	3,055	425	7	1	15	-	-	(8,370)	23
Current investments	29	-	256	2,754	2,821	4,951	15,265	2	-	-	26,078
Prepayments and accrued income . . .	16	15	7	10	24	11	6	-	-	-	89
Cash and cash equivalents	29,957	3,562	613	4,871	11,269	4,820	4,109	12,221	195	-	71,617
Total Assets	**94,388**	**61,673**	**19,371**	**49,352**	**108,215**	**107,576**	**189,000**	**52,760**	**14,005**	**(8,370)**	**687,970**
Equity	**36,939**	**18,447**	**12,260**	**28,612**	**94,793**	**98,789**	**137,528**	**(783)**	**(14)**	**-**	**426,571**
Non-current provisions	195	114	44	57	521	38	-	159	-	-	1,128
Non-current payables	-	-	-	-	-	-	-	54	-	-	54
Non-current related party payables . . .	-	-	-	-	3	-	-	16	-	-	19
Current payables . . .	24,445	14,376	979	7,552	7,028	4,834	23,032	27,358	3,970	-	113,574
Current related party payables	1	7,095	2,701	781	2	19	14,065	8,975	7,804	(8,370)	33,073
Trade and other payables	32,808	21,641	3,387	12,350	5,868	3,896	14,375	16,981	2,245	-	113,551
Total liabilities	**57,449**	**43,226**	**7,111**	**20,740**	**13,422**	**8,787**	**51,472**	**53,543**	**14,019**	**(8,370)**	**261,399**
Total equity and liabilities	**94,388**	**61,673**	**19,371**	**49,352**	**108,215**	**107,576**	**189,000**	**52,760**	**14,005**	**(8,370)**	**687,970**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Proforma Consolidated Income Statement for the year ended 2018 (*)

In thousand of Euros	Promyva Inmuebles Group	Myvain Inmuebles Group	Nalentia Urbana Group	Invamy Urbana Group	Nirbe Inmuebles Group	Nirbe Meseta Group	Nirbe Costa Norte Group	SPVs	Posnova	Total
Revenue	45,001	-	1,900	-	-	-	-	15,419	-	**62,320**
Other income	41	7	100	7	33	1	-	7	-	**196**
Changes in inventories of finished goods and w ork in progress	2,410	15,345	886	3,529	2,729	371	272	3,350	1,165	**30,057**
Raw materials and other consumables used	(38,801)	(15,345)	(2,270)	(3,529)	(2,729)	(371)	(272)	(17,268)	(1,165)	**(81,750)**
Personnel expenses	-	-	-	-	-	-	-	-	-	**-**
Other expenses	(2,105)	(1,729)	(797)	(1,126)	(2,106)	(161)	(798)	(1,153)	(13)	**(9,988)**
Depreciation and amortisation charge	(2)	(6)	(1)	-	(18)	(5)	(14)	-	-	**(46)**
Impairment losses and gains/(losses) on disposal of non-current assets	-	-	-	-	-	-	-	-	(1)	**(1)**
Operating Loss	**6,544**	**(1,728)**	**(182)**	**(1,119)**	**(2,091)**	**(165)**	**(812)**	**355**	**(14)**	**788**
Finance Income	-	3	-	-	-	23	9	-	-	**35**
Finance Cost	(3)	(220)	(4)	(32)	(24)	(47)	(398)	(485)	-	**(1,213)**
Change in fair value of financial instruments	-	-	-	-	-	-	-	-	-	**-**
Impairment losses and gain/(losses) on disposal of financial instruments	-	-	-	-	-	-	-	-	-	**-**
Net Finance Income / (Cost)	**(3)**	**(217)**	**(4)**	**(32)**	**(24)**	**(24)**	**(389)**	**(485)**	**-**	**(1,178)**
Share of loss on investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	**-**
Los Before Tax	**6,541**	**(1,945)**	**(186)**	**(1,151)**	**(2,115)**	**(189)**	**(1,201)**	**(130)**	**(14)**	**(390)**
Income tax	(2,075)	-	(36)	-	-	-	-	(324)	-	**(2,435)**
Loss for the year from continuing operations	**4,466**	**(1,945)**	**(222)**	**(1,151)**	**(2,115)**	**(189)**	**(1,201)**	**(454)**	**(14)**	**(2,825)**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

VIA CELERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

Consolidated Management Report for 2018

MANAGEMENT REPORT

1. Structure and background

Via Celere Desarrollos Inmobiliarios, S.A. (hereinafter, "the Parent Company") was incorporated on 16 August 1989, via a deed executed in Pontevedra before the notary public Rafael Sanmartin Losada under protocol number 1503, with the name "Confecciones Udra, S.A.", and changed its name to "Inmobiliaria Udra, S.A." in 1993.

The Parent Company changed its name to "San Jose Desarrollos Inmobiliarios, S.A." pursuant to a decision adopted by the Extraordinary General Shareholders' Meeting of the Parent Company on 20 June 2008 and executed in a public deed dated 30 June 2008.

The Parent Company adopted its present name, "Via Celere Desarrollos Inmobiliarios, S.A.", pursuant to a decision adopted by the Parent Company's Board of Directors and executed in a public deed of 30 June 2017, with the new registered office set at Carlos y Guillermo Fernandez Shaw 1, 28007 Madrid, Spain.

The Parent Company is the head of a group of subsidiaries engaged in the same activities and constitute together with Via Celere Desarrollos Inmobiliarios Group (hereinafter, the "Group").

In 2018 there were no significant changes in the composition and nature of the Group.

As a subsequent event of the financial year and before preparing the present consolidated annual accounts, the Group's parent company, Via Celere Desarrollos Inmobiliarios, S.A. carried out the purchase of certain companies with similar activity (mainly real estate development), and the later takeover merger of the acquired companies, once the conditions precedent established in the agreements signed between the parties have been fulfilled. The operation was placed on public record on 9 January 2019 and is detailed in note 7 of subsequent events.

Throughout 2018, the Company carried out the following capital increases:

- On 23 February 2018, the Company's Annual General Meeting resolved to increase its share capital by Euros 22,158 thousand through the issue of 3,692,956 new shares with a par value of Euros 6 each and with the same rights as the existing shares. This capital increase was carried out through a non-monetary consideration consisting of the capitalisation of certain bilateral loans that the shareholders had granted to the Company for a book value of Euros 98,839 thousand. The increase in share capital was recognised at the fair value of the loans capitalised at that date (Euros 73,020 thousand) and the difference of Euros 25,819 thousand was recognised as a contribution from shareholders and is recognised as finance income in the income statement. The public deed of the capital increase was executed on 2 March 2018, having been registered in the Companies' Registry of Madrid.

  In addition, at the same General Meeting of Shareholders of the Company, it was resolved to increase its share capital by Euros 56 thousand through the issue of 9,280 new shares, each with a par value of Euros 6, with the same rights as the existing shares. This capital increase was executed by means of a public deed dated 28 March 2018, which has been registered in the Companies' Registry of Madrid.

- On 2 March 2018, the Company's Annual General Meeting approved an increase in share capital by Euros 12,540 thousand through the issue of 2,090,120 new shares with a par value of 6 euros each and with the same rights as the existing shares. This capital increase was executed by public deed on 3 April 2018 and is registered in the Companies' Registry of Madrid.

The Group statutory activity consists of providing the following services through Group companies: the development of all types of properties; construction in general, on its own behalf or on behalf of third parties; the sale and purchase of construction equipment, development and gardening material; the execution of public works in general; and the sale and purchase of all types of properties, whether transportable or non-transportable and real estate properties whether rural or urban.

The Via Celere Group's corporate structure as at 31 December 2018 is set out below:

The Company, whose shareholders are listed below, is controlled by Maplesville Invest, S.L.U., which in turn is controlled by investment funds managed by Värde Partners:

Company	2018	
	Number of shares	Percentage of ownership interest
Maplesville Invest, S.L.U	17,828,983	52.39%
Greencoat B.V	5,513,934	16.20%
Trinity Investment Ltd.	5,112,989	15.02%
MELF B.V	1,832,276	5.38%
Barclays Bank PLC	1,329,208	3.91%
Bank of America Merrill Lynch International	-	0.00%
Merrill Lynch International	2,229,368	6.55%
Deutsche Bank AkticngescMschafl	94,877	0.29%
JP Moran Securites PLC	86,552	0.25%
	34,031,187	**100.00%**

Via Celere's chief operating decision maker is the Board of Directors, comprising in the following directors:

Name	Date of appointment	Position
Juan Antonio Gómez-Pintado Rodríguez de Segovia	29/03/2017	President and Managing Director
Héctor Serrat Sanz[1]	03/08/2015	Secretary - Director
Francisco Milone[2]	31/07/2015	Director
Jaime Echevarría Aguirre[3]	11/05/2018	Director

In addition, the company has the following internal decision-making bodies or committees:

Investment Committee

The Investment Committee is set up as an internal management body. Its composition, responsibilities and operating rules are established in its internal regulations. The Investment Committee is composed of the following members:

Name and surname(s)	Title	Position
Juan Antonio Gómez-Pintado Rodríguez de Segovia	Chairman	Chairman of the Board of Directors and Chief Executive Officer
Rosa María Peña Alonso	Member	Chief Operating Officer
Teresa Marzo Peligero	Member	General Director of Business
José Ignacio Morales Plaza	Member	Chief Financial Officer
Elena Gallo Campos	Member	Corporate General Director
Aurelio José Díez Ramos	Member	Director for Land
Gonzalo Díez de los Rios Riobó	Member	Investment Manager
Aurora Mata Toboso	Secretary	Corporate Legal Director

Executive Committee

The Executive Committee is set up as an internal management body. Its composition, responsibilities and operating rules are established in its internal regulations. The objective of the Executive Committee is to ensure, together with the Board of Directors and senior management, the viability and growth of the Group's businesses. The Executive Committee includes the following members:

Name and surname(s)	Title	Position
Juan Antonio Gómez-Pintado Rodríguez de Segovia	Chairman	Chairman of the Board of Directors and Chief Executive Officer
Rosa María Peña Alonso	Member	Chief Operating Officer
Teresa Marzo Peligero	Member	General Director of Business
José Ignacio Morales Plaza	Member	Chief Financial Officer
Elena Gallo Campos	Member	Corporate General Director
João Miguel Ferreira Pinto	Member	Chief Strategy Officer
Aurora Mata Toboso	Secretary	Corporate Legal Director

1 Professional link with Maplessvile Invest, S.L.U., (Parent Company's majority shareholder).
2 Professional link with Maplessvile Invest, S.L.U., (Parent Company's majority shareholder).
3 Professional link with Greencoat, B.V. and Melf, B.V., (Parent Company's shareholder).

2. Core business and ancillary activities

The Company has a diversified real estate portfolio comprising land and developments in progress, valued real state asset at Euros 905.041 thousand, the fair value of non-performing loans amount to Euros 82.525 thousands and the fair value of equity instruments amounts to Euros 39.741 thousand at year-end, with a clear focus on the development of land for the sale of homes. In addition, the Group holds an inventory of unsold finished product worth Euros 45.599 thousand, mostly in the form of unsold developments completed before 2014, which are a legacy from the previous owner, San Jose Group.

The assets represent a total buildable area of 1,368,026 square metres distributed geographically as follows:

	Buildable m2
Madrid	581,220
Málaga	140,671
Seville	187,699
Valladolid	105,847
Portugal	78,368
Otros	274,221
	1,368,026

As of 31 December 2018, the Group had 28 projects under construction. Total buildable area is 313,046 square metres for 2,475 units, of which 38% are scheduled for delivery in 2019, 53% in 2019 and 9% in 2020.

During 2018, the Group bought 4 plots of land (one of which was option to acquire land) for total land purchases of Euros 43,456 thousand. The land provides a buildable area of 256,026 m², supporting an estimated volume of 2,795 housing units. By region, land purchases were distributed as follows: 92% in Madrid and 8% in Ibiza. The purchases were paid at the time of purchase. The buildable area acquired in 2018 makes up 17% of the total portfolio. All land was purchased for the purpose of residential development, which is the Group's core business.

In 2018, the Group sold 7 plots of non-strategic land for total Euros 38,500 thousand.

3. Business performance and financial position, key figures and trends.

The Group realised net income of Euros 86,610 thousand in 2018. In terms of financial position, the Group holds total assets of Euros 861,526 thousand, equity of Euros 458,542 thousand and current and non-current liabilities of Euros 405,984 thousand.

Revenue and EBITDA

Revenue came to Euros 157,048 thousand, of which Euros 119,587 thousand were sales of property developments delivered over the course of the year: 98 units in Madrid (Villaverde), 174 units in Barcelona (Magoria) and 62 units in A Coruña (Casa Vega). Sales of legacy assets were Euros 15,568 thousand and Euros 21,893 thousand from land plots disposals. EBITDA for the group came to Euros 6,262 thousand.

Adjusted EBITDA

Adjusted EBITDA for 2018 came to Euros (2,732) thousand. The main adjustments can be summarized as follows: elimination of impairment losses by Euros (14,663) thousand, removal of the impact of legacy sales as they are not considered business as usual by Euros (796) thousand, and finally the elimination of higher cost of units delivered as consequence of PPA by Euros 4,873 thousand.

EBITDA ordinary transactions in 2018 included, Euros 612 thousand related to restructuring transactions and consultancy costs incurred in corporate transactions, Euros 1,200 thousand related to IPO and Euros 368 thousand related to AELCA fusion process, in addition to Euros 533 thousand as redundancies in personnel expenses.

Net Result

For the year ended 31 December 2018, the Group incurred net incomes of Euros 84,786 thousand.

Adjusted Net Result

Once eliminated impairments losses, legacy stock sales and higher costs of goods sold due to PPA, the result for the period amount to a loss of Euros 75,792 thousand.

Financial position

Current and non-current liabilities as at 31 December 2018 stood at Euros 402,984 thousand, a decrease of Euros 109,800 thousand from 31 December 2017.

Borrowings: current and non-current borrowings as at 31 December 2018 amounted to Euros 238,957 thousand, comprising:

	Thousands of Euros			
Bank Borrowings	**Principal**	**Interest**	**Upfront Fee**	**Total**
Bilats Rental	1,460	-	-	1,460
Bilats Land	27,234	212	(240)	27,206
Developer Loans	99,840	317	(4,308)	95,849
Credit Facilities	121,028	349	(3,717)	117,660
Others	-	-	(3,218)	(3,218)
Total	**249,562**	**878**	**(11,483)**	**238,957**

(*) This breakdown is different to shown in Note 19.1 of the annual accounts given that in the schedule beside it is included within credit facility and others an upfront fee of a financing commitment.

4. Enviromental matters and human resources

As set out in Note 27 of the consolidated financial statements, given the Group's business, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a material effect on its equity, financial position or results of its operations. The Group is unaffected by matters relating to greenhouse gas emission allowances.

As at 31 December 2018, the average number of employees at companies comprising the Group was 266. Total headcount at year-end 2018 was 366. The gender distribution of staff is:

	2018		2017	
	Women	Men	Women	Men
General Management	3	2	3	2
Directors and department heads	25	44	19	35
Officers	41	59	21	24
Commercials	20	6	15	7
Staff	38	26	22	13
Other staff	3	99	4	48
	130	236	84	129

Average employee distribution by occupational category is as follows:

	2018
General Management	5
Directors and deparment heads	59
Technicians	75
Commercial staff	20
Staff	43
Other	65
	267

5. Liquidity and capital resources

Note 21 to the consolidated financial statements sets out the Group's capital and liquidity risk management policy. The Group has sufficient cash to carry on its business.

In 2018, the Group arranged 5 land loans with an amount of Euros 161,475 thousand arranged completely, and 8 developers loan with a amount of Euros 146,334 thousand arranged Euros 87,227 thousand, to finance almost all the developments on which construction started in the course of the year. The Group's current approach is to finance the construction of developments using developer loans from banks, where loan drawdowns are tied to the state of progress of construction. The company's policy on financing land: "At the outset, the Company considers the use of its own funds to buy new land but does not rule out bank finance for a proportion of not more than 50% of the price, provided that the expected returns, business risk and zoning status so allow."

6. Key risks and risk management

The risk management policies within the Group's various business areas are determined by the analysis of investment projects, taking into account the macroeconomic setting and the situation of the financial markets, as well as the analysis of the management of the assets that make up the Group. It has the means to identify such risks sufficiently in advance or avoid them, thereby minimising any risks.

Key financial risks include:

Exposure to interest rate risk

The Group has arranged over-the-counter (OTC) derivative financial instruments with Spanish and international banks with high credit ratings.

As a result of the transaction described in note 7 Business combination Vía Célere, the Group has been subrogated to an interest rate cap (CAP) entered into by Vía Agora on 22 April 2016.

This instrument entitles the holder to receive a positive settlement if the 12M Euribor established at the start of the quarterly calculation period is above the related CAP rate. Settlement is quarterly as the difference between the 12M Euribor and the CAP rate on the nominal amount of the transaction.

The majority of loans and credit facilities held by the Group are pegged to Euribor. At year-end, the Group had loans outstanding with a drawn amount of Euros 238,957 thousand, carrying a fixed rate ranging from 1.75% to 2.50%.

Exposure to currency risk

As the Group's exposure outside the euro area is not significant, the Group does not consider currency risk to be material.

Exposure to price risk

Real estate assets are exposed to future changes in market price. The Group engages leading firms to conduct market appraisals with a view to detecting any potential impairment of its assets.

Credit risk

The Group is not exposed to significant credit risk with third parties through its own real estate business operations as the Group collects sale proceeds at the time of execution of the property deeds. This collection may be in the form of subrogation of the purchaser to the respective portion of the developer loan, or by some other means, at the purchaser's option. The credit risk inherent in deferrals of payment for sales of land or finished buildings is mitigated by obtaining collateral from the purchaser or entering rescission covenants in public registers which, in the event of non-payment, would lead to recovery of title to the sold asset and collection of damages.

Exposure to insolvency risk

The Group regularly analyses the insolvency risk attaching to its receivables and updates the respective impairment provisions accordingly. The Board of Directors believe that the carrying amount of trade and other receivables approximates their fair value.

Liquidity risk

As a rule, the Group holds its cash and cash equivalents with highly creditworthy banks. At year-end, the Group held Euros 56,234 thousand in cash available for operations and consider this sufficient to meet cash requirements for the subsequent 12 months.

7. Going concern

The Board of Directors has prepared the 2018 consolidated annual accounts in accordance with the going concern principle, on the assumption that the Group's future business perspectives will generate income and positive cash-flow.

The Group shows an negative operating cash flow, however, the operating result for the year ended 31 December 2018 shows profit of Euros 5,937 thousand (loss of Euros 132,624 thousand for the year ended 31 December 2017), shows a positive equity of Euros 458,542 thousand (Euros 299,051 thousand in 2017), and a positive working capital of Euros 367,812 thousand (Euros 259,644 thousand in 2017).

The Group also has the necessary financing for the development of assets classified as "Property developments in progress". These loans are conditional on the specific construction of the asset for which the financing is obtained, and their drawdown is presented gradually with the progress of the construction work and, therefore, the Group does not depend solely on the cash available at 31 December 2018 to guarantee the continuity of the business. Annex I shows the details of the loans, indicating the approved limits and the amount drawn down at 31 December 2018.

As indicated in the Notes 1 and 28, before preparing the present consolidated annual accounts, the Parent Company carried out the purchase of certain companies with similar activity (mainly real estate development), once the conditions precedent established in the agreements signed between the parties have been fulfilled. The operation was executed in a public deed on 4 and 9 January, was presented for registration on 9 January 2019 and was registered at the Madrid Business Registry on 15 March 2019.

Within the framework of the operation described in the preceding paragraphs, on 2 January 2019 the parent company legalized a syndicated financing contract as the borrower, for an amount of Euros 223,000 thousand. The agreement appointed the Parent Company, Via Celere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as

the original guarantors, J.P. Morgan Securities PLC and Credit Suisse International, as coordinators, and a number of financial institutions as original lenders, and Credit Suisse International, as agent and as guarantee agent. With regard to these securities, in 2019 and prior to the formulation of these consolidated annual accounts, the security on Maywood Invest, S.L.U. and Udralar, S.L.U. has been released.

The Directors believe that the situation described above will allow the Group to obtain profit and positive cash flows accomplish short term obligations.

8. Events after the reporting period

Purchase agreement and merger

On 28 September 2018, Via Celere Desarrollos Inmobiliarios, S.A. signed certain agreements with Myjoja Inversiones, S.L., (hereinafter “minority shareholder”), with the companies Lewistown Invest, S.L.U.; Glenwock Invest, S.L.U.; Rimbey Spain, S.L.U.; and Windham Spain, S.L.U. (hereinafter “majority shareholders”) and with the company controlled by the last ones, Aelca Desarrollos Inmobiliarios, S.L. (hereinafter “Aelca” or “ADI”) whereby the parties established the following terms and conditions:

i. Acquisition by Via Celere Desarrollos Inmobiliarios, S.A. of the minority interests that Myjoja Inversiones, S.L. held (minority interest around 10-20% of the share capital) in Promyva Inmuebles, S.L.; Myvain Inmuebles, S.L.; Nalentia Urbana, S.L.; Inmavy Urbana, S.L.; Nirbe Inmuebles, S.L.; Nirbe Meseta, S.L.; and Nirbe Costa Norte, S.L. (hereinafter “parent companies”). Said parent companies own 100% of the share capital of 70 companies whose activity is residential development (hereinafter, the “project companies” (see Appendix II)).

ii. Acquisition by Via Celere Desarrollos Inmobiliarios, S.A. of 100% of the interest held by Aelca in the companies Habitatio Urbana, S.L.U.; Campuslar Inmuebles, S.L.U.; Novosolum Urbana, S.L.U.; Segeslar Inmuebles, S.L.U.; Velan Urbana, S.L.U.; Generlar Inmuebles, S.L.U.; and Numen Inmuebles, S.L.U. (hereinafter “operating companies from Aelca”).

iii. Merger of Via Celere Desarrollos Inmobiliarios, S.A, (as acquiring company) by takeover, with the parent companies, the project companies of the operating companies Aelca and Ponsnova Inmuebles, S.L.U. (as acquired companies), by simultaneous execution and in a single act, with annulment of all of these and the block transfer of their respective equity to VCDI, which will acquire all their rights and obligations by universal succession. As compensation for the merger operation, the major shareholders will receive shares of the Company to an amount equivalent to 80%-90% of the share capital of the acquired companies by means of a non-monetary contribution (issue and handover of new VCDI shares to said partners).

As a previous step to points, i., ii., and iii., on 2 January 2019, the Parent Company signed a syndicated senior financing agreement for an amount of 223,000 thousand euros as the original borrower. The Parent Company, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial entities as original lenders, and Credit Suisse International as agent and security agent. The initial amount has been distributed through an Acquisition facility (loan) in the amount of 185,000 thousand euros, which is fully disposed at the date of formulation of these consolidated annual accounts, and a “Revolving Credit Facility” (RCF) for an amount of 38,000 thousand euros, also fully disposed at the date of formulation of these consolidated annual accounts.

The syndicated senior loan has a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions are met and accrues an interest rate based on the EURIBOR plus a market differential.

The Parent Company undertakes to comply with certain covenant financial obligations during the term of the loan and relating to its quarterly Consolidated Annual Accounts. These obligations are as follows:

- Commitment to comply with a ratio known as “LTV”, understood as the quotient between *Net indebtedness and Gross Assets Value* (“GAV”).

This ratio must be less than 45% and did not need to be validated until 31 December 2018. The first validation period will be 31 March 2019.

- Commitment to comply with at least 85% of the consolidated EBITDA, the contribution by the companies guaranteeing the senior syndicated loan and at least 5% of aggregate total assets (calculated on a non-consolidated basis and excluding all intragroup elements and investments in investees).

Additionally, a personal security was granted on the following Group companies: Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U. With regard to these securities, in 2019 and prior to the formulation of these consolidated annual accounts, the security on Maywood Invest, S.L.U. and Udralar, S.L.U. has been released.

The Merger deed was executed on 9 January 2019 and was registered in the Madrid Companies Register on 8 March 2019. The accounting effects of the Merger have been taken into consideration from 1 January 2019 as they are considered to be a transaction under common control.

The objective of the transaction is to increase Via Celere Desarrollos Inmobiliarios volume of assets under development. According to the information provided, the combination of the assets of Via Celere Desarrollos Inmobiliarios and the Aelca perimeter would create a leading pure-play residential housebuilder in Spain with a land bank of approximate value of Euros 2.100 thousand and potential to develop over 23,000 units and a target delivery rate per year of c. 5,000 units which would:

- Reduce the risks associated to the need to acquire land in order to reach the production targets – the combined land bank would be self-sufficient from that perspective.
- Benefit from the geographic complementarity of both land banks, providing national scope.
- Optimize the use of the operating platform as a result of the larger volume of activity.
- Increase leverage and optimize the use of shareholders' equity and returns.

Therefore, this merger by absorption implies: (i) the dissolution and extinction of the absorbed companies, and (ii) the block transfer of their corporate assets to the Absorbing Company which acquires, by universal succession, all the rights and obligations of the absorbed companies.

The issue of these new shares of Via Celere Desarrollos Inmobiliarios is equivalent to 48.26% of the capital approximately, whilst the remaining shareholders of the Parent Company hold shares approximately equivalent to 51.74% of the merged company.

Based on the stipulations of IFRS 3 "Business Combinations" and in particular, paragraph B1 of the IFRS 3 application guidance on "Business combinations of entities under common control" which states that "A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory". The Parent Company Directors have concluded that said contributions constituted a real estate development business and that it was a transaction under common control and as a consequence, and following that stated in paragraph 10 of IAS 8 on the definition of an accounting policy for transactions not regulated by the IFRS-EU, the Directors have chosen to record said contribution at the book values at which the assets and liabilities received were recorded in the books, instead of at the values at which said contribution has been made. The difference revealed between the values to which the contribution has been made and the book value of the assets and liabilities received has been entered in financial year 2019 against the heading "Voluntary Reserves".

The Parent Company directors have considered the operations and agreements described in this section as an integral part of a single transaction. Said interpretation has been agreed based on the fact that the operations and agreements have been performed in benefit of the merged companies and their calendar has been defined in a single framework of the merger, not generating profit for the previous owners except those they receive as part of the combined entity.

The operation described is included in the special tax regime of mergers, spin-offs, asset contributions, securities swap and change of company address of a European company or European cooperative company from one Member State to another of the European Union regulated in Part VII of Royal Legislative Decree 4/2014, of 27 November, on Corporation Tax.

The detail of the assets acquired, and liabilities assumed on the date of the business combination is as follow:

	Thousand of euros
Property, plant and equitment	296
Non-current investments	4,539
Inventories	575,691
Trade and other receivables	9,637
Current investments in associates	23
Current investments	26,078
Prepayments and accrued income	89
Cash and cash equivalents	71,617
Total Assets	687,970
Loss for the period	-
Non-current provisions	1,128
Non-current payables	54
Non-current related party payables	19
Current payables	113,574
Current related party payables	57,659
Trade and other payables	105,257
Total liabilities	277,691
Net assets	**410,279**
Payment to minority shareholders	**(166,772)**
New shares issued	**(647,966)**
Merger reserves	**(404,459)**

The outflow of cash produced in the business combination described, net of cash acquired, is as follows:

		Thousand of euros
	Country	Consideration in cash
Acquisition 10%-20% to minority shareholders (i)	España	126,031
Acquisition 100% “Aelca Operating Companies” (ii)	España	40,741
Merged companies (80%-90%) (iii)	España	-
Contribution 100% “Posnova”(iv)	España	-

Additionally, the Group's financial information of financial year 2018 together with the real estate development business acquired, if it had occurred on 1 January 2018, would be as follows:

Proforma Consolidated Statement of Financial position as at 31 December (*)

Thousand euros	Group Via Celere	Merged entities	Subtotal	Corporate and financing operations	Total
Intangible assets	122	-	122		122
Property, plant and equitment	3,546	296	3,842		3,842
Investment property	114	-	114		114
Investments in associates	12,682	-	12,682		12,682
Non-current investments	27,349	4,539	31,888		31,888
Deferred tax assets	71,089	-	71,089		71,089
Inventories	675,624	575,691	1,251,315		1,251,315
Trade and other receivables	10,090	9,637	19,727		19,727
Current investments in associates	365	23	388		388
Current investments	419	26,078	26,497		26,497
Prepayments and accrued income	3,890	89	3,979		3,979
Cash and cash equivalents	56,236	71,617	127,853	46,690	174,543
Total Assets	**861,526**	**687,970**	**1,549,496**	**46,690**	**1,596,186**
Equity	**458,542**	**426,571**	**885,113**	**(145,887)**	**739,226**
Non-current provisions	8,823	1,128	9,951		9,951
Non-current payables	1,497	54	1,551	220,138	221,689
Non-current related party payables	-	19	19		19
Deferred tax liabilities	13,852	-	13,852		13,852
Current provisions	421	-	421		421
Current payables	238,184	113,574	351,758		351,758
Current related party payables	142	33,073	33,215	(19,267)	13,948
Trade and other payables	140,062	113,551	253,613	(8,294)	245,319
Accrued expenses and deferred income	3	-	3		3
Total liabilities	**402,984**	**261,399**	**664,383**	**192,577**	**856,960**
Total equity and liabilities	**861,526**	**687,970**	**1,549,496**	**46,690**	**1,596,186**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Proforma Consolidated Income Statement for the year ended 2018 (*)

In thousand of Euros	Vía Célere Group	Merged entities	Subtotal
Revenue	157,063	62,320	219,383
Other income	2,136	196	2,332
Changes in inventories of finished goods and w ork in progress	47,143	30,057	77,200
Raw materials and other consumables used	(163,921)	(81,750)	(245,671)
Personnel expenses	(15,322)	-	(15,322)
Other expenses	(20,752)	(9,988)	(30,740)
Depreciation and amortisation charge	(325)	(46)	(371)
Impairment losses and gains/(losses) on disposal of non-current assets	(85)	(1)	(86)
Operating Loss	**5,937**	**788**	**6,725**
Finance Income	386	35	421
Finance Cost	(8,084)	(1,213)	(9,297)
Change in fair value of financial instruments	25,743	-	25,743
Impairment losses and gain/(losses) on disposal of financial instruments	621	-	621
Net Finance Income / (Cost)	**18,666**	**(1,178)**	**17,488**
Share of loss on investments accounted for using the equity method	(640)	-	(640)
Los Before Tax	**23,963**	**(390)**	**23,573**
Income tax	60,823	(2,435)	58,388
Loss for the year from continuing operations	**84,786**	**(2,825)**	**81,961**

(*) These annual accounts have not been audited at the time of the drafting of the present consolidated annual accounts, however KPMG Auditores, S. L. has been commissioned to audit them and we expect the corresponding 2018 audit reports to be issued in April-May 2019.

Monetary capital increase

On 10 December 2018, the Company's General Shareholders' Meeting agreed a capital increase for the amount of Euros 37,177 thousand, by means of the issue of 1,821,490 new shares with the same rights as those existing on that date. Said increase was performed by monetary contributions and was executed in a public deed dated 15 March 2019 and having effect on that date; it is pending inscription at the Madrid Companies Register.

Capital increases by credit compensation

On 10 December 2018, the Company's General Shareholders' Meeting agreed a capital increase for the amount of Euros 18,924 thousand, by the issue of 927,189 new shares with the same rights as the ones in existence on that date. The increase was performed by credit compensation and was executed in a public deed on 15March 2019 having effect on said date; it is pending inscription at the Madrid Companies Register.

Notification of an inspection

On March 8, 2019 Via Celere Desarrollos Inmobiliarios, S.A., received from the Spanish Tax Authorities, Communication of the start of tax audits proceedings related to the following taxes and periods:

- Corporate Income Tax: 2013 y 2014.
- Valued Added Tax: 04/2014 to 06/2015.

8. Outlook for the group in 2019

The Group plans to continue to divest inventories of finished product and repay the associated borrowings. To achieve this goal, the Group will set in motion sales policies and enter into agreements with local sales agents to maximise return on investment. However, we do not expect to obtain significant margins.

In its core residential real estate development business, the Group plans to launch 68 developments in 2019 providing 4.716 new housing units under development to the current portfolio of developments in progress.

The Group intends to continue buying new plots in line with its strategic growth targets in terms of regions and new niches of housing demand, with a strong growth outlook in the coming years.

In 2019, the Group will continue with its customer service policy to ensure a unique housing delivery experience.

9. Innovation

The relevant activities carried out by the Group in 2018 in the area of research, development and innovation were as follows:

Industrialised façades

This year, the engineering of a novel façade solution for multi-family building was carried out as a study, with a structural calculation and economic viability of the solution. Prototypes were made at a 1:1 scale of the solution, solving and technically improving the prototype, considering its manufacture and subsequent placement. The solutions of the different parts that make up the system, as well as their anchors and joints, were analysed and prescribed, complying with and improving the performance required by the Technical Building Code. An approximation was also made to the manufacturing process and the sizing of the installations required for an estimated production.

Mobile partition with installations

In response to the growing need for flexible spaces to adapt to different times of the day, and the trend towards smaller surface dwellings, a novel partition wall was developed hanging from the main structure of the building, formed by a metal frame covered with wood, forming the appearance of a piece of furniture with storage, as well as electricity and telecommunications installations that move with the partition wall. This partition can be moved manually and in subsequent prototypes, it has been able to be motorised by means of a human present switch. This development is also limited by the height available in the dropped ceilings of the dwelling, lower than those of tertiary spaces, and therefore, limiting the hardware for fastening and moving this partition and its installations.

Inventory of intangible assets

The company's intangible assets were mapped, as they are the basis for the innovative and creative activity of people and companies, in such a way that the company can have a strategic decision-making tool, a comprehensive analysis of the innovation cycle, and be able to start a process of document management and internal and external protection measures.

10. Treasury shares

The Group did not carry out any transactions with treasury shares in 2018, nor did it hold any treasury shares as of 31 December 2018.

11. Alternative performance measures

As indicated in Note 1 to the consolidated financial statements, the Group prepares its financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In addition, the Group provides a range of Alternative Performance Measures ("APMs") to supply further information in support of comparability and ease of understanding, and as an aid to assessment of the Group's performance and related decision-making.

Users of financial reports should regard APMs as supplementary to the figures presented on the basis of presentation of the consolidated financial statements. APMs have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under IFRS-EU.

Comparative figures: The Parent Company presents the previous year's figures for purposes of comparison. The following comments can be made:

1. Personnel expenses in 2018 includes Euros 533 thousand as redundancies costs.
2. Revenues from sales of promotions in 2018 increased by 71,922 thousand euros with respect to 2017 due to the delivery of 190 more homes.

The key APMs relating to the Company's performance and their reconciliation with the consolidated financial statements (in thousands of euros) are as follows:

Revenue

Definition: sale of property developments + sale of land + legacy assets disposal + services rendered.

Explanation of use: the directors of the Parent consider revenue to be a performance measure because it includes information about how revenue, derived from both our development sales and our legacy asset disposal as well as from revenue from services rendered, is generated.

The below table presents our calculations of revenue for the years ended 31 December 2018 and 31 December 2017

	Thousand of Euros	
	2018	2017
Sale of property developments - Note 24.1	119.587	47.665
Sale of land - Note 24.1	21.893	–
Legacy Assets disposal - Note 24.1	15.568	10.122
Services rendered	15	9
Revenue	**157.063**	**57.796**

Impairment losses

Definition: impairment + reversal of impairment losses of inventories.

Explanation of use: the directors of the Parent consider impairment losses to be a performance measure because it provides information on impairment net of reversal of impairment losses on inventories (impairment charge less reversal).

The below table presents our calculations of impairment losses for the year ended 31 December 2018.

	Thousands of Euros	
	2018	2017
Impairment - Note 16.6	(14,574)	(171,044)
Reversal of impairment losses of inventories - Note 16.6	86,368	77,429
Impairment losses	71,794	(93,615)

Gross margin

Definition: Revenue – changes in inventories of finished goods and work in progress – raw materials and other consumables used.

Explanation of use: the directors of the Parent consider gross margin to be a performance measure because it provides information about how our activity is being performed by starting from revenue from sales and subtracting the costs incurred to make such sales.

The below table presents our calculations of gross margin for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Sales - Note 24.1	**157,048**	**57,787**
Sale of property developments	119,587	47,665
Sale of land	21,893	-
Legacy Assets disposal	15,568	10,122
Changes in inventory of finished goods and Work in Progress - Note 24.2	**47,143**	**80,151**
Cost of goods sold (units delivered)	*(124,739)*	*(38,868)*
Higher Cost of goods sold due to PPA (units delivered)	*(13,535)*	*(10,301)*
Higher Cost of goods sold due to PPA (land)	*(103)*	-
Higher cost of financing	*(1,211)*	-
Cost of goods sold Legacy Assets	*(35,479)*	*(22,256)*
Changes in inventory of land and developments in progress	*169,303*	*160,984*
Impairment of finished goods and Work In Progress	*8,765*	*(9,408)*
Reversal of impairment of sales	*25,027*	-
Reversal of impairment of Legacy Assets	*19,115*	-
Raw materials and other consumables used (excluding impairment losses on real estate inventories)	**(178,584)**	**(160,984)**
Purchase of land and developments in progress	(178,584)	(160,984)
Gross Margin	**25,607**	**(23,046)**

Adjusted Gross margin

Definition: gross margin – legacy Assets disposal + reversal of higher cost of goods sold due to PPA (units delivered) + reversal of higher cost of goods sold due to PPA (Land) - reversal of impairment of finished goods and work in progress).

Explanation of use: the directors of the Parent Company believe that Adjusted Gross Margin for development measures the performance of the core business by providing information on the earnings made on developments. Adjusted Gross Margin excludes earnings on sales of land and legacy stock, which the Company regards as being outside its core business, the higher cost of units delivered due to PPA as being considered an accounting distorting effect and the reversal of impairment of finished goods and work in progress recorded before the recognition of the revenue. This performance measure is calculated and included in order to show the senior management ability for increasing development margins.

The below table presents our calculations of adjusted gross margin for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Gross Margin	**25,607**	**(23,046)**
Legacy Assets disposals - Note 24.1	796	(10,122)
Reversal of higher cost of goods sold due to PPA (units delivered) - Note 24.2	13,638	10,301
Reversal of impairment of finished goods and work in progress - Note 24.2	(8,765)	12,925
Adjusted Gross Margin	**31,276**	**(9,942)**

Contribution Margin

Definition: gross margin – internal commercial staff expenses – internal workforce staff expenses—sales and marketing expenses included in other expenses.

Explanation of use: the directors of the Parent believe that contribution margin measures the performance of its business by providing information on the contribution margin on developments generating revenue during the period. The contribution margin is calculated on the basis of the gross margin, net of certain costs of marketing and sale of significant developments.

The table below presents our calculations of contribution margin for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Gross Margin	**25,607**	**(23,046)**
Internal commercial staff expenses - Note 24.4	(1,242)	(879)
Internal workforce staff expenses - Note 24.4	(4,899)	(3,348)
Other expenses - Sales and marketing expenses - Note 24.6	(8,901)	(1,205)
Contribution Margin	**10,565**	**(28,478)**

Adjusted Contribution Margin

Definition: adjusted gross margin – internal commercial staff expenses – internal workforce staff expenses—sales and marketing expenses included in other expenses.

Explanation of use: the directors of the Parent believe that adjusted contribution margin measures the performance of its business by providing information on the contribution margin on developments generating revenue during the period excluding the sales and marketing expenses incurred. The adjusted contribution margin is calculated on the basis of the adjusted gross margin.

The table below presents our calculations of adjusted gross contribution margin for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Adjusted Gross Margin	**31,276**	**(9,942)**
Internal commercial staff expenses - Note 24.4	(1,242)	(879)
Internal workforce staff expenses - Note 24.4	(4,899)	(3,348)
Other expenses - Sales and marketing expenses - Note 24.6	(8,901)	(1,205)
Adjusted Contribution Margin	**16,234**	**(15,374)**

EBITDA

Definition: contribution margin + impairment losses on real estate inventories + other income + services rendered – personnel expenses *(excluding internal commercial staff expenses)* – other operating expenses (*excluding sales and marketing expenses*) - impairment losses and gains / (losses) on disposal of non-current assets.

Explanation of use: the directors of the Parent believe that EBITDA measures the performance of the Group's business by analysing the profit or loss for the year (excluding interest, tax, depreciation and amortization), as an approximation of operating cash flows, reflecting cash generation. Furthermore, EBITDA is a measure widely used by investors to value companies.

The table below presents our calculations of EBITDA for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Contribution Margin	**10,565**	**(28,478)**
Impairment losses on real estate inventories - Note 16	14,663	(84,207)
Other income	2,136	2,042
Services rendered	15	9
Personnel expenses (excluding internal commercial staff expenses) - Note 24.4	(9,181)	(6,663)
Other expenses (excluding sales and marketing expenses) - Note 24.6	(11,851)	(14,979)
Impairment losses and gains/(losses) on disposal of non-current assets	(85)	38
EBITDA	**6,262**	**(132,238)**

Adjusted EBITDA

Definition: EBITDA - reversal of impairment losses on real estate inventories - legacy assets disposal + cost of goods sold legacy assets + reversal of higher cost of goods sold due to PPA - reversal of impairment of finished goods and work in progress.

Explanation of use: the directors of the Parent believe that adjusted EBITDA measures the returns on the Group's business by analysing operating profit, excluding impairments on inventory that do not represent cash outflows in addition to transactions not considered as core business.

The table below presents our calculations of adjusted EBITDA for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
EBITDA	**6,262**	**(132,238)**
Impairment losses on real estate inventories - Note 16	(14,663)	84,207
Legacy Assets disposals - Note 24.1	796	(10,122)
Reversal of higher cost of goods sold due to PPA (units delivered) - Note 24.2	13,638	10,301
Reversal of impairment of finished goods and work in progress - Note 24.2	(8,765)	12,925
Adjusted EBITDA	**(2,732)**	**(34,927)**

EBIT

Definition: EBITDA - depreciation and amortization charge.

Explanation of use: the directors of the Parent believe that EBIT measures the performance of the Group's business by analysing the profit or loss for the year (excluding interest and tax), as an approximation of operating cash flows, reflecting cash generation. Furthermore, EBIT is a measure widely used by investors to value companies. Credit rating agencies and lenders use EBIT to assess indebtedness by comparing it to net debt and debt service.

The table below presents our calculations of EBIT for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
EBITDA	**6,262**	**(132,238)**
Depreciation and amortization charge	(325)	(386)
EBIT	**5,937**	**(132,624)**

Adjusted EBIT

Definition: Adjusted EBITDA - depreciation and amortization charge.

Explanation of use: the directors of the Parent believe that adjusted EBIT measures the performance of the Group's business by analysing the profit or loss for the year (excluding interest, tax, depreciation and amortization), as an approximation of operating cash flows, reflecting cash generation. Furthermore, adjusted EBIT is a measure widely used by investors to value companies. Credit rating agencies and lenders use adjusted EBIT to assess indebtedness by comparing it to net debt and debt service.

The table below presents our calculations of EBIT for the years ended 31 December 2018 and 2017

	Thousand of Euros	
	2018	2017
Adjusted EBITDA	**(2,732)**	**(34,927)**
Depreciation and amortization charge	(325)	(386)
Adjusted EBIT	**(3,057)**	**(35,313)**

Adjusted Net Result

Definition: adjusted EBIT + net finance income/(cost) + share of loss on investments accounted for using the equity method + income tax + (loss / profit for the year from discontinued operations net of tax.

Explanation of use: adjusted net result is considered to be a performance measure because it provides information for analyzing profitability of a company in order to show the core business´ net result of the Parent Company and eliminate the effect of the variability associated with certain line items.

The table below presents our calculations of adjusted net result for the years ended 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Adjusted EBIT	**(3,057)**	**(35,313)**
Net finance income/(cost)	18,666	(12,653)
Share of loss on investments accounted for using the Equity Method	(640)	(480)
Income tax	60,823	10,834
(Loss) / Profit for the year from discontinued operations Net of Tax	-	(526)
Adjusted Net Result	**75,792**	**(38,138)**

The key APMs relating to the Company's borrowings are:

Borrowings

Definition: bank borrowings (classified under current and non-current payables) – bank borowings with related parties.

Explanation of use: the directors of the Parent believe that the "borrowings" APM measures business performance by showing the company's net financial position. This figure is needed to calculate the leveraged ratios typically used by the market.

The following table sets out our calculations of borrowings as of 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Non-current payables - Bank borrowings - Note 19	**1,309**	**1,460**
Current payables - Bank borrowings - Note 19	237,648	363,255
Bank borowings with related parties - Note 19 (*)	-	(99,867)
Borrowings	**238,957**	**264,848**

(*) Loans which have been capilized in 23 February 2018.

Net financial debt

Definition: borrowings + deferred payments for purchase of inventories (including deferred payments for purchase of Via Celere) + other financial liabilities (classified under current and non-current payables) – cash and cash equivalents (less restricted cash) (Note 15.3).

Explanation of use: the directors of the Parent regard net financial debt as a financial figure that measures a company's net debt position. Furthermore, it is a measure widely used by investors to value companies' net leverage. Credit rating agencies and lenders use net financial debt to assess net indebtedness.

The following table sets out our calculation of net financial debt as of 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Borrowings	**238,957**	**264,848**
Deferred payments for purchase of inventory – Note 19	-	30,822
Non-current payables - Other financial liabilities - Note 19	188	260
Current payables - Other financial liabilities - Note 19	534	222
Cash and cash equivalents (less restricted cash) (Note 15.3) (*)	(9,387)	(73,555)
Net Financial Debt	**230,292**	**222,597**

(*) As of 31 December 2017, Euros 17,586 thousand are included as available cash related to Magoria development as this amount is expected to be released on the first quarter of 2018 (Note 15.3)

Adjusted Net financial debt

Definition: net financial debt + borrowings of subsidiaries integrated through equity method + deferred payments for optioned land—cash of subsidiaries integrated through equity method (Note 15.3).

Explanation of use: the directors of the Parent regard adjusted net financial debt as a financial figure that measures a company's net debt position. Furthermore, it is a measure widely used by investors to value companies' net leverage. Credit rating agencies and lenders use net financial debt to assess net indebtedness.

The following table sets out our calculation of adjusted net financial debt as of 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Net Financial Debt	**230,292**	**222,597**
Borrowings of subsidiaries integrated through Equity Method - Note 19.	18450	6,975
Deferred payments for optioned land	39159	63,158
Available cash of subsidiaries integrated through Equity Method - Note 15.3	(3,686)	(2,455)
Adjusted Net Financial Debt	**284,215**	**290,275**

Leverage ratio

Definition: borrowings / total assets

Explanation of use: Leverage is an indicator that measures a company's debt position. This is a measure widely used by investors to value real estate companies' leverage. Credit rating agencies and lenders use net financial debt to assess indebtedness.

The following table sets out our leverage calculations as of 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Borrowings	**238,957**	**264,848**
Total assets	861,526	811,835
Leverage ratio	**28%**	**33%**

Loan to Value ("LTV")

Definition: adjusted net financial debt / market value of inventory portfolio associated to the Company´s ownership interest percentage (GAV).

Explanation of use: LTV is an indicator that measures a company's debt position in relation to the market value of its real estate assets. This is a measure widely used by investors to value real estate companies' leverage. Credit rating agencies and lenders use this figure to assess indebtedness.

The following table sets out our calculations of LTV as of 31 December 2018 and 2017.

	Thousand of Euros	
	2018	2017
Adjusted Net Financial Debt	**284,215**	**290,275**
Market value of inventory portfolio associated to the Company´s ownership interest percentage (GAV) (see Note 2.5)	1,107,377	1,025,365
LTV	**26%**	**28%**

Loan to Cost ("LTC")

Definición: deuda financiera neta / (existencias – anticipos a proveedores)

En la tabla siguiente presentamos nuestros cálculos de LTC a 31 de diciembre de 2018 y 2017.

	Thousand of Euros	
	2018	2017
Net Financial Debt	**230,292**	**222,597**
Inventories – Note 16	675,624	616,948
Advance to suppliers – Note 16	(8,099)	(11,930)
LTC	**34%**	**37%**

Reunidos los Administradores de la sociedad Via Celere Desarrollos Inmobiliarios, S.A., con fecha de 27 de marzo de 2019 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2018 y el 31 de diciembre de 2018. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

The directors of the Company Via Celere Desarrollos Inmobiliarios S.A., on a meeting held on 27 March 2019 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2018 and 31 December 2018. The consolidated annual accounts, are composed of the documents attached herein.

D. Juan Antonio Gómez Pintado de Segovia

Mr. Juan Antonio Gómez Pintado de Segovia

Reunidos los Administradores de la sociedad Via Celere Desarrollos Inmobiliarios, S.A., con fecha de 27 de marzo de 2019 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2018 y el 31 de diciembre de 2018. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

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D. Francisco Milone

Mr. Francisco Milone

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D. Jaime Echevarría

Mr. Jaime Echevarría

Reunidos los Administradores de la sociedad Via Celere Desarrollos Inmobiliarios, S.A., con fecha de 27 de marzo de 2019 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2018 y el 31 de diciembre de 2018. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

D. Héctor Serrat Sanz

The directors of the Company Via Celere Desarrollos Inmobiliarios S.A., on a meeting held on 27 March 2019 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2018 and 31 December 2018. The consolidated annual accounts, are composed of the documents attached herein.

Mr. Héctor Serrat Sanz

SAVILLS AGUIRRE NEWMAN

Short Report

Portfolio Valuation of assets in Spain and Portugal

as at valuation date of 31/12/2020

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savills AGUIRRE NEWMAN

2021, March

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.

C/Carlos y Guillermo Fernández Shaw, 1.

28007- Madrid

Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U.
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28046 Madrid

Tel: + 34 (91) 319.13.14
Fax: + 34 (91) 310.10.24

http://www.savills-aguirrenewman.es/

For the attention of: Mr. Jaime Churruca,

CLIENT: VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.
PROPERTY: Property Portfolio of properties located across Spain and Portugal.

Dear Mr. Jaime Churruca,

In accordance with the terms and conditions contained in our proposal letter dated March 2021, we are pleased to provide you with a market update valuation and appraisal report in relation to the above-named property. We understand you require this valuation for required for incorporation in issuance materials for financing purposes for qualified investors to the Irish Stock Exchange plc (trading as Euronext Dublin). The date of valuation is the **31st December 2020**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, but should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U.

Eduardo Martins Pimenta MRICS
RICS Registered Valuer
National Director Valuations
Savills Aguirre Newman Valoraciones y Tasaciones S.A.U.

Macarena Bustamante Zorrilla, MRICS
RICS Registered Valuer
Director Valuations
.Savills Aguirre Newman Valoraciones y Tasaciones S.A.U.

Date: March 5, 2021

1. INSTRUCTIONS AND TERMS OF REFERENCE

1.0 Instructions & Terms of Reference

In accordance with our Terms of Engagement signed **March 2021**, we have valued the properties listed at Section 2, in order to provide you with our opinion of their Market Value, as at **31st December 2020**.

1.1.1. Instructions

You have instructed us to provide our opinions of value on the following bases:

- Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U. has been engaged by VIA CELERE on November 2019 to provide half yearly valuations of the subject Property for accounting purposes. We confirm that we will provide an objective unbiased valuation.
- We will be acting as External Valuers, as defined in the Red Book.
- We have no material connection either with the client or with the properties.
- We confirm that we will not benefit (other than from the receipt of the valuation fee) from this valuation instruction.
- We confirm that Savills Aguirre Newman S.A.U. carry sufficient Professional Indemnity Insurance for possible claims. According with the Terms of Engagement Letter, in case of responsibility for our advice, compensation is limited to the amount of the fees provided for carrying out the work.
- We have a Complaints Handling Procedure.
- That we have the knowledge, skills and ability to act on your behalf in respect of this instruction.
- And, that all information provided in respect of this instruction will be kept confidential and will not be disclosed to any un-authorised third party.
- You have also instructed us to comment on specific issues concerning the properties.

Our valuations are prepared on an individual basis and the portfolio valuations reported are the aggregate of the individual Market Values, as appropriate. Our opinions of value are as at **31st December 2020**.

The valuations have been carried out by qualified MRICS Registered Valuers, with the knowledge, skills and ability required to perform this valuation report competently.

We confirm that our valuations will all be reported in Euros.

1.2. Basis of Valuation

The valuation has been prepared in accordance with RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020. In particular in accordance with the requirement of VPS 3 entitled Valuations reports.

Red Book Valuation Standard VS 3.2 relates to the basis of value, and, in accordance therewith, you have instructed us to value the property on the basis of Market Value, the definition is defined 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 knowledgably, prudently and without compulsion."

Our report and valuations in accordance with these requirements are set out below.

1.2.1. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.2.2. Date of Valuation

Our opinions of value are as at **31st December 2020**. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.2.3. Purpose of Valuation

The Valuation is required for incorporation in issuance materials for financing purposes for qualified investors to the Irish Stock Exchange plc (trading as Euronext Dublin). It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.

1.2.4. Conflicts of Interest

As previously advised, Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U. has a material connection or involvement with the Property. More particularly, we have been engaged by VIA CELERE on November 2019 to provide half yearly valuations of the subject Property for accounting purposes. We are not aware of any conflict of interest, either with yourselves or with the properties, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

1.2.5. Valuer Details and Inspection

The due diligence enquiries referred to below was undertaken by the Valuation Department. The valuations have also been reviewed by Eduardo Pimenta MRICS and Macarena Bustamante Zorrilla MRICS.

The properties have been inspected by the Valuation Department. The inspections has been carried out externally and internally, but limited to those areas that were easily accessible or visible.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VS 6.1(r), we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

1.2.6. Liability Cap

Our liability to any one or more or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report, a summary of the Report or any portion of the Report (including any underlying data) under or in connection with this Valuation, shall be limited to the amount specified at the Terms of Engagement Letter signed between Savills Aguirre Newman Valoraciones y Tasaciones S.A.U. and VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.

1.2.7. RICS Compliance

This report has been prepared in accordance with RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020, in particular in accordance with the requirements of VPS 3 entitled Valuation reports.

Our report in accordance with those requirements is set out below.

1.2.8. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that the Client satisfies itself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

The valuation has been carried out based on the following information provided by the client:

- Information on areas and buildability, and estimation of the number of future units always ensuring the future development is in line with the most viable project.
- The planning situation in addition to the development fees based on the planning information provided by the client.
- % of work progress in both WIP and works which have been halted.

1.2.9. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed only, who can rely on it, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such third parties rely upon this report at their own risk.

Neither the whole nor any part of this Report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

It is our recommendation that prior to entering into a financial transaction based on this report the validity of all information as well estimates should be checked.

2. VALUATION ADVICE

1.3. Valuation

Having carefully considered the matter, we are of the opinion that the Market Value, as at our valuation date, of the respective freehold interests of the properties portfolio is:

€ 1,770,169,000.00

(ONE BILLION, SEVEN HUNDRED AND SEVENTY MILLION, ONE HUNDRED AND SIXTY-NINE THOUSAND EUROS)

The Market Value, as at our valuation date, of the respective freehold interests of 100% properties portfolio is:

€ 1,848,557,000.00

(ONE BILLION, EIGHT HUNDRED AND FORTY-EIGHT MILLION, FIVE HUNDRED AND FIFTY-SEVEN THOUSAND EUROS)

Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.

We confirm that we have valued the subject property on a 100% ownership basis, and have reflected the apportioned value based on the percentage share of the SPV held by VÍA CÉLERE DESARROLLOS INMOBILIARIOS S.A. No account has been taken of any premium or discount to reflect any corporate structure or tax implications which may arise from the ownership structure of any of the Properties.

The total market Value is distributed as follows:

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN.	MARKET VALUE 100% (€)	MARKET VALUE %OWN.(€)
STOCK	MAL24SANTANGELO_110101	2027 - SERENITY (BENALMADENA)	Málaga	100%	18,499,685.00	18,499,685.00
STOCK	VAL05PATRAIX_110601	5224 - M-RES. LLUM (PATRAIX I)	Valencia	100%	7,446,900.00	7,446,900.00
STOCK	MAD02CORTIJONORTE_110101	Cortijo Norte - Fase I	Madrid	100%	1,650,600.00	1,650,600.00
STOCK	MAL10CALA_110101	Jardinana (Maywood R10)	Málaga	100%	19,457,390.00	19,457,390.00
29	MAD34MIRADORNORTE_410201	5322 I-NOVARIVAS II (RIVAS S4 P20)	Madrid	100%	14,578,000.00	14,578,000.00
STOCK	MAD06OLIVER_110101	Fuente El Saz (Oliver)	Madrid	100%	9,600,778.36	9,600,778.36
STOCK	MAD48UESECTOR3_110102	5123 - P-RES. CUBIC 2 (RIVAS FASE II)	Madrid	100%	12,813,000.00	12,813,000.00
32	MAD33N3CANTOS_211301	5423 - N-R. BREMEN (T. CANTOS 9A)	Madrid	100%	10,966,000.00	10,966,000.00
STOCK	MAD23PERALES_000101	Perales del Rio	Madrid	100%	11,601,090.00	11,601,090.00
36	SEV07AEROPUERTO_000101	Sevilla Este - Fase I - 5AH5AI Subfase I y II	Sevilla	100%	41,990,000.00	41,990,000.00
STOCK	VIZ01DINAMITA_110101	2041 - CRUCES RES. (BARAKALDO I PLURI.)	Vizcaya	100%	23,536,251.62	23,536,251.62
38	MAL14H.CABELLO_110101	5421 - NI-R. VEGA (H. CABELLO I)	Málaga	100%	22,364,000.00	22,364,000.00
39	VAL07M.TABERNER_110101	5920- NI-EDIFICIO MT 22 (MANOLO TABERNER)	Valencia	100%	11,602,000.00	11,602,000.00
40	CAD01AR2SUSR7CANDOR_110102	6259- NCN-ROTA MANZANA R1(SERVIHABITAT)	Cádiz	100%	2,252,000.00	2,252,000.00
41	MAL03DOÑAJULIA_000201	Casares (Doña Julia)	Málaga	100%	19,728,000.00	19,728,000.00
42	IBI01MARENOSTRUM_000201	UA 14 - Ibiza - Fase I	Ibiza	100%	28,710,000.00	28,710,000.00
43	MAL19ELCHAPARRAL_110201	5422 - NM-VITTA NATURE (MIJAS C. EL CHAPARRAL I)	Málaga	100%	13,881,000.00	13,881,000.00
STOCK	BAR07ATMELLERS_000101	Llavaneras (Els Amellers)	Barcelona	100%	16,207,895.00	16,207,895.00
STOCK	SEV08AEROPUERTO_000101	Sevilla Este - Fase I - 13B	Sevilla	100%	6,999,510.00	6,999,510.00
46	ACO02MEIXONFRIO_000201	Santa Cruz Isla 1 Oleiros	Coruña	100%	2,844,000.00	2,844,000.00
47	SEV09ENTRENÚCLEOS_110702	6222 - NCN- ENTRENUCLEOS BC 11.1	Sevilla	100%	9,802,000.00	9,802,000.00
48	GIR01DOMENY_000101	Girona - Fase I	Girona	100%	16,184,000.00	16,184,000.00
STOCK	MAD16SANBLAS_110101	Las Rosas	Madrid	100%	6,807,678.00	6,807,678.00
51	MAD35SANISIDRO_110101	5426- N-URBAM RIVAS (RM 22)	Madrid	100%	26,952,000.00	26,952,000.00
STOCK	MAD37 LOSGIRASOLES_110101	6124 - NM-TORREJON RM 7.2 LOS GIRASOLES	Madrid	100%	2,235,000.00	2,235,000.00
55	VAL04MALILLANORTE_210202	6256- NCN-MALILLA 12.2.1	Valencia	100%	4,416,000.00	4,416,000.00

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN.	MARKET VALUE 100% (€)	MARKET VALUE %OWN.(€)
56	MAL18CASABLANCA_110101	5821 - NI-SENSES VILLAGE (ESTEPONA CASAB. CANCELADA)	Málaga	100%	10,387,000.00	10,387,000.00
57	BAR15MASRAMPINYO _110101	6245- NCN-MONTCADA 6.1	Barcelona	100%	4,615,000.00	4,615,000.00
STOCK	ACO01TABACOS_110102	Tabacalera Coruña M4	Coruña	100%	8,772,740.00	8,772,740.00
59	VLL16LADERASUR_110303	Parcela 101-K PP Laderas Sur - Parquesol	Valladolid	100%	5,771,000.00	5,771,000.00
60	VAL04MALILLANORTE_110101	6122 - NM-RES. AURA (MALILLA 12.2.2)	Valencia	100%	6,830,000.00	6,830,000.00
61	POR05OEIRAS_000101	Oeiras - Fase I. Parc. 1,2,3 y 4	Lisboa	100%	39,865,000.00	39,865,000.00
62	MAL30EDP2.UEP5_110101	6231 - NCN- REBOUL 19 MALAGA (ADIF II)	Málaga	100%	7,341,000.00	7,341,000.00
63	MAD33N3CANTOS_711403	5424 - N-R. BREMEN II (T. CANTOS RC 9B)	Madrid	100%	9,977,000.00	9,977,000.00
64	BAR08CALCOLLUT_110101	6240- NCN-MATARO R3	Barcelona	100%	17,204,000.00	17,204,000.00
65	VLL16LADERASUR_110401	Parcela 101-L PP Laderas Sur - Parquesol	Valladolid	100%	12,264,000.00	12,264,000.00
STOCK	MAD02CORTIJONORTE_110202	Cortijo Norte - Fase II y III	Madrid	100%	15,112,130.00	15,112,130.00
67	MAL13LASIERRA_110101	6021- NI-BLOSOM BENALMADENA (LA SIERRA I 6.1, 6.2)	Málaga	100%	4,403,000.00	4,403,000.00
68	MAD34MIRADORNORTE_410602	5329 I-NOVARIVAS II (RIVAS S4 P18)	Madrid	100%	6,851,000.00	6,851,000.00
69	MAL29UE4TORROX_210202	5520- NI-TORROX II SAREB	Málaga	100%	11,746,000.00	11,746,000.00
70	VIZ01DINAMITA_110902	2041 - CRUCES RES. (BARAKALDO I UNIF.))	Vizcaya	100%	4,081,000.00	4,081,000.00
71	VAL05PATRAIX_311104	5437 - NI- SUELO PATRAIX III Patraix VPP 27.1.4	Valencia	100%	5,173,000.00	5,173,000.00
72	TEN01FAÑABE_000202	Miraverde Adeje - Fase II (M6)	Tenerife	100%	7,040,000.00	7,040,000.00
73	NAV02RIPAGAINA_110101	6258 - NCN-RIPAGAINA C9 (FASE I)	Navarra	100%	5,156,000.00	5,156,000.00
74	POR01RUADOGRIJO_000101	Lote 9	Oporto	100%	9,385,000.00	9,385,000.00
75	VAL05PATRAIX_411003	5436 - NI-PATRAIX MORERAS VPP 23.1-23.2	Valencia	100%	3,169,000.00	3,169,000.00
76	ACO03EIRIS_000101	Parque Eiris - Fase I	Coruña	100%	3,159,000.00	3,159,000.00
79	MAD50VALDEMARIN_110101	6129- NM-RES. GRACE (VALDEMARIN II)	Madrid	100%	12,554,000.00	12,554,000.00
80	MAL05LASCANTERAS_000101	Las Canteras Fase I	Málaga	100%	3,070,000.00	3,070,000.00
81	MAL05LASCANTERAS_000102	Las Canteras Fase II	Málaga	100%	3,239,000.00	3,239,000.00
82	MAL16H.BELLAMAR_110101	5420 - N-PORT AVENUE (MARBELLA E. HOSTELERIA)	Málaga	100%	19,738,000.00	19,738,000.00
83	ACO01TABACOS_110203	Tabacalera Coruña M2	Coruña	100%	17,051,000.00	17,051,000.00
84	SEV09ENTRENÚCLEOS_210901	6224 - NCN- ENTRENUCLEOS UH 5	Sevilla	100%	4,415,000.00	4,415,000.00
85	MAD38ZANJASN_410404	6123- NM-VALDEMORO IV (15.1.2)	Madrid	100%	5,153,000.00	5,153,000.00
86	MAD32MÓSTOLESSUR_210202	5221 - M-RES. AUSTRAL (MOSTOLES II)	Madrid	100%	13,983,000.00	13,983,000.00
STOCK	MAD02CORTIJONORTE_110303	Cortijo Norte - Fase IV	Madrid	100%	43,532,140.00	43,532,140.00
88	VAL03PARQUECENTRAL_210101	6242- NCN-TORRENT 10	Valencia	100%	10,865,000.00	10,865,000.00
89	ALI02BENISAUDET_110101	5326 - NI-R. ARTEMISA (BENISAUDET 3.1)	Alicante	100%	8,104,000.00	8,104,000.00
90	IBI02SANFRANCESC_110101	UA 16 San Francesc - Ibiza	Ibiza	100%	21,661,000.00	21,661,000.00
91.1	BAR16FINISTRELLES_110101	Finestrelles Plurifamiliar - Fase I (Parcela 103.2) Bloques A-B-C	Barcelona	100%	34,097,000.00	34,097,000.00
91.2	BAR16FINISTRELLES_110102	Finestrelles Plurifamiliar - Fase II (Parcela 103.2) Bloques D-E	Barcelona	100%	21,594,000.00	21,594,000.00
92	MAD42ELCAÑAVERAL_110102	5428 - NM-CAÑAVERAL M13 D	Madrid	100%	8,096,000.00	8,096,000.00
94	MAD33N3CANTOS_111202	5225 - M-TRES CANTOS RC 28	Madrid	100%	21,236,000.00	21,236,000.00
95	MAD33N3CANTOS_2102	4005 - SUELO N- TRES CANTOS RC 11	Madrid	42%	11,006,000.00	4,673,147.60
96	MAD36R5C.ALCALÁ_110101	6137 - NM-TORREJON RML 3.1	Madrid	100%	3,985,000.00	3,985,000.00
97	MAD36R5C.ALCALÁ_110202	6138 - NM-TORREJON RMP 8B	Madrid	100%	1,599,000.00	1,599,000.00
98	MAD40ELENCINAR_110101	6125 - NM-RES. ARECA (BOADILLA RM 1.1 (EL ENCINAR))	Madrid	100%	6,299,000.00	6,299,000.00
99	VAL05PATRAIX_210702	5226 - M-PATRAIX II PARC.15.1	Valencia	100%	13,804,000.00	13,804,000.00
100	MAD41VALENOSO_110403	5325 - I-RES. IVORY (BOADILLA RM6.3, RM6.4	Madrid	100%	14,146,000.00	14,146,000.00
101	VAL02QUINTII_110303	6234- NCN-MISLATA QUINT. II EDA C	Valencia	100%	6,416,000.00	6,416,000.00
103	MAD45E.VALLECAS_110202	2016 - TERR. DEL ENSANCHE II (VALLECAS IV)	Madrid	100%	11,614,000.00	11,614,000.00
104	BAR16FINISTRELLES_110203	Finestrelles Unifamiliar (Parcela 105)	Barcelona	100%	22,477,000.00	22,477,000.00
105	MAD48UESECTOR3_110103	5124 - P-RIVAS FASE III	Madrid	100%	26,509,000.00	26,509,000.00
106	MAL15PE.RENFE_110101	5330 - NI-MALAGA ADIF R2	Málaga	100%	16,265,000.00	16,265,000.00
107	VIZ01DINAMITA_110506	2043 - BARAKALDO II (BARAKALDO II Unif..)S)	Vizcaya	100%	4,282,000.00	4,282,000.00
108	MAD38ZANJASN_510505	6236 - NCN- VALDEMORO M 8.1	Madrid	100%	2,948,000.00	2,948,000.00
109	MAD38ZANJASN_510606	6247- NCN-VALDEMORO 9.4	Madrid	100%	3,726,000.00	3,726,000.00
110	MAD38ZANJASN_510808	6249- NCN-VALDEMORO 10.2	Madrid	100%	4,525,000.00	4,525,000.00
111	MAD38ZANJASN_510707	6248- NCN-VALDEMORO 20.2 VPPL	Madrid	100%	1,606,000.00	1,606,000.00
112	VLL01ELPERAL_110101	Parcela 12A Sector 42.2 El Peral	Valladolid	100%	1,785,000.00	1,785,000.00
113	MAL12BAHÍALASROCAS_110101	5521- NI-MANILVA	Málaga	100%	3,815,000.00	3,815,000.00
114	MAL17PIZARRILLO_110501	6263-NCN-PARCELA R-17 - R-10 SECTOR EL PIZARRILLO	Málaga	100%	2,360,000.00	2,360,000.00
115	MAL31P.VICTORIA_110101	- NCN-PARCELA 17-B PARQUE VICTORIA	Málaga	100%	3,854,000.00	3,854,000.00
116	MAD43MONTECILLOS_110101	5132 - NM-RIVAS 15 B1 I (LOS MONTECILLOS)	Madrid	100%	10,069,000.00	10,069,000.00
117	MAD39MONTEVILLA_210404	6253 - NCN- SUELO VILLAVICIOSA (AROCASA) (24 PN)	Madrid	100%	6,474,000.00	6,474,000.00
118	VLL16LADERASUR_110202	Parc. 107-1 PP Laderas Sur - Parquesol	Valladolid	100%	1,705,000.00	1,705,000.00
119	SEV07AEROPUERTO_000204	Sevilla Este - Fase IV - 5a	Sevilla	100%	5,133,000.00	5,133,000.00
120	SEV09ENTRENÚCLEOS_210804	6223 - NCN- ENTRENUCLEOS BC 11.2	Sevilla	100%	5,232,000.00	5,232,000.00

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN.	MARKET VALUE 100% (€)	MARKET VALUE %OWN.(€)
121.1	MAL14H.CABELLO_110203	5431 - NI-H. CABELLO II	Málaga	100%	4,909,000.00	4,909,000.00
121.2	MAL14H.CABELLO_110205	5431 - NI-H. CABELLO II (Fase II)	Málaga	100%	4,409,000.00	4,409,000.00
122	MAD10DEHESAPANES_110101	Dehesa De Los Panes - Fase I - VL	Madrid	100%	2,775,000.00	2,775,000.00
123	VAL03PARQUECENTRAL_110602	6238- NCN-TORRENT 12.2, 12.3	Valencia	100%	2,744,000.00	2,744,000.00
124	VAL03PARQUECENTRAL_110803	6239- NCN-TORRENT 14.2, 14.3	Valencia	100%	2,129,000.00	2,129,000.00
125.1	COR01MIRABUENO_110101	6262- NCN-PARCELA 18 SECTOR MIRABUENO (KUTXA))	Córdoba	100%	2,865,000.00	2,865,000.00
125.2	COR01MIRABUENO_110102	6262- NCN-PARCELA 18 SECTOR MIRABUENO (KUTXA)) (Fase II)	Córdoba	100%	2,773,000.00	2,773,000.00
126	COR02PONIENTESUR_110101	6260- NCN-PARCELA 13-D SECTOR 07 (KUTXA)	Córdoba	100%	8,266,000.00	8,266,000.00
127	MAD12IBERIA_110501	Barajas - Fase I - VCL (P7)	Madrid	100%	10,251,000.00	10,251,000.00
128	MAD12IBERIA_110204	Barajas - Fase IV - VPP (P2)	Madrid	100%	3,752,000.00	3,752,000.00
130	VAL05PATRAIX_311011	4004 - NI- SUELO PATRAIX III Patraix III. 23.1	Valencia	100%	14,950,000.00	14,950,000.00
131	ACO03EIRIS_000102	Parque Eiris - Fase II	Coruña	100%	4,506,000.00	4,506,000.00
132	MAL23JOAQUÍNALONSO_110101	6244- NCN-PERI FLEX (MALAGA)	Málaga	100%	9,430,000.00	9,430,000.00
133	BAR15MASRAMPINYO _210202	6246- NCN-MONTCADA 5.2	Barcelona	100%	5,198,000.00	5,198,000.00
134	NAV02RIPAGAINA_110102	6258 - NCN-RIPAGAINA C9 (FASE II)	Navarra	100%	4,372,000.00	4,372,000.00
135	SEV03JARDINILLO_000102	Mairena De Aljarafe - Fase II	Sevilla	100%	4,242,000.00	4,242,000.00
136	MAL22UE5TORROX_110101	5620 - NM-TORROX III	Málaga	100%	8,629,000.00	8,629,000.00
137	VIZ01DINAMITA_110304	2043 - BARAKALDO II (BARAKALDO II PLUR.)S)	Vizcaya	100%	6,480,000.00	6,480,000.00
138	MAD39MONTEVILLA_110202	4012 - NCN- SUELO VILLAVICIOSA (AROCASA) (13 PN)	Madrid	100%	7,695,000.00	7,695,000.00
139	GIR01DOMENY_000302	Girona - Fase II	Girona	100%	4,708,000.00	4,708,000.00
140	MAL13LASIERRA_110102	6022- NI-BENALMADENA "LA SIERRA" II (6.1)	Málaga	100%	3,434,000.00	3,434,000.00
141	VAL02QUINTII_110201	6233- NCN-MISLATA QUINT. II EDA B	Valencia	100%	5,400,000.00	5,400,000.00
142	VLL16LADERASUR_110604	Parcela 114-1 PP Laderas Sur - Parquesol	Valladolid	100%	2,873,000.00	2,873,000.00
143	BAR10SANTJORDI1_110101	6230 - NCN- VILANOVA	Barcelona	100%	10,454,000.00	10,454,000.00
144	MAL32ARROYOENMEDIO_110101	6254- NCN-ARROYO EN MEDIO	Málaga	100%	5,136,000.00	5,136,000.00
145	CAD01AR2SUSR7CANDOR_210201	- NCN-ROTA PUNTA CANDOR MANZANA R-7 (F.CASTELLANOS)	Cádiz	100%	2,690,000.00	2,690,000.00
146	SEV02VALPARAISO_000101	San Juan De Aznalfarache	Sevilla	100%	3,436,000.00	3,436,000.00
147	ALI02BENISAUDET_210202	5333 - NI-BENISAUDET 3.2	Alicante	100%	7,005,000.00	7,005,000.00
150	VLL16LADERASUR_110105	Parc. 106-1 y 106-2 PP Laderas Sur - Parquesol	Valladolid	100%	5,422,000.00	5,422,000.00
151	VAL05PATRAIX_310506	4004 - NI- SUELO PATRAIX III Patraix IV. 13.2	Valencia	100%	7,668,000.00	7,668,000.00
153	MAL19ELCHAPARRAL_110202	5422 - NM-VITTA NATURE (MIJAS C. EL CHAPARRAL I) FII	Málaga	100%	9,191,000.00	9,191,000.00
154	SEV09ENTRENÚCLEOS_210110	4006 - NCN- SUELO ENTRENUCLEOS BC (BA-5)	Sevilla	100%	3,187,000.00	3,187,000.00
155	BAR09LAGRIPIA_110101	5621 - NM-EDIFICI MOIXERO (TERRASA LA GRIPIA)	Barcelona	100%	4,290,000.00	4,290,000.00
157.01	MAL28BONILLA_1101.01	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (2ª F)	Málaga	100%	1,806,000.00	1,806,000.00
157.02	MAL28BONILLA_1101.02	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (1ª F)	Málaga	100%	2,969,000.00	2,969,000.00
159	MAL25BAVIERAGOLF_210402	6237- NCN-BAVIERA CAJA MAR R5	Málaga	100%	5,979,000.00	5,979,000.00
160	BAR11VALLDOREIX_11	5227 - M-SAN CUGAT	Barcelona	100%	9,064,000.00	9,064,000.00
161	MAD43MONTECILLOS_110102	5133 - NM-RIVAS 15 B1 II (LOS MONTECILLOS)	Madrid	100%	8,875,000.00	8,875,000.00
162	MAD12IBERIA_110402	Barajas - Fase II - VCL (P6)	Madrid	100%	13,864,000.00	13,864,000.00
163	SEV07AEROPUERTO_001103	Sevilla Este - Fase III - 5C1	Sevilla	100%	3,298,000.00	3,298,000.00
164	VLL16LADERASUR_1108	Parcela 101-I PP Laderas Sur - Parquesol	Valladolid	100%	5,006,000.00	5,006,000.00
165	MAL14H.CABELLO_110302	5432 - NI-H. CABELLO III	Málaga	100%	9,635,000.00	9,635,000.00
166	MAL14H.CABELLO_110504	5433 - NI-H. CABELLO IV	Málaga	100%	2,945,000.00	2,945,000.00
167	MAD03CAMPOMANES_A1	Campomanes	Madrid	100%	17,872,000.00	17,872,000.00
168	MAD39MONTEVILLA_110303	4012 - NCN- SUELO VILLAVICIOSA (AROCASA) (17 PN)	Madrid	100%	7,765,000.00	7,765,000.00
169	MAD10DEHESAPANES_110102	Dehesa De Los Panes - Fase II - VL	Madrid	100%	2,775,000.00	2,775,000.00
170.01	VLL16LADERASUR_11.01	Parcela 139-2 PP Laderas Sur - Parquesol	Valladolid	100%	4,894,000.00	4,894,000.00
170.02	VLL16LADERASUR_11.02	Parcela 139-1 PP Laderas Sur - Parquesol	Valladolid	100%	5,404,000.00	5,404,000.00
170.03	VLL16LADERASUR_11.03	Parcela 138-E PP Laderas Sur - Parquesol	Valladolid	100%	1,320,000.00	1,320,000.00
170.04	VLL16LADERASUR_11.04	Parcela 145-1 PP Laderas Sur - Parquesol	Valladolid	100%	2,016,000.00	2,016,000.00
172	MAL27XARBLANCA_110101	2020 - XARBLANCA	Málaga	100%	19,927,000.00	19,927,000.00
173	VAL02QUINTII_110404	6235- NCN-MISLATA QUINT. II EDA D	Valencia	100%	5,400,000.00	5,400,000.00
174	VIZ01DINAMITA_1102	2045 - BARAKALDO III (BARAKALDO III UNI.)	Vizcaya	100%	3,786,000.00	3,786,000.00
175	MAD12IBERIA_110303	Barajas - Fase III - VCL (P5)	Madrid	100%	11,330,000.00	11,330,000.00
176	MAL13LASIERRA_110303	6023- NI-BENALMADENA "LA SIERRA" III (7.1)	Málaga	100%	4,588,000.00	4,588,000.00
177	SEV09ENTRENÚCLEOS_2104	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-12.1)	Sevilla	100%	5,196,000.00	5,196,000.00
178	MAD24JARAMA_21	Barrio Jarama Parcela RML 1.2 (Joyfasa)	Madrid	100%	3,739,000.00	3,739,000.00
180	SEV09ENTRENÚCLEOS_2115	6243 - NCN- ENTRENUCLEOS UH 9	Sevilla	100%	3,718,000.00	3,718,000.00
181	MAL10CALA_110202	Jardinana (Maywood R5)	Málaga	100%	13,824,000.00	13,824,000.00
182	MAL25BAVIERAGOLF_410503	6255- NCN-BAVIERA SOLVIA R2, R10b, R11b	Málaga	100%	5,767,000.00	5,767,000.00
183	MAL17PIZARRILLO_1107	6264-NCN-PARCELA R-9 - R16 SECTOR EL PIZARRILLO	Málaga	100%	2,377,000.00	2,377,000.00
184	VAL02QUINTII_210102	6232- NCN-MISLATA QUINT. II EDA A	Valencia	100%	5,982,000.00	5,982,000.00
185	MAD39MONTEVILLA_310101	6241 - NCN-VILLAVICIOSA P14 (BLACKSTONE)	Madrid	100%	5,154,000.00	5,154,000.00

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN.	MARKET VALUE 100% (€)	MARKET VALUE %OWN.(€)
186	NAV02RIPAGAINA_1104	4011 - NCN-SUELO HUARTE (RIPAGAINA P.11.1 - P.11.2)	Navarra	100%	7,367,000.00	7,367,000.00
187	MAL19ELCHAPARRAL_1107	5430 - NM-MIJAS C. EL CHAPARRAL III	Málaga	100%	9,437,000.00	9,437,000.00
187.1	MAL19ELCHAPARRAL_1106	5430 - NM-MIJAS C. EL CHAPARRAL III (parcela nueva)	Málaga	100%	3,903,000.00	3,903,000.00
190.01	MAD01ARPO_11	ARPO (SOLVIA) RBD	Madrid	100%	4,598,000.00	4,598,000.00
190.02	MAD01ARPO_21	ARPO (RESTO HG) - FASE I - VCL	Madrid	100%	12,940,000.00	12,940,000.00
190.03	MAD01ARPO_21	ARPO (RESTO HG) - FASE III - RBD	Madrid	100%	13,108,000.00	13,108,000.00
190.04	MAD01ARPO_21	ARPO (RESTO HG) - FASE IV - VPP	Madrid	100%	5,263,000.00	5,263,000.00
190.05	MAD01ARPO_21	ARPO (RESTO HG) - FASE II - VCL	Madrid	100%	8,299,000.00	8,299,000.00
190.06	MAD01ARPO_21	ARPO (RESTO HG) - FASE V - VPP	Madrid	100%	4,783,000.00	4,783,000.00
194	MAD07HUERTAGRANDE_11	Huerta Grande- VCL	Madrid	100%	33,922,000.00	33,922,000.00
197	SEV09ENTRENÚCLEOS_2105	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-12.2)	Sevilla	100%	5,198,000.00	5,198,000.00
198.01	MAD24JARAMA_11.01	Barrio Jarama	Madrid	100%	8,818,000.00	8,818,000.00
201	MAD34MIRADORNORTE_210103	5321 - I-RIVAS S4 F14	Madrid	100%	3,332,000.00	3,332,000.00
202	MAD34MIRADORNORTE_110304	5324- I-RIVAS S4 2,15,16	Madrid	100%	6,035,000.00	6,035,000.00
203	MAD34MIRADORNORTE_3107	4003 - I-SUELO RIVAS S4 20,18,17,26	Madrid	100%	9,116,000.00	9,116,000.00
204	MAD33N3CANTOS_5106	4009 - NM - SUELO TRES CANTOS P.2A	Madrid	36%	9,321,000.00	3,322,004.40
205	MAD33N3CANTOS_3107	4009 - NM - SUELO TRES CANTOS P.3A	Madrid	38%	9,713,000.00	3,671,514.00
206	MAD33N3CANTOS_5108	4009 - NM - SUELO TRES CANTOS RU18	Madrid	16%	12,585,000.00	1,954,450.50
207	MAD33N3CANTOS_4109	4009 - NM - SUELO TRES CANTOS RU11	Madrid	44%	5,060,000.00	2,204,136.00
208	MAD33N3CANTOS_6111	4013- NCN - TRES CANTOS RC21	Madrid	29%	17,288,000.00	5,035,994.40
209.1	VIZ01DINAMITA_110807	2046- BARAKALDO FASE IV (20 PLURIFAMILIARES)	Vizcaya	100%	835,000.00	835,000.00
209.2	VIZ01DINAMITA_110605	2046- BARAKALDO FASE IV (30 Unif)	Vizcaya	100%	2,822,000.00	2,822,000.00
210.1	MAL25BAVIERAGOLF_110101	6127 - NM-BAVIERA SAREB (R1, R13, COMERC.)	Málaga	100%	3,373,000.00	3,373,000.00
210.2	MAL25BAVIERAGOLF_110102	6127 - NM-BAVIERA SAREB (R1, R13, COMERC.) (Fase II)	Málaga	100%	3,097,000.00	3,097,000.00
211	MAL17PIZARRILLO_1109	6265-NCN-PARCELA R-15 - R8 SECTOR EL PIZARRILLO	Málaga	100%	2,624,000.00	2,624,000.00
214	SEV09ENTRENÚCLEOS_2113	6228 - NCN- ENTRENUCLEOS BC 7.1	Sevilla	100%	5,148,000.00	5,148,000.00
215	MAL19ELCHAPARRAL_1103	5429 - NM-MIJAS C. EL CHAPARRAL II	Málaga	100%	4,897,000.00	4,897,000.00
216	MAL19ELCHAPARRAL_2105	- NCN-Parcela AGR1A_SUP.C-16 CHAPARRAL	Málaga	100%	4,166,000.00	4,166,000.00
219	MAL17PIZARRILLO_1111	6266-NCN-PARCELA R-14 - R7 SECTOR EL PIZARRILLO	Málaga	100%	2,723,000.00	2,723,000.00
222	CAS01TORREBLANCA_0001	Torreblanca	Castellón	100%	847,000.00	847,000.00
224	SEV09ENTRENÚCLEOS_2114	6229 - NCN- ENTRENUCLEOS BC 7.2	Sevilla	100%	5,149,000.00	5,149,000.00
225	MAD34MIRADORNORTE_510906	5332 I-RIVAS M13	Madrid	100%	448,000.00	448,000.00
226	MAL17PIZARRILLO_1113	6267-NCN-PARCELA R-18.1 - 18.2 SECTOR EL PIZARRILLO	Málaga	100%	2,165,000.00	2,165,000.00
227	SEV09ENTRENÚCLEOS_2112	6227 - NCN- ENTRENUCLEOS BA 6	Sevilla	100%	3,253,000.00	3,253,000.00
228	MAL07GUADALMINA_11	Solar Marbella (Guadalmina)	Málaga	100%	940,000.00	940,000.00
229	MUR01CONDOMINA_1101	Condomina	Murcia	100%	1,582,000.00	1,582,000.00
230.01	MAD51BERROCALES_1101.01	UZP 2.04 Berrocales	Madrid	100%	16,834,000.00	16,834,000.00
238.01	POR04DOSMOHINOS_11.01	Quinta dos Moinhos (Gaia) - Fase I	Vila Nova Gaia	100%	3,838,000.00	3,838,000.00
238.02	POR04DOSMOHINOS_11.02	Quinta dos Moinhos (Gaia) - Fase III	Vila Nova Gaia	100%	3,838,000.00	3,838,000.00
238.03	POR04DOSMOHINOS_11.03	Quinta dos Moinhos (Gaia) - Fase II	Vila Nova Gaia	100%	1,658,000.00	1,658,000.00
242	MAD21MOSTRENCA_11	La Mostrenca	Madrid	100%	31,000.00	31,000.00
243	GUA01SECTORVII_1101	Quer - Fase I (M1,2,3,4,24)	Guadalajara	100%	1,528,000.00	1,528,000.00
244	VLL14AZUCARERA_11	Parcela 2 y 3 Azucarera y CIA (APE 46)	Valladolid	100%	1,189,000.00	1,189,000.00
245	VLL02SANTOSII_1101	Parcela 8.1 Sector 50 Los Santos 2	Valladolid	100%	149,000.00	149,000.00
247	GUA01SECTORVII_1105	Quer - Fase II (M 9,15,19,20,21,22)	Guadalajara	100%	1,493,000.00	1,493,000.00
250	GUA01SECTORVII_1107	Quer - Fase III (M 16)	Guadalajara	100%	1,058,000.00	1,058,000.00
251	GUA01SECTORVII_1108	Quer - Fase IV (M 17)	Guadalajara	100%	732,000.00	732,000.00
252.1	ZAR01SECTOR3.1_0001.01	Residencial Albatros - Fase I	Zaragoza	100%	14,000.00	14,000.00
252.2	ZAR01SECTOR3.1_0001.02	Residencial Albatros - Fase II	Zaragoza	100%	30,000.00	30,000.00
254.01	MAL10CALA_21.01	Jardinana R1	Málaga	50%	13,463,000.00	6,731,500.00
254.02	MAL10CALA_21.02	Jardinana R7a	Málaga	50%	9,107,000.00	4,553,500.00
254.03	MAL10CALA_21.03	Jardinana R7c	Málaga	50%	7,420,000.00	3,710,000.00
254.04	MAL10CALA_21.04	Jardinana R2a	Málaga	50%	8,996,000.00	4,498,000.00
254.05	MAL10CALA_21.05	Jardinana R2c	Málaga	50%	6,162,000.00	3,081,000.00
254.06	MAL10CALA_21.06	Jardinana 8d	Málaga	50%	1,577,000.00	788,500.00
254.07	MAL10CALA_21.07	Jardinana R8a	Málaga	100%	10,899,000.00	10,899,000.00
256	VLL03IND.JALON_1101	Parc. RP-16 PP Industrial Jalón (Sector 44)	Valladolid	100%	1,634,000.00	1,634,000.00
257	VLL03IND.JALON_1102	Parc. RU-45 PP Industrial Jalón (Sector 44)	Valladolid	100%	311,000.00	311,000.00
259	SEV08AEROPUERTO_000202	Sevilla Este - Fase II - 13J	Sevilla	100%	3,052,000.00	3,052,000.00
265	SEV04LASCRUCES_1101	Dos Hermanas - Las Cruces	Sevilla	100%	698,000.00	698,000.00
266	SEV08AEROPUERTO_000304	Sevilla Este - Fase IV - 13E	Sevilla	100%	3,984,000.00	3,984,000.00
267	BAR02CAPDEVILA_000101	Cap de la Vila - Sant BoIX	Barcelona	100%	552,000.00	552,000.00
268	LEO02SECTORULD_000101	Uld Parcela 21 Leon	León	100%	1,204,000.00	1,204,000.00
269	LEO01UNIVERSIDAD_0001	Universidad Leon	León	100%	937,000.00	937,000.00

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN.	MARKET VALUE 100% (€)	MARKET VALUE %OWN.(€)
271	LEO03LASTRA_0001	Parcela R-16.2 y R-16.3 La Lastra	León	100%	2,069,000.00	2,069,000.00
273	SEV07AEROPUERTO_0010	Sevilla Este - Terciario 5AT	Sevilla	100%	334,000.00	334,000.00
274		Parcela terciaria Leganés	Madrid	100%	1,294,000.00	1,294,000.00
276.1	MAD33N3CANTOS_2103.01	4005 - SUELO N- TRES CANTOS IN2	Madrid	1.2%	3,390,000.00	42,036.00
276.2	MAD33N3CANTOS_2103.02	4005 - SUELO N- TRES CANTOS IC1	MADRID	21%	3,547,000.00	730,891.27
276.3	MAD33N3CANTOS_2103.03	4005 - SUELO N- TRES CANTOS TG2	MADRID	18%	1,581,000.00	288,619.46
277	VAL05PATRAIX_3104	4004 - NI- SUELO PATRAIX III Patraix V 14.1.1	Valencia	100%	3,349,000.00	3,349,000.00
278	VAL05PATRAIX_510309	4004 - NI- SUELO PATRAIX III Patraix VPP 13.1.2	Valencia	100%	2,664,000.00	2,664,000.00
279	VAL05PATRAIX_4101	4004 - NI- SUELO PATRAIX III Patraix 14.1.3	Valencia	100%	1,373,000.00	1,373,000.00
280	VAL05PATRAIX_410208	4004 - NI- SUELO PATRAIX III Patraix VPP 19.1.1	Valencia	100%	4,558,000.00	4,558,000.00
281	MAL18 CASABLANCA_1102	NI- ESTEPONA CASABLANCA (CANCELADA). Comercial	Málaga	100%	762,000.00	762,000.00
282	MAL19ELCHAPARRAL_1101	4007 - NM-SUELO MIJAS C. EL CHAPARRAL (Comercial)	Málaga	100%	324,000.00	324,000.00
283.01	SEV09ENTRENÚCLEOS_2106.01	5622 - NM - ENTRENÚCLEOS BC-5.1	Sevilla	100%	4,560,000.00	4,560,000.00
283.02	SEV09ENTRENÚCLEOS_2106.02	5622 - NM - ENTRENÚCLEOS BC-5.2	Sevilla	100%	4,562,000.00	4,562,000.00
286	SEV09ENTRENÚCLEOS_2111	6226 - NCN- ENTRENUCLEOS UG 4	Sevilla	100%	2,473,000.00	2,473,000.00
287	SEV09ENTRENÚCLEOS_2102	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-9.1)	Sevilla	100%	5,110,000.00	5,110,000.00
288	SEV09ENTRENÚCLEOS_2103	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-9.2)	Sevilla	100%	5,098,000.00	5,098,000.00
289	MAL17PIZARRILLO_1101	4015-NCN-PARCELA R-12 SECTOR EL PIZARRILLO	Málaga	100%	1,831,000.00	1,831,000.00
290	MAL17PIZARRILLO_1102	4016-NCN-PARCELA R-13 SECTOR EL PIZARRILLO	Málaga	100%	1,584,000.00	1,584,000.00
291	MAL17PIZARRILLO_1103	4017-NCN-PARCELA R-6 SECTOR EL PIZARRILLO	Málaga	100%	1,387,000.00	1,387,000.00
292	MAL17PIZARRILLO_1104	4018-NCN-PARCELA R-5.2 SECTOR EL PIZARRILLO	Málaga	100%	1,075,000.00	1,075,000.00
293	MAL28BONILLA_1102	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (S)	Málaga	100%	677,000.00	677,000.00
294	SOLAR VALENCINA (SEVILLA)	Solar Valencina (Sevilla)	Sevilla	100%	355,000.00	355,000.00
295	SOLAR PEQUEÑA NUEVA (EL UNO)	Solar Pequeña Nueva (Finca El Uno)	Madrid	100%	573,000.00	573,000.00
296	SOLAR MARCON (PONTEVEDRA)	Solar Marcon (Pontevedra)	Pontevedra	100%	97,000.00	97,000.00
298	PARC. 44 Y 49 TEATRO ZORRILLA	Parc. 44 y 49 Teatro Zorrilla (Argales)	Valladolid	100%	334,000.00	334,000.00
300	LAS LADERAS	Las Laderas	Madrid	100%	883,000.00	883,000.00
STOCK	MAL20B.PASTEUR_110101	5130 - P-EDIF. NAVIS (BIZCOCHERO)	Málaga	100%	2,274,215.00	2,274,215.00
220-221-223.01	MAD09LOSCERROS_11.01	Los Cerros - VPPL	Madrid	100%	10,917,000.00	10,917,000.00
220-221-223.02	MAD09LOSCERROS_11.02	Los Cerros - VPPB	Madrid	100%	17,764,000.00	17,764,000.00
220-221-223.03	MAD09LOSCERROS_11.03	Los Cerros - VL	Madrid	100%	4,969,000.00	4,969,000.00
246-249	MAD20SALOMON_11.01	Fuente El Vellón - Fase I	Madrid	100%	32,000.00	32,000.00
STOCK	VLL04PINARJALON_110101	Parc. PB-09 Res. Jalón 2ª Fase - PP Res. Jalón (Sector 38)	Valladolid	100%	596,300.00	596,300.00
STOCK	BAR06MERIDIANA_000101	Forum	Barcelona	50%	6,913,938.00	3,456,969.00
STOCK	MAD45E.VALLECAS_510405	5127 - P-RES. MONET (VALLECAS IX)	Madrid	100%	217,000.00	217,000.00
STOCK	BAR12EIXAMPLE_110101	5128 - P-RES. AVIACIO (PRAT DE LLOBREGAT)	Barcelona	100%	651,430.00	651,430.00
STOCK	MAL09COLINASLACALA_000101	Casa Banderas - Fase I	Málaga	100%	302,000.00	302,000.00
STOCK	MAD38ZANJASN_110303	5129 - P-RES. INFANTA II (VALDEMORO II)	Madrid	100%	225,000.00	225,000.00
STOCK	MAD45E.VALLECAS_310506	5131 - P-RES. AMAT (VALLECAS 5.34B)	Madrid	100%	93,750.00	93,750.00
STOCK	MAD15RIODUERO_000101	Móstoles	Madrid	100%	344,900.00	344,900.00
STOCK	MAD41VALENOSO_210101	5320 - I-RES. NACARI (VALENOSO IV)	Madrid	100%	1,124,000.00	1,124,000.00
STOCK	VLL15PP49B_110101	Parcela 49 B Melendro N5	Valladolid	100%	13,500.00	13,500.00
STOCK	MAD19MENDEZALVARO_110101	Méndez Álvaro	Madrid	100%	799,700.00	799,700.00
STOCK	ACO02MEIXONFRIO_000101	Santa Cruz Isla 3 Oleiros	Coruña	100%	2,792,037.92	2,792,037.92
STOCK	SEV03JARDINILLO_000101	Mairena De Aljarafe - Fase I	Sevilla	100%	460,700.00	460,700.00
STOCK	MAL09COLINASLACALA_000202	Casa Banderas - Fase II	Málaga	100%	245,830.00	245,830.00
STOCK	MAL29UE4TORROX_110101	5223 - M-DUNA BEACH (TORROX)	Málaga	100%	3,356,000.00	3,356,000.00
STOCK	MAD41VALENOSO_310202	5720 - NI-R. HARMONY (BOADILLA 8.3)	Madrid	100%	2,525,000.00	2,525,000.00
STOCK	BAR01BALMES_000101	Sant Feliú	Barcelona	100%	2,235,290.00	2,235,290.00
STOCK	BAR14CALLEMALTA82_110101	5222 - M-RES. TERRAM (CAN GAMBUS)	Barcelona	100%	5,793,000.00	5,793,000.00
STOCK	VLL33ARIZA_000101	Parcela 6 A y 6 B Ariza	Valladolid	100%	3,800,200.00	3,800,200.00
STOCK	CARLOS Y GUILLERMOS FDEZ SHAW	Puerta del Retiro	Madrid	100%	963,200.00	963,200.00
STOCK	GENOVA (C/HABANA 3 - VILLERGAS 5)	GENOVA (C/HABANA 3 - VILLERGAS 5)	Valladolid	100%	120,000.00	120,000.00
STOCK	RESIDENCIAL PASEO DE JALON	RESIDENCIAL PASEO DE JALON (VALLADOLID)	Valladolid	100%	3,330.00	3,330.00
STOCK	TRES CANTOS	TRES CANTOS	Madrid	100%	259,100.00	259,100.00
STOCK	VALDEBEBAS	VALDEBEBAS	Madrid	100%	220,400.00	220,400.00
STOCK	VICTORIA 34	VICTORIA 34	Málaga	100%	126,000.00	126,000.00
STOCK	Oficina Fdez Shaw	Oficina Fdez Shaw	Madrid	100%	2,936,000.00	2,936,000.00
STOCK	Valdemoro	Valdemoro	Madrid	100%	103,000.00	103,000.00
					1,848,557,000.00€	1,770,169,000.00€

1.3.1. Material Valuation Uncertainty

It is clear that any property valuations reported at the present time contain "abnormal uncertainty" caused by "market instability" together with reduced "liquidity and market activity". RICS Guidance Note 1 (GN1) refers to such circumstances thus:

- "Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the date of valuation coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or the valuer being faced within an unprecedented set of circumstances on which to base a judgement. In such situations demands placed on valuers can be unusually testing. Although valuers should remain able to make judgement, it is important that the context of that judgment is clearly expressed."

- "In markets that are inactive with low levels of liquidity there is a reduced amount of data to provide empirical support for valuations. In such cases the valuer should be as explicit as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of empirical data to support the conclusions drawn".

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is/are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards ("the Red Book"). Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

3. GENERAL ASSUMPTIONS, CONDITIONS TO VALUATIONS & SPECIAL ASSUMPTIONS

1.4. General Assumptions, Conditions to Valuation & Special Assumptions

1.4.1. General Assumptions

Our valuations have been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it. We have assumed:

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings that we are unaware of. We have not made any enquiries at the local Register Office, and, therefore, should future enquiries reveal that there are any mortgages or charges, we have assumed that the Asset would be sold free of them. We have not examined the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the Asset, and that the information supplied to us is both complete and correct. We do not accept responsibility for any errors or omissions in information and documentation provided to us.

3. That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).

4. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search or normal solicitors' enquiries, or by any statutory notice (other than those points referred to above).

5. That the buildings are structurally sound, and that there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.

6. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. That in the construction or alteration of the buildings, no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

8. That the ownership and possible exploitation of mineral substances and/or gases present in the subsoil have not been considered.

9. That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

10. That there are no adverse site or soil conditions, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

11. That all fixed plant and machinery and the installation thereof complies with the relevant legislation. No allowance has been made for rights, obligations or liabilities arising as a result of defective premises.

12. That the tenants are capable of meeting their obligations, and that there are no undisclosed arrears of rent or breaches of covenant. For valuation purposes it is assumed that the tenants comply their obligations, and that there will be no delays in the payment of rent or undisclosed contractual breaches.

13. That the occupational leases are drawn on terms acceptable to your solicitors including provisions for repair and indexation.

14. In the event that VÍA CÉLERE DESARROLLOS INMOBILIARIOS S.A.have not approved the different assets analyzed, and in accordance with the assumptions applied in the description of the different valuations, the different phases of Planning, Management and Development Discipline to build the properties according to the planned promotion, it has been taken into account that the approval of different development phases will be obtained until the licenses of work has been acquired, according to regular times of approval in normal market situations, and with an active approach for the client to obtain the corresponding approvals.

1.4.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. Our valuation(s) are exclusive of VAT (if applicable).

2. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property(ies).

3. No allowance has been made for any expenses of realisation.

4. Excluded from our valuation(s) is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

5. In all cases, our valuation report includes facilities that are normally transferred with the property, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment that is normally removed before the sale has been excluded from our opinion of value.

1.4.3. Special Assumptions

According to RICS, only special cases can be established if they are reasonably achievable, relevant and valid in relation to the special circumstances of the valuation. Appendix 4 of Red Book defines and gives examples of Special Assumptions.

In this report we have been carried out any special assumptions:

5227- M-SAN CUGAT,
The asset has been valued under the special assumption of the approval of the MPPGOU which modifies the buildability area of the typology of single-family unit to multi-family unit and social houses (VPO). According to the information provided by the client, the change in the typology could be associated with a penalty in the buildability area. The valuation is carried out under the most unfavourable hypothesis in relation to the buildability until the final approval by the Town Hall.

MAD24JARAMA_21 Barrio Jarama - Parcela RML 1.2 (Joyfasa) and MAD24JARAMA_11.01_Barrio Jarama - RML
For the purpose of the valuation we have made the special assumption that the subject property has received the final approval of the modification of the general town plan (MMPGOU), with the buildability and urbanistic parameters of the plot that will result after the process of “Proyecto de Reparcelación” which has not been solicited nor approved at the date of the valuation.

The final approval of the modification of the general urban town plan of Coslada (MPPGOU), is estimated to be approved by the first quarter of 2021.

Appendix 1
Valuation Parameters

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN	TYPE OF ASSET	TOTAL, BUILD. AREA. (SQM)100%	TOTAL BUILD. AREA (SQM) % OWN.	MARKETVALUE 100%(€)	MARKETVALUE % OWN.(€)	% CONST	% SALES+ SAVES	GDV (€)	TOTAL, PENDING COSTS (€)
STOCK	MAL24SANTANGELO_110101	2027 - SERENITY (BENALMADENA)	Málaga	100%	STOCK	-	-	18,499,685.00	18,499,685.00			18,499,685.00	-
STOCK	VAL05PATRAIX_110601	5224 - M-RES. LLUM (PATRAIX I)	Valencia	100%	STOCK	-	-	7,446,900.00	7,446,900.00			7,446,900.00	-
STOCK	MAD02CORTIJONORTE_110101	Cortijo Norte - Fase I	Madrid	100%	STOCK	-	-	1,650,600.00	1,650,600.00			1,650,600.00	-
STOCK	MAL10CALA_110101	Jardinana (Maywood R10)	Málaga	100%	STOCK	-	-	19,457,390.00	19,457,390.00			19,457,390.00	-
29	MAD34MIRADORNORTE_410201	5322 I-NOVARIVAS II (RIVAS S4 P20)	Madrid	100%	WIP	6,668.40	6,668.40	14,578,000.00	14,578,000.00	92.80%	100.00%	16,861,000.00	2,100,730.89
STOCK	MAD06OLIVER_110101	Fuente El Saz (Oliver)	Madrid	100%	STOCK	-	-	9,600,778.36	9,600,778.36			9,600,778.36	-
STOCK	MAD48UESECTOR3_110102	5123 - P-RES. CUBIC 2 (RIVAS FASE II)	Madrid	100%	STOCK	-	-	12,813,000.00	12,813,000.00			12,813,000.00	-
32	MAD33N3CANTOS_211301	5423 - N-R. BREMEN (T. CANTOS 9A)	Madrid	100%	WIP	4,382.36	4,382.36	10,966,000.00	10,966,000.00	96.69%	93.60%	11,758,000.00	659,916.50
STOCK	MAD23PERALES_000101	Perales del Rio	Madrid	100%	STOCK	-	-	11,601,090.00	11,601,090.00			11,601,090.00	-
36	SEV07AEROPUERTO_000101	Sevilla Este - Fase I - 5AH5AI Subfase I y II	Sevilla	100%	WIP	26,832.68	26,832.68	41,990,000.00	41,990,000.00	97.30%	94.10%	44,364,000.00	1,876,685.76
STOCK	VIZ01DINAMITA_110101	2041 - CRUCES RES. (BARAKALDO I PLURI.))	Vizcaya	100%	STOCK	-	-	23,536,251.62	23,536,251.62			23,536,251.62	-
38	MAL14H.CABELLO_110101	5421 - NI-R. VEGA (H. CABELLO I)	Málaga	100%	WIP	13,125.00	13,125.00	22,364,000.00	22,364,000.00	78.38%	88.26%	28,003,000.00	4,948,276.97
39	VAL07M.TABERNER_110101	5920- NI-EDIFICIO MT 22 (MANOLO TABERNER)	Valencia	100%	WIP	9,195.42	9,195.42	11,602,000.00	11,602,000.00	80.20%	47.41%	14,758,000.00	2,215,827.72
40	CAD01AR2SUSR7CANDOR_110102	6259- NCN-ROTA MANZANA R1(SERVIHABITAT)	Cádiz	100%	COMMECIAL LAND.	3,467.85	3,467.85	2,252,000.00	2,252,000.00	0.00%	31.27%	8,752,000.00	5,482,650.53
41	MAL03DOÑAJULIA_000201	Casares (Doña Julia)	Málaga	100%	WIP	11,307.00	11,307.00	19,728,000.00	19,728,000.00	85.94%	72.10%	25,428,000.00	3,834,090.95
42	IBI01MARENOSTRUM_000201	UA 14 - Ibiza - Fase I	Ibiza	100%	LAND	13,664.00	13,664.00	28,710,000.00	28,710,000.00	0.00%	0.00%	67,718,000.00	29,395,041.79
43	MAL19ELCHAPARRAL_110201	5422 - NM-VITTA NATURE (MIJAS C. EL CHAPARRAL I)	Málaga	100%	WIP	9,611.79	9,611.79	13,881,000.00	13,881,000.00	34.10%	54.56%	27,101,000.00	10,938,672.93
STOCK	BAR07ATMELLERS_000101	Llavaneras (Els Amellers)	Barcelona	100%	STOCK	-	-	16,207,895.00	16,207,895.00			16,207,895.00	-
STOCK	SEV08AEROPUERTO_000101	Sevilla Este - Fase I - 13B	Sevilla	100%	STOCK	-	-	6,999,510.00	6,999,510.00			6,999,510.00	-
46	ACO02MEIXONFRIO_000201	Santa Cruz Isla 1 Oleiros	Coruña	100%	COMMECIAL LAND	5,946.05	5,946.05	2,844,000.00	2,844,000.00	0.00%	29.60%	10,731,000.00	6,729,695.96
47	SEV09ENTRENÚCLEOS_110702	6222 - NCN- ENTRENUCLEOS BC 11.1	Sevilla	100%	WIP	18,111.80	18,111.80	9,802,000.00	9,802,000.00	24.01%	63.43%	26,894,000.00	14,660,891.03
48	GIR01DOMENY_000101	Girona - Fase I	Girona	100%	WIP	10,251.21	10,251.21	16,184,000.00	16,184,000.00	100.00%	69.59%	18,399,000.00	1,247,820.44
STOCK	MAD16SANBLAS_110101	Las Rosas	Madrid	100%	STOCK	-	-	6,807,678.00	6,807,678.00			6,807,678.00	-
51	MAD35SANISIDRO_110101	5426- N-URBAM RIVAS (RM 22)	Madrid	100%	WIP	17,234.60	17,234.60	26,952,000.00	26,952,000.00	55.08%	67.81%	40,384,000.00	11,151,949.66
STOCK	MAD37 LOSGIRASOLES_110101	6124 - NM-TORREJON RM 7.2 LOS GIRASOLES	Madrid	100%	STOCK	-	-	2,235,000.00	2,235,000.00			2,235,000.00	-
55	VAL04MALILLANORTE_210202	6256- NCN-MALILLA 12.2.1	Valencia	100%	LAND	6,577.79	6,577.79	4,416,000.00	4,416,000.00	0.00%	0.00%	13,073,000.00	7,070,596.59
56	MAL18CASABLANCA_110101	5821 - NI-SENSES VILLAGE (ESTEPONA CASAB. CANCELADA)	Málaga	100%	LAND	11,122.91	11,122.91	10,387,000.00	10,387,000.00	0.00%	0.00%	29,351,000.00	14,592,339.37
57	BAR15MASRAMPINYO _110101	6245- NCN-MONTCADA 6.1	Barcelona	100%	LAND	6,610.00	6,610.00	4,615,000.00	4,615,000.00	0.00%	0.00%	14,734,000.00	7,967,777.53
STOCK	ACO01TABACOS_110102	Tabacalera Coruña M4	Coruña	100%	STOCK	-	-	8,772,740.00	8,772,740.00			8,772,740.00	-
59	VLL16LADERASUR_110303	Parcela 101-K PP Laderas Sur - Parquesol	Valladolid	100%	COMMECIAL LAND	10,151.90	10,151.90	5,771,000.00	5,771,000.00	0.00%	0.00%	19,591,000.00	11,515,960.69
60	VAL04MALILLANORTE_110101	6122 - NM-RES. AURA (MALILLA 12.2.2)	Valencia	100%	WIP	5,624.08	5,624.08	6,830,000.00	6,830,000.00	48.89%	51.90%	11,566,000.00	4,074,530.67
61	POR05OEIRAS_000101	Oeiras - Fase I. Parc. 1,2,3 y 4	Lisboa	100%	WIP	15,804.60	15,804.60	39,865,000.00	39,865,000.00	87.11%	53.90%	51,272,000.00	9,872,240.29
62	MAL30EDP2.UEP5_110101	6231 - NCN- REBOUL 19 MALAGA (ADIF II)	Málaga	100%	WIP	6,163.00	6,163.00	7,341,000.00	7,341,000.00	33.95%	90.65%	12,835,000.00	4,883,047.36

savills AGUIRRE NEWMAN

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN	TYPE OF ASSET	TOTAL BUILD. AREA. (SQM)100%	TOTAL BUILD. AREA (SQM) % OWN.	MARKETVALUE 100%(€)	MARKETVALUE % OWN.(€)	% CONST	% SALES+ SAVES	GDV (€)	TOTAL PENDING COSTS (€)
63	MAD33N3CANTOS_711403	5424 - N-R. BREMEN II (T. CANTOS RC 9B)	Madrid	100%	WIP	4,119.00	4,119.00	9,977,000.00	9,977,000.00	68.18%	95.82%	12,930,000.00	2,638,614.97
64	BAR08CALCOLLUT_110101	6240- NCN-MATARO R3	Barcelona	100%	WIP	16,438.00	16,438.00	17,204,000.00	17,204,000.00	7.73%	37.24%	41,550,000.00	19,860,361.34
65	VLL16LADERASUR_110401	Parcela 101-L PP Laderas Sur - Parquesol	Valladolid	100%	WIP	10,943.15	10,943.15	12,264,000.00	12,264,000.00	29.79%	62.91%	23,904,000.00	10,045,209.35
STOCK	MAD02CORTIJONORTE_110202	Cortijo Norte - Fase II y III	Madrid	100%	STOCK	-	-	15,112,130.00	15,112,130.00			15,112,130.00	-
67	MAL13LASIERRA_110101	6021- NI-BLOSOM BENALMADENA (LA SIERRA I 6.1, 6.2)	Málaga	100%	WIP	6,005.27	6,005.27	4,403,000.00	4,403,000.00	14.84%	51.49%	13,907,000.00	7,897,125.59
68	MAD34MIRADORNORTE_410602	5329 I-NOVARIVAS II (RIVAS S4 P18)	Madrid	100%	WIP	6,958.92	6,958.92	6,851,000.00	6,851,000.00	14.82%	89.81%	17,876,000.00	9,977,493.22
69	MAL29UE4TORROX_210202	5520- NI-TORROX II SAREB	Málaga	100%	WIP	12,463.65	12,463.65	11,746,000.00	11,746,000.00	6.60%	40.26%	28,686,000.00	12,968,668.40
70	VIZ01DINAMITA_110902	2041 - CRUCES RES. (BARAKALDO I UNIF.))	Vizcaya	100%	WIP	2,960.00	2,960.00	4,081,000.00	4,081,000.00	36.08%	84.19%	8,419,000.00	3,853,520.91
71	VAL05PATRAIX_311104	5437 - NI- SUELO PATRAIX III Patraix VPP 27.1.4	Valencia	100%	WIP	9,266.00	9,266.00	5,173,000.00	5,173,000.00	24.21%	51.67%	13,288,000.00	7,036,388.06
72	TEN01FAÑABE_000202	Miraverde Adeje - Fase II (M6)	Tenerife	100%	LAND	7,033.56	7,033.56	7,040,000.00	7,040,000.00	0.00%	0.00%	20,328,000.00	10,185,948.75
73	NAV02RIPAGAINA_110101	6258 - NCN-RIPAGAINA C9 (FASE I)	Navarra	100%	COMMECIAL LAND	7,372.69	7,372.69	5,156,000.00	5,156,000.00	0.00%	37.45%	15,406,000.00	7,978,495.57
74	POR01RUADOGRIJO_000101	Lote 9	Oporto	100%	WIP	6,144.00	6,144.00	9,385,000.00	9,385,000.00	57.20%	47.07%	16,247,000.00	6,080,884.53
75	VAL05PATRAIX_411003	5436 - NI-PATRAIX MORERAS VPP 23.1-23.2	Valencia	100%	LAND	6,469.90	6,469.90	3,169,000.00	3,169,000.00	0.00%	36.77%	10,347,000.00	5,932,476.93
76	ACO03EIRIS_000101	Parque Eiris - Fase I	Coruña	100%	COMMECIAL LAND	4,960.00	4,960.00	3,159,000.00	3,159,000.00	0.00%	28.85%	10,796,000.00	6,282,652.63
79	MAD50VALDEMARIN_110101	6129- NM-RES. GRACE (VALDEMARIN II)	Madrid	100%	WIP	1,740.56	1,740.56	12,554,000.00	12,554,000.00	92.18%	18.34%	14,004,000.00	746,749.03
80	MAL05LASCANTERAS_000101	Las Canteras Fase I	Málaga	100%	COMMECIAL LAND	6,233.50	6,233.50	3,070,000.00	3,070,000.00	0.00%	47.06%	11,927,000.00	7,323,381.63
81	MAL05LASCANTERAS_000102	Las Canteras Fase II	Málaga	100%	LAND	6,233.50	6,233.50	3,239,000.00	3,239,000.00	0.00%	0.00%	12,345,000.00	6,893,164.53
82	MAL16H.BELLAMAR_110101	5420 - N-PORT AVENUE (MARBELLA E. HOSTELERIA)	Málaga	100%	WIP	9,927.60	9,927.60	19,738,000.00	19,738,000.00	32.74%	66.35%	34,758,000.00	12,127,587.08
83	ACO01TABACOS_110203	Tabacalera Coruña M2	Coruña	100%	WIP	8,900.00	8,900.00	17,051,000.00	17,051,000.00	20.44%	72.55%	27,716,000.00	8,490,979.27
84	SEV09ENTRENÚCLEOS_210901	6224 - NCN- ENTRENUCLEOS UH 5	Sevilla	100%	COMMECIAL LAND	12,578.00	12,578.00	4,415,000.00	4,415,000.00	0.00%	52.23%	18,322,000.00	11,992,783.80
85	MAD38ZANJASN_410404	6123- NM-VALDEMORO IV (15.1.2)	Madrid	100%	WIP	6,300.00	6,300.00	5,153,000.00	5,153,000.00	35.52%	100.00%	11,000,000.00	5,358,611.42
86	MAD32MÓSTOLESSUR_210202	5221 - M-RES. AUSTRAL (MOSTOLES II)	Madrid	100%	WIP	11,538.00	11,538.00	13,983,000.00	13,983,000.00	47.65%	91.01%	22,080,000.00	6,987,061.55
STOCK	MAD02CORTIJONORTE_110303	Cortijo Norte - Fase IV	Madrid	100%	STOCK	-	-	43,532,140.00	43,532,140.00			43,532,140.00	-
88	VAL03PARQUECENTRAL_210101	6242- NCN-TORRENT 10	Valencia	100%	WIP	7,644.84	7,644.84	10,865,000.00	10,865,000.00	88.88%	36.71%	13,199,000.00	1,396,146.15
89	ALI02BENISAUDET_110101	5326 - NI-R. ARTEMISA (BENISAUDET 3.1)	Alicante	100%	LAND	13,055.98	13,055.98	8,104,000.00	8,104,000.00	19.00%	0.00%	22,000,000.00	11,154,228.55
90	IBI02SANFRANCESC_110101	UA 16 San Francesc - Ibiza	Ibiza	100%	LAND	9,238.00	9,238.00	21,661,000.00	21,661,000.00	0.00%	0.00%	50,282,000.00	20,544,556.12
91.1	BAR16FINISTRELLES_110101	Finestrelles Plurifamiliar - Fase I (Parcela 103.2) Bloques A-B-C	Barcelona	100%	COMMECIAL LAND	12,258.18	12,258.18	34,097,000.00	34,097,000.00	0.00%	24.22%	63,178,350.00	18,918,775.29
91.2	BAR16FINISTRELLES_110102	Finestrelles Plurifamiliar - Fase II (Parcela 103.2) Bloques D-E	Barcelona	100%	COMMECIAL LAND	8,702.82	8,702.82	21,594,000.00	21,594,000.00	0.00%	0.00%	47,100,482.83	14,034,607.14
92	MAD42ELCAÑAVERAL_110102	5428 - NM-CAÑAVERAL M13 D	Madrid	100%	LAND	10,385.00	10,385.00	8,096,000.00	8,096,000.00	0.00%	0.00%	27,309,000.00	14,700,830.82
94	MAD33N3CANTOS_111202	5225 - M-TRES CANTOS RC 28	Madrid	100%	COMMECIAL LAND	16,443.00	16,443.00	21,236,000.00	21,236,000.00	0.00%	47.75%	47,352,000.00	20,529,318.59

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95	MAD33N3CANTOS_2102	4005 - SUELO N- TRES CANTOS RC 11	Madrid	42%	LAND	10,720.09	4,551.75	11,006,000.00	4,673,147.60	0.00%	0.00%	30,628,000.00	14,031,210.54
96	MAD36R5C.ALCALÁ_110101	6137 - NM-TORREJON RML 3.1	Madrid	100%	LAND	4,962.00	4,962.00	3,985,000.00	3,985,000.00	0.00%	0.00%	12,269,000.00	6,764,093.69
97	MAD36R5C.ALCALÁ_110202	6138 - NM-TORREJON RMP 8B	Madrid	100%	LAND	4,000.00	4,000.00	1,599,000.00	1,599,000.00	0.00%	0.00%	6,844,000.00	4,452,677.25
98	MAD40ELENCINAR_110101	6125 - NM-RES. ARECA (BOADILLA RM 1.1 (EL ENCINAR))	Madrid	100%	LAND	3,579.00	3,579.00	6,299,000.00	6,299,000.00	0.00%	0.00%	13,789,000.00	5,471,232.58
99	VAL05PATRAIX_210702	5226 - M-PATRAIX II PARC.15.1	Valencia	100%	WIP	16,084.00	16,084.00	13,804,000.00	13,804,000.00	18.06%	63.15%	32,571,000.00	16,127,229.43
100	MAD41VALENOSO_110403	5325 - I-RES. IVORY (BOADILLA RM6.3, RM6.4	Madrid	100%	LAND	7,439.00	7,439.00	14,146,000.00	14,146,000.00	0.00%	0.00%	31,428,000.00	11,565,191.15
101	VAL02QUINTII_110303	6234- NCN-MISLATA QUINT. II EDA C	Valencia	100%	COMMECIAL LAND	11,243.35	11,243.35	6,416,000.00	6,416,000.00	0.00%	53.63%	22,088,000.00	13,449,606.63
103	MAD45E.VALLECAS_110202	2016 - TERR. DEL ENSANCHE II (VALLECAS IV)	Madrid	100%	WIP	5,464.50	5,464.50	11,614,000.00	11,614,000.00	29.01%	58.48%	18,445,000.00	5,645,198.51
104	BAR16FINISTRELLES_110203	Finestrelles Unifamiliar (Parcela 105)	Barcelona	100%	WIP	6,600.00	6,600.00	22,477,000.00	22,477,000.00	22.82%	36.59%	38,293,000.00	12,203,830.65
105	MAD48UESECTOR3_110103	5124 - P-RIVAS FASE III	Madrid	100%	WIP	13,271.36	13,271.36	26,509,000.00	26,509,000.00	73.13%	58.35%	35,300,000.00	6,679,570.15
106	MAL15PE.RENFE_110101	5330 - NI-MALAGA ADIF R2	Málaga	100%	LAND	19,800.00	19,800.00	16,265,000.00	16,265,000.00	0.00%	0.00%	40,337,000.00	18,505,884.75
107	VIZ01DINAMITA_110506	2043 - BARAKALDO II (BARAKALDO II Unif..)S)	Vizcaya	100%	COMMECIAL LAND	5,140.00	5,140.00	4,282,000.00	4,282,000.00	0.00%	36.37%	14,504,000.00	7,974,069.84
108	MAD38ZANJASN_510505	6236 - NCN- VALDEMORO M 8.1	Madrid	100%	COMMECIAL LAND	4,860.85	4,860.85	2,948,000.00	2,948,000.00	0.00%	43.51%	10,100,000.00	6,056,054.20
109	MAD38ZANJASN_510606	6247- NCN-VALDEMORO 9.4	Madrid	100%	COMMECIAL LAND	6,280.00	6,280.00	3,726,000.00	3,726,000.00	0.00%	37.06%	13,064,000.00	7,732,131.55
110	MAD38ZANJASN_510808	6249- NCN-VALDEMORO 10.2	Madrid	100%	LAND	7,560.00	7,560.00	4,525,000.00	4,525,000.00	0.00%	0.00%	16,287,000.00	9,459,300.31
111	MAD38ZANJASN_510707	6248- NCN-VALDEMORO 20.2 VPPL	Madrid	100%	LAND	3,150.00	3,150.00	1,606,000.00	1,606,000.00	0.00%	0.00%	6,018,000.00	3,547,323.56
112	VLL01ELPERAL_110101	Parcela 12A Sector 42.2 El Peral	Valladolid	100%	COMMECIAL LAND	4,789.00	4,789.00	1,785,000.00	1,785,000.00	0.00%	29.44%	10,621,000.00	7,126,868.68
113	MAL12BAHÍALASROCAS_110101	5521- NI-MANILVA	Málaga	100%	LAND	10,010.00	10,010.00	3,815,000.00	3,815,000.00	0.00%	0.00%	20,127,000.00	13,153,792.91
114	MAL17PIZARRILLO_110501	6263-NCN-PARCELA R-17 - R-10 SECTOR EL PIZARRILLO	Málaga	100%	LAND	5,333.00	5,333.00	2,360,000.00	2,360,000.00	0.00%	0.00%	11,706,000.00	7,441,692.86
115	MAL31P.VICTORIA_110101	NCN-PARCELA 17-B PARQUE VICTORIA	Málaga	100%	LAND	9,733.50	9,733.50	3,854,000.00	3,854,000.00	0.00%	0.00%	17,960,000.00	11,532,475.00
116	MAD43MONTECILLOS_110101	5132 - NM-RIVAS 15 B1 I (LOS MONTECILLOS)	Madrid	100%	LAND	11,050.00	11,050.00	10,069,000.00	10,069,000.00	0.00%	0.00%	28,873,000.00	14,594,541.81
117	MAD39MONTEVILLA_210404	6253 - NCN- SUELO VILLAVICIOSA (AROCASA) (24 PN)	Madrid	100%	COMMECIAL LAND	10,800.00	10,800.00	6,474,000.00	6,474,000.00	0.00%	16.44%	17,003,000.00	8,055,132.50
118	VLL16LADERASUR_110202	Parc. 107-1 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	2,880.00	2,880.00	1,705,000.00	1,705,000.00	0.00%	0.00%	6,112,000.00	3,405,139.45
119	SEV07AEROPUERTO_000204	Sevilla Este - Fase IV - 5a	Sevilla	100%	LAND	14,319.00	14,319.00	5,133,000.00	5,133,000.00	0.00%	0.00%	23,750,000.00	15,056,680.85
120	SEV09ENTRENÚCLEOS_210804	6223 - NCN- ENTRENUCLEOS BC 11.2	Sevilla	100%	LAND	18,319.50	18,319.50	5,232,000.00	5,232,000.00	0.00%	0.00%	28,137,000.00	17,685,858.10
121.1	MAL14H.CABELLO_110203	5431 - NI-H. CABELLO II	Málaga	100%	LAND	6,851.59	6,851.59	4,909,000.00	4,909,000.00	0.00%	8.53%	14,946,000.00	7,904,552.86
121.2	MAL14H.CABELLO_110205	5431 - NI-H. CABELLO II (Fase II)	Málaga	100%	LAND	6,222.41	6,222.41	4,409,000.00	4,409,000.00	0.00%	0.00%	13,933,000.00	7,475,394.50
122	MAD10DEHESAPANES_110101	Dehesa De Los Panes - Fase I - VL	Madrid	100%	LAND	8,287.28	8,287.28	2,775,000.00	2,775,000.00	0.00%	0.00%	17,387,000.00	10,892,602.11
123	VAL03PARQUECENTRAL_110602	6238- NCN-TORRENT 12.2, 12.3	Valencia	100%	LAND	6,744.56	6,744.56	2,744,000.00	2,744,000.00	0.00%	0.00%	11,213,000.00	6,879,872.59
124	VAL03PARQUECENTRAL_110803	6239- NCN-TORRENT 14.2, 14.3	Valencia	100%	LAND	4,496.38	4,496.38	2,129,000.00	2,129,000.00	0.00%	0.00%	7,619,000.00	4,401,115.24
125.1	COR01MIRABUENO_110101	6262- NCN-PARCELA 18 SECTOR MIRABUENO (KUTXA))	Córdoba	100%	COMMECIAL LAND	5,078.13	5,078.13	2,865,000.00	2,865,000.00	0.00%	29.92%	9,494,000.00	5,537,061.47

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125.2	COR01MIRABUENO_110102	6262- NCN-PARCELA 18 SECTOR MIRABUENO (KUTXA)) (Fase II)	Córdoba	100%	LAND	4,927.75	4,927.75	2,773,000.00	2,773,000.00	0.00%	0.00%	9,598,000.00	5,283,188.93
126	COR02PONIENTESUR_110101	6260- NCN-PARCELA 13-D SECTOR 07 (KUTXA)	Córdoba	100%	LAND	13,088.00	13,088.00	8,266,000.00	8,266,000.00	0.00%	0.00%	27,223,000.00	14,834,049.72
127	MAD12IBERIA_110501	Barajas - Fase I - VCL (P7)	Madrid	100%	LAND	9,700.00	9,700.00	10,251,000.00	10,251,000.00	0.00%	0.00%	29,520,000.00	14,130,104.30
128	MAD12IBERIA_110204	Barajas - Fase IV - VPP (P2)	Madrid	100%	LAND	4,700.00	4,700.00	3,752,000.00	3,752,000.00	0.00%	0.00%	12,588,000.00	6,751,558.46
130	VAL05PATRAIX_311011	4004 - NI- SUELO PATRAIX III Patraix III. 23.1	Valencia	100%	LAND	24,952.71	24,952.71	14,950,000.00	14,950,000.00	0.00%	0.00%	45,222,000.00	23,535,722.19
131	ACO03EIRIS_000102	Parque Eiris - Fase II	Coruña	100%	LAND	7,210.00	7,210.00	4,506,000.00	4,506,000.00	0.00%	0.00%	16,179,000.00	8,809,869.59
132	MAL23JOAQUÍNALONSO_110101	6244- NCN-PERI FLEX (MALAGA)	Málaga	100%	LAND	15,884.00	15,884.00	9,430,000.00	9,430,000.00	0.00%	11.60%	36,816,000.00	20,736,973.27
133	BAR15MASRAMPINYO _210202	6246- NCN-MONTCADA 5.2	Barcelona	100%	LAND	6,630.00	6,630.00	5,198,000.00	5,198,000.00	0.00%	0.00%	15,421,000.00	7,932,737.69
134	NAV02RIPAGAINA_110102	6258 - NCN-RIPAGAINA C9 (FASE II)	Navarra	100%	LAND	6,572.00	6,572.00	4,372,000.00	4,372,000.00	0.00%	0.00%	14,446,000.00	7,068,146.52
135	SEV03JARDINILLO_000102	Mairena De Aljarafe - Fase II	Sevilla	100%	COMMECIAL LAND	8,008.00	8,008.00	4,242,000.00	4,242,000.00	1.14%	53.73%	14,650,000.00	9,039,052.19
136	MAL22UE5TORROX_110101	5620 - NM-TORROX III	Málaga	100%	LAND	17,825.00	17,825.00	8,629,000.00	8,629,000.00	0.00%	0.00%	44,686,000.00	27,713,070.02
137	VIZ01DINAMITA_110304	2043 - BARAKALDO II (BARAKALDO II PLUR.)S)	Vizcaya	100%	LAND	9,435.00	9,435.00	6,480,000.00	6,480,000.00	0.00%	0.00%	23,237,000.00	12,607,230.87
138	MAD39MONTEVILLA_110202	4012 - NCN- SUELO VILLAVICIOSA (AROCASA) (13 PN)	Madrid	100%	LAND	12,040.00	12,040.00	7,695,000.00	7,695,000.00	0.00%	0.00%	23,048,000.00	11,471,763.46
139	GIR01DOMENY_000302	Girona - Fase II	Girona	100%	WIP	7,253.00	7,253.00	4,708,000.00	4,708,000.00	0.00%	0.00%	16,176,000.00	9,205,048.83
140	MAL13LASIERRA_110102	6022- NI-BENALMADENA "LA SIERRA" II (6.1)	Málaga	100%	LAND	5,072.96	5,072.96	3,434,000.00	3,434,000.00	0.00%	0.00%	12,415,000.00	7,125,194.11
141	VAL02QUINTII_110201	6233- NCN-MISLATA QUINT. II EDA B	Valencia	100%	LAND	11,243.35	11,243.35	5,400,000.00	5,400,000.00	0.00%	0.00%	22,889,000.00	14,277,749.21
142	VLL16LADERASUR_110604	Parcela 114-1 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	5,280.00	5,280.00	2,873,000.00	2,873,000.00	0.00%	0.00%	10,981,000.00	6,613,077.10
143	BAR10SANTJORDI1_110101	6230 - NCN- VILANOVA	Barcelona	100%	LAND	13,065.80	13,065.80	10,454,000.00	10,454,000.00	0.00%	0.00%	32,585,000.00	17,233,161.23
144	MAL32ARROYOENMEDIO_110101	6254- NCN-ARROYO EN MEDIO	Málaga	100%	LAND	6,450.00	6,450.00	5,136,000.00	5,136,000.00	0.00%	0.00%	16,344,000.00	8,551,981.83
145	CAD01AR2SUSR7CANDOR_210201	NCN-ROTA PUNTA CANDOR MANZANA R-7 (F.CASTELLANOS)	Cádiz	100%	LAND	5,959.97	5,959.97	2,690,000.00	2,690,000.00	0.00%	0.00%	11,428,000.00	7,270,844.94
146	SEV02VALPARAISO_000101	San Juan De Aznalfarache	Sevilla	100%	LAND	11,439.89	11,439.89	3,436,000.00	3,436,000.00	0.00%	0.00%	19,411,000.00	13,062,647.47
147	ALI02BENISAUDET_210202	5333 - NI-BENISAUDET 3.2	Alicante	100%	LAND	12,977.63	12,977.63	7,005,000.00	7,005,000.00	12.00%	0.00%	21,509,000.00	11,407,818.84
150	VLL16LADERASUR_110105	Parc. 106-1 y 106-2 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	8,960.00	8,960.00	5,422,000.00	5,422,000.00	0.00%	0.00%	19,402,000.00	10,837,928.66
151	VAL05PATRAIX_310506	4004 - NI- SUELO PATRAIX III Patraix IV. 13.2	Valencia	100%	LAND	12,383.80	12,383.80	7,668,000.00	7,668,000.00	0.00%	0.00%	23,978,000.00	12,861,611.47
153	MAL19ELCHAPARRAL_110202	5422 - NM-VITTA NATURE (MIJAS C. EL CHAPARRAL I) FII	Málaga	100%	LAND	10,251.21	10,251.21	9,191,000.00	9,191,000.00	0.00%	0.00%	28,371,000.00	14,125,696.69
154	SEV09ENTRENÚCLEOS_210110	4006 - NCN- SUELO ENTRENUCLEOS BC (BA-5)	Sevilla	100%	LAND	10,697.00	10,697.00	3,187,000.00	3,187,000.00	0.00%	0.00%	16,874,000.00	11,287,195.11
155	BAR09LAGRIPIA_110101	5621 - NM-EDIFICI MOIXERO (TERRASA LA GRIPIA)	Barcelona	100%	LAND	5,320.00	5,320.00	4,290,000.00	4,290,000.00	0.00%	0.00%	12,383,000.00	6,274,191.12
157.01	MAL28BONILLA_1101.01	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (2ª F)	Málaga	100%	LAND	3,707.80	3,707.80	1,806,000.00	1,806,000.00	0.00%	0.00%	8,505,000.00	4,935,883.03
157.02	MAL28BONILLA_1101.02	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (1ª F)	Málaga	100%	LAND	6,208.99	6,208.99	2,969,000.00	2,969,000.00	0.00%	0.00%	13,949,000.00	8,086,716.01
159	MAL25BAVIERAGOLF_210402	6237- NCN-BAVIERA CAJA MAR R5	Málaga	100%	LAND	12,503.80	12,503.80	5,979,000.00	5,979,000.00	0.00%	0.00%	26,776,000.00	16,389,978.91

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN	TYPE OF ASSET	TOTAL BUILD. AREA. (SQM)100%	TOTAL BUILD. AREA (SQM) % OWN.	MARKETVALUE 100%(€)	MARKETVALUE% OWN.(€)	% CONST	% SALES+ SAVES	GDV (€)	TOTAL PENDING COSTS (€)
160	BAR11VALLDOREIX_11	5227 - M-SAN CUGAT	Barcelona	100%	LAND	6,005.57	6,005.57	9,064,000.00	9,064,000.00	0.00%	0.00%	24,905,000.00	10,032,035.61
161	MAD43MONTECILLOS_110102	5133 - NM-RIVAS 15 B1 II (LOS MONTECILLOS)	Madrid	100%	COMMECIAL LAND	11,050.00	11,050.00	8,875,000.00	8,875,000.00	0.00%	23.31%	26,714,000.00	13,856,492.37
162	MAD12IBERIA_110402	Barajas - Fase II - VCL (P6)	Madrid	100%	LAND	13,585.00	13,585.00	13,864,000.00	13,864,000.00	0.00%	0.00%	41,865,000.00	20,176,039.33
163	SEV07AEROPUERTO_001103	Sevilla Este - Fase III - 5C1	Sevilla	100%	LAND	9,411.00	9,411.00	3,298,000.00	3,298,000.00	0.00%	0.00%	15,340,000.00	9,970,552.70
164	VLL16LADERASUR_1108	Parcela 101-I PP Laderas Sur - Parquesol	Valladolid	100%	LAND	10,170.00	10,170.00	5,006,000.00	5,006,000.00	0.00%	0.00%	18,146,000.00	10,621,457.38
165	MAL14H.CABELLO_110302	5432 - NI-H. CABELLO III	Málaga	100%	LAND	13,125.00	13,125.00	9,635,000.00	9,635,000.00	0.00%	0.00%	31,519,650.16	15,311,679.66
166	MAL14H.CABELLO_110504	5433 - NI-H. CABELLO IV	Málaga	100%	LAND	4,041.00	4,041.00	2,945,000.00	2,945,000.00	0.00%	0.00%	9,307,000.00	4,878,199.75
167	MAD03CAMPOMANES_A1	Campomanes	Madrid	100%	LAND	11,326.92	11,326.92	17,872,000.00	17,872,000.00	0.00%	0.00%	59,718,000.00	22,205,870.71
168	MAD39MONTEVILLA_110303	4012 - NCN- SUELO VILLAVICIOSA (AROCASA) (17 PN)	Madrid	100%	LAND	12,040.00	12,040.00	7,765,000.00	7,765,000.00	0.00%	0.00%	22,940,000.00	11,366,831.08
169	MAD10DEHESAPANES_110102	Dehesa De Los Panes - Fase II - VL	Madrid	100%	LAND	8,287.28	8,287.28	2,775,000.00	2,775,000.00	0.00%	0.00%	17,387,000.00	10,892,602.11
170.01	VLL16LADERASUR_11.01	Parcela 139-2 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	10,250.00	10,250.00	4,894,000.00	4,894,000.00	0.00%	0.00%	21,609,000.00	12,643,109.34
170.02	VLL16LADERASUR_11.02	Parcela 139-1 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	11,250.00	11,250.00	5,404,000.00	5,404,000.00	0.00%	0.00%	23,717,000.00	13,837,654.35
170.03	VLL16LADERASUR_11.03	Parcela 138-E PP Laderas Sur - Parquesol	Valladolid	100%	LAND	2,720.00	2,720.00	1,320,000.00	1,320,000.00	0.00%	0.00%	5,777,000.00	3,429,355.59
170.04	VLL16LADERASUR_11.04	Parcela 145-1 PP Laderas Sur - Parquesol	Valladolid	100%	LAND	4,160.00	4,160.00	2,016,000.00	2,016,000.00	0.00%	0.00%	8,454,000.00	4,950,519.76
172	MAL27XARBLANCA_110101	2020 - XARBLANCA	Málaga	100%	LAND	17,808.00	17,808.00	19,927,000.00	19,927,000.00	18.50%	0.00%	48,651,000.00	18,765,150.15
173	VAL02QUINTII_110404	6235- NCN-MISLATA QUINT. II EDA D	Valencia	100%	LAND	11,243.35	11,243.35	5,400,000.00	5,400,000.00	0.00%	0.00%	22,889,000.00	14,235,780.73
174	VIZ01DINAMITA_1102	2045 - BARAKALDO III (BARAKALDO III UNI.)	Vizcaya	100%	LAND	4,360.00	4,360.00	3,786,000.00	3,786,000.00	0.00%	0.00%	12,918,000.00	6,830,905.53
175	MAD12IBERIA_110303	Barajas - Fase III - VCL (P5)	Madrid	100%	LAND	10,270.00	10,270.00	11,330,000.00	11,330,000.00	0.00%	0.00%	32,804,000.00	15,776,283.78
176	MAL13LASIERRA_110303	6023- NI-BENALMADENA "LA SIERRA" III (7.1)	Málaga	100%	LAND	6,790.00	6,790.00	4,588,000.00	4,588,000.00	0.00%	0.00%	16,422,000.00	9,410,626.69
177	SEV09ENTRENÚCLEOS_2104	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-12.1)	Sevilla	100%	LAND	17,569.50	17,569.50	5,196,000.00	5,196,000.00	0.00%	0.00%	27,739,021.96	18,637,301.83
178	MAD24JARAMA_21	Barrio Jarama Parcela RML 1.2 (Joyfasa)	Madrid	100%	LAND	9,513.00	9,513.00	3,739,000.00	3,739,000.00	0.00%	0.00%	22,732,000.00	12,052,609.39
180	SEV09ENTRENÚCLEOS_2115	6243 - NCN- ENTRENUCLEOS UH 9	Sevilla	100%	LAND	12,578.00	12,578.00	3,718,000.00	3,718,000.00	0.00%	0.00%	19,238,000.00	12,757,527.30
181	MAL10CALA_110202	Jardinana (Maywood R5)	Málaga	100%	LAND	13,236.00	13,236.00	13,824,000.00	13,824,000.00	0.00%	0.00%	43,259,000.00	21,122,777.08
182	MAL25BAVIERAGOLF_410503	6255- NCN-BAVIERA SOLVIA R2, R10b, R11b	Málaga	100%	LAND	11,979.07	11,979.07	5,767,000.00	5,767,000.00	0.00%	0.00%	25,623,000.00	15,474,002.35
183	MAL17PIZARRILLO_1107	6264-NCN-PARCELA R-9 - R16 SECTOR EL PIZARRILLO	Málaga	100%	LAND	5,690.00	5,690.00	2,377,000.00	2,377,000.00	0.00%	0.00%	12,490,000.00	8,100,348.13
184	VAL02QUINTII_210102	6232- NCN-MISLATA QUINT. II EDA A	Valencia	100%	LAND	11,243.35	11,243.35	5,982,000.00	5,982,000.00	0.00%	0.00%	24,630,000.00	14,856,954.20
185	MAD39MONTEVILLA_310101	6241 - NCN-VILLAVICIOSA P14 (BLACKSTONE)	Madrid	100%	LAND	7,893.00	7,893.00	5,154,000.00	5,154,000.00	0.00%	0.00%	15,039,000.00	7,567,184.90
186	NAV02RIPAGAINA_1104	4011 - NCN-SUELO HUARTE (RIPAGAINA P.11.1 - P.11.2)	Navarra	100%	LAND	11,073.58	11,073.58	7,367,000.00	7,367,000.00	0.00%	0.00%	25,691,000.00	13,634,500.51
187	MAL19ELCHAPARRAL_1107	5430 - NM-MIJAS C. EL CHAPARRAL III	Málaga	100%	LAND	10,505.96	10,505.96	9,437,000.00	9,437,000.00	0.00%	0.00%	30,810,000.00	15,569,267.37
187.1	MAL19ELCHAPARRAL_1106	5430 - NM-MIJAS C. EL CHAPARRAL III (parcela nueva)	Málaga	100%	LAND	4,343.48	4,343.48	3,903,000.00	3,903,000.00	0.00%	0.00%	12,984,000.00	6,738,471.08

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190.01	MAD01ARPO_11	ARPO (SOLVIA) RBD	Madrid	100%	LAND	4,002.00	4,002.00	4,598,000.00	4,598,000.00	0.00%	0.00%	17,500,000.00	8,534,207.70
190.02	MAD01ARPO_21	ARPO (RESTO HG) - FASE I - VCL	Madrid	100%	LAND	8,405.64	8,405.64	12,940,000.00	12,940,000.00	0.00%	0.00%	43,563,000.00	18,231,176.80
190.03	MAD01ARPO_21	ARPO (RESTO HG) - FASE III - RBD	Madrid	100%	LAND	11,498.59	11,498.59	13,108,000.00	13,108,000.00	0.00%	0.00%	50,280,000.00	23,963,182.58
190.04	MAD01ARPO_21	ARPO (RESTO HG) - FASE IV - VPP	Madrid	100%	LAND	10,979.94	10,979.94	5,263,000.00	5,263,000.00	0.00%	0.00%	26,122,000.00	14,570,243.27
190.05	MAD01ARPO_21	ARPO (RESTO HG) - FASE II - VCL	Madrid	100%	LAND	5,385.60	5,385.60	8,299,000.00	8,299,000.00	0.00%	0.00%	27,912,000.00	11,671,825.58
190.06	MAD01ARPO_21	ARPO (RESTO HG) - FASE V - VPP	Madrid	100%	LAND	9,875.04	9,875.04	4,783,000.00	4,783,000.00	0.00%	0.00%	23,465,000.00	12,950,364.68
194	MAD07HUERTAGRANDE_11	Huerta Grande - VCL	Madrid	100%	LAND	33,941.05	33,941.05	33,922,000.00	33,922,000.00	0.00%	0.00%	127,786,000.00	59,488,156.97
197	SEV09ENTRENÚCLEOS_2105	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-12.2)	Sevilla	100%	LAND	17,569.50	17,569.50	5,198,000.00	5,198,000.00	0.00%	0.00%	27,723,909.46	18,619,985.50
198.01	MAD24JARAMA_11.01	Barrio Jarama	Madrid	100%	LAND	45,077.00	45,077.00	8,818,000.00	8,818,000.00	0.00%	0.00%	93,417,728.87	57,675,945.65
201	MAD34MIRADORNORTE_210103	5321 - I-RIVAS S4 F14	Madrid	100%	LAND	4,495.00	4,495.00	3,332,000.00	3,332,000.00	0.00%	0.00%	12,395,000.00	6,962,641.41
202	MAD34MIRADORNORTE_110304	5324- I-RIVAS S4 2,15,16	Madrid	100%	LAND	7,975.00	7,975.00	6,035,000.00	6,035,000.00	0.00%	0.00%	21,991,000.00	12,355,752.02
203	MAD34MIRADORNORTE_3107	4003 - I-SUELO RIVAS S4 20,18,17,26	Madrid	100%	LAND	13,635.00	13,635.00	9,116,000.00	9,116,000.00	0.00%	0.00%	34,059,000.00	19,632,831.40
204	MAD33N3CANTOS_5106	4009 - NM - SUELO TRES CANTOS P.2A	Madrid	36%	LAND	8,972.25	3,197.71	9,321,000.00	3,322,004.40	0.00%	0.00%	25,668,000.00	11,787,706.76
205	MAD33N3CANTOS_3107	4009 - NM - SUELO TRES CANTOS P.3A	Madrid	38%	LAND	9,367.46	3,540.90	9,713,000.00	3,671,514.00	0.00%	0.00%	26,773,000.00	12,276,579.82
206	MAD33N3CANTOS_5108	4009 - NM - SUELO TRES CANTOS RU18	Madrid	16%	LAND	12,498.39	1,941.00	12,585,000.00	1,954,450.50	0.00%	0.00%	40,272,000.00	21,131,484.51
207	MAD33N3CANTOS_4109	4009 - NM - SUELO TRES CANTOS RU11	Madrid	44%	LAND	5,025.25	2,189.00	5,060,000.00	2,204,136.00	0.00%	0.00%	16,192,000.00	8,496,338.81
208	MAD33N3CANTOS_6111	4013- NCN - TRES CANTOS RC21	Madrid	29%	LAND	16,874.44	4,915.52	17,288,000.00	5,035,994.40	0.00%	0.00%	49,196,000.00	22,535,443.48
209.1	VIZ01DINAMITA_110807	2046- BARAKALDO FASE IV (20 PLURIFAMILIARES)	Vizcaya	100%	LAND	1,215.00	1,215.00	835,000.00	835,000.00	0.00%	0.00%	3,022,000.00	1,746,053.16
209.2	VIZ01DINAMITA_110605	2046- BARAKALDO FASE IV (30 Unif)	Vizcaya	100%	LAND	3,270.00	3,270.00	2,822,000.00	2,822,000.00	0.00%	0.00%	9,689,000.00	4,881,703.63
210.1	MAL25BAVIERAGOLF_110101	6127 - NM-BAVIERA SAREB (R1, R13, COMERC.)	Málaga	100%	LAND	7,214.24	7,214.24	3,373,000.00	3,373,000.00	0.00%	0.00%	14,964,000.00	9,172,339.55
210.2	MAL25BAVIERAGOLF_110102	6127 - NM-BAVIERA SAREB (R1, R13, COMERC.) (Fase II)	Málaga	100%	LAND	7,214.24	7,214.24	3,097,000.00	3,097,000.00	0.00%	0.00%	15,413,000.00	9,179,051.78
211	MAL17PIZARRILLO_1109	6265-NCN-PARCELA R-15 - R8 SECTOR EL PIZARRILLO	Málaga	100%	LAND	6,282.00	6,282.00	2,624,000.00	2,624,000.00	0.00%	0.00%	13,789,000.00	8,943,218.79
214	SEV09ENTRENÚCLEOS_2113	6228 - NCN- ENTRENUCLEOS BC 7.1	Sevilla	100%	LAND	18,163.60	18,163.60	5,148,000.00	5,148,000.00	0.00%	0.00%	28,366,880.32	19,157,330.05
215	MAL19ELCHAPARRAL_1103	5429 - NM-MIJAS C. EL CHAPARRAL II	Málaga	100%	LAND	5,563.95	5,563.95	4,897,000.00	4,897,000.00	0.00%	0.00%	15,472,000.00	7,940,863.17
216	MAL19ELCHAPARRAL_2105	- NCN-Parcela AGR1A_SUP.C-16 CHAPARRAL	Málaga	100%	LAND	4,632.00	4,632.00	4,166,000.00	4,166,000.00	0.00%	0.00%	13,125,000.00	6,712,786.38
219	MAL17PIZARRILLO_1111	6266-NCN-PARCELA R-14 - R7 SECTOR EL PIZARRILLO	Málaga	100%	LAND	6,518.00	6,518.00	2,723,000.00	2,723,000.00	0.00%	0.00%	14,307,000.00	9,279,038.86
222	CAS01TORREBLANCA_0001	Torreblanca	Castellón	100%	LAND	11,101.12	11,101.12	847,000.00	847,000.00	0.00%	0.00%	15,453,000.00	11,063,110.48
224	SEV09ENTRENÚCLEOS_2114	6229 - NCN- ENTRENUCLEOS BC 7.2	Sevilla	100%	LAND	18,163.60	18,163.60	5,149,000.00	5,149,000.00	0.00%	0.00%	28,368,979.51	19,157,403.52
225	MAD34MIRADORNORTE_510906	5332 I-RIVAS M13	Madrid	100%	LAND	4,642.00	4,642.00	448,000.00	448,000.00	0.00%	0.00%	5,859,000.00	4,801,656.18
226	MAL17PIZARRILLO_1113	6267-NCN-PARCELA R-18.1 - 18.2 SECTOR EL PIZARRILLO	Málaga	100%	LAND	5,365.21	5,365.21	2,165,000.00	2,165,000.00	0.00%	0.00%	11,659,000.00	7,631,189.75
227	SEV09ENTRENÚCLEOS_2112	6227 - NCN- ENTRENUCLEOS BA 6	Sevilla	100%	LAND	11,211.40	11,211.40	3,253,000.00	3,253,000.00	0.00%	0.00%	17,382,000.00	11,824,130.97
228	MAL07GUADALMINA_11	Solar Marbella (Guadalmina)	Málaga	100%	LAND	5,640.00	5,640.00	940,000.00	940,000.00	0.00%	0.00%	18,362,000.00	9,021,813.30
229	MUR01CONDOMINA_1101	Condomina	Murcia	100%	LAND	17,448.00	17,448.00	1,582,000.00	1,582,000.00	0.00%	0.00%	22,902,000.00	17,127,106.45

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230.01	MAD51BERROCALES_1101.01	UZP 2.04 Berrocales	Madrid	100%	LAND	80,421.21	80,421.21	16,834,000.00	16,834,000.00	0.00%	0.00%	166,229,360.57	95,770,439.21
238.01	POR04DOSMOHINOS_11.01	Quinta dos Moinhos (Gaia) - Fase I	Vila Nova de Gaia	100%	LAND	21,328.71	21,328.71	3,838,000.00	3,838,000.00	0.00%	0.00%	41,567,000.00	29,890,831.69
238.02	POR04DOSMOHINOS_11.02	Quinta dos Moinhos (Gaia) - Fase III	Vila Nova de Gaia	100%	LAND	21,328.71	21,328.71	3,838,000.00	3,838,000.00	0.00%	0.00%	41,567,000.00	29,890,831.69
238.03	POR04DOSMOHINOS_11.03	Quinta dos Moinhos (Gaia) - Fase II	Vila Nova de Gaia	100%	LAND	7,777.70	7,777.70	1,658,000.00	1,658,000.00	0.00%	0.00%	16,285,000.00	12,286,404.93
242	MAD21MOSTRENCA_11	La Mostrenca	Madrid	100%	LAND	6,740.00	6,740.00	31,000.00	31,000.00	0.00%	0.00%	10,976,000.00	9,277,306.93
243	GUA01SECTORVII_1101	Quer - Fase I (M1,2,3,4,24)	Guadalajara	100%	LAND	7,540.00	7,540.00	1,528,000.00	1,528,000.00	0.00%	0.00%	11,646,000.00	8,284,322.80
244	VLL14AZUCARERA_11	Parcela 2 y 3 Azucarera y CIA (APE 46)	Valladolid	100%	LAND	8,344.01	8,344.01	1,189,000.00	1,189,000.00	0.00%	0.00%	12,904,000.00	9,339,995.52
245	VLL02SANTOSII_1101	Parcela 8.1 Sector 50 Los Santos 2	Valladolid	100%	LAND	2,687.00	2,687.00	149,000.00	149,000.00	0.00%	0.00%	4,107,000.00	3,315,637.07
247	GUA01SECTORVII_1105	Quer - Fase II (M 9,15,19,20,21,22)	Guadalajara	100%	LAND	9,230.00	9,230.00	1,493,000.00	1,493,000.00	0.00%	0.00%	14,256,000.00	10,130,964.12
250	GUA01SECTORVII_1107	Quer - Fase III (M 16)	Guadalajara	100%	LAND	9,240.00	9,240.00	1,058,000.00	1,058,000.00	0.00%	0.00%	13,154,000.00	9,478,046.62
251	GUA01SECTORVII_1108	Quer - Fase IV (M 17)	Guadalajara	100%	LAND	6,160.00	6,160.00	732,000.00	732,000.00	0.00%	0.00%	8,769,000.00	6,320,031.08
252.1	ZAR01SECTOR3.1_0001.01	Residencial Albatros - Fase I	Zaragoza	100%	LAND	7,243.07	7,243.07	14,000.00	14,000.00	0.00%	0.00%	7,098,000.00	6,164,604.25
252.2	ZAR01SECTOR3.1_0001.02	Residencial Albatros - Fase II	Zaragoza	100%	LAND	16,040.23	16,040.23	30,000.00	30,000.00	0.00%	0.00%	15,238,000.00	13,270,737.44
254.01	MAL10CALA_21.01	Jardinana R1	Málaga	50%	LAND	15,441.00	7,720.50	13,463,000.00	6,731,500.00	0.00%	0.00%	48,512,000.00	24,937,091.37
254.02	MAL10CALA_21.02	Jardinana R7a	Málaga	50%	LAND	8,560.00	4,280.00	9,107,000.00	4,553,500.00	0.00%	0.00%	28,145,000.00	13,831,305.81
254.03	MAL10CALA_21.03	Jardinana R7c	Málaga	50%	LAND	7,287.00	3,643.50	7,420,000.00	3,710,000.00	0.00%	0.00%	23,959,000.00	12,140,448.77
254.04	MAL10CALA_21.04	Jardinana R2a	Málaga	50%	LAND	10,171.00	5,085.50	8,996,000.00	4,498,000.00	0.00%	0.00%	31,412,000.00	16,693,489.13
254.05	MAL10CALA_21.05	Jardinana R2c	Málaga	50%	LAND	6,715.00	3,357.50	6,162,000.00	3,081,000.00	0.00%	0.00%	20,689,000.00	11,236,723.32
254.06	MAL10CALA_21.06	Jardinana 8d	Málaga	50%	LAND	5,344.00	2,672.00	1,577,000.00	788,500.00	0.00%	0.00%	8,077,000.00	5,268,629.26
254.07	MAL10CALA_21.07	Jardinana R8a	Málaga	100%	LAND	13,237.00	13,237.00	10,899,000.00	10,899,000.00	0.00%	0.00%	40,880,000.00	21,817,159.58
256	VLL03IND.JALON_1101	Parc. RP-16 PP Industrial Jalón (Sector 44)	Valladolid	100%	LAND	4,636.11	4,636.11	1,634,000.00	1,634,000.00	0.00%	0.00%	8,138,000.00	5,398,610.80
257	VLL03IND.JALON_1102	Parc. RU-45 PP Industrial Jalón (Sector 44)	Valladolid	100%	LAND	1,014.25	1,014.25	311,000.00	311,000.00	0.00%	0.00%	1,927,000.00	1,375,825.31
259	SEV08AEROPUERTO_000202	Sevilla Este - Fase II - 13J	Sevilla	100%	LAND	7,596.00	7,596.00	3,052,000.00	3,052,000.00	0.00%	0.00%	13,519,000.00	8,723,094.00
265	SEV04LASCRUCES_1101	Dos Hermanas - Las Cruces	Sevilla	100%	LAND	2,688.00	2,688.00	698,000.00	698,000.00	0.00%	0.00%	5,061,000.00	3,568,827.16
266	SEV08AEROPUERTO_000304	Sevilla Este - Fase IV - 13E	Sevilla	100%	LAND	9,503.00	9,503.00	3,984,000.00	3,984,000.00	0.00%	0.00%	16,153,000.00	9,670,211.50
267	BAR02CAPDEVILA_000101	Cap de la Vila - Sant Boi	Barcelona	100%	LAND	699.00	699.00	552,000.00	552,000.00	0.00%	0.00%	1,874,000.00	1,010,925.94
268	LEO02SECTORULD_000101	Uld Parcela 21 Leon	León	100%	LAND	6,829.00	6,829.00	1,204,000.00	1,204,000.00	0.00%	0.00%	9,765,000.00	7,470,621.28
269	LEO01UNIVERSIDAD_0001	Universidad Leon	León	100%	LAND	2,223.00	2,223.00	937,000.00	937,000.00	0.00%	0.00%	3,741,000.00	2,283,552.47
271	LEO03LASTRA_0001	Parcela R-16.2 y R-16.3 La Lastra	León	100%	LAND	7,676.00	7,676.00	2,069,000.00	2,069,000.00	0.00%	0.00%	11,349,000.00	7,806,997.60
273	SEV07AEROPUERTO_0010	Sevilla Este - Terciario 5AT	Sevilla	100%	LAND	1,638.00	1,638.00	334,000.00	334,000.00	0.00%	0.00%	1,627,000.00	1,139,194.27
274	NoAplica_xxxxxx	Parcela terciaria Leganes	Madrid	100%	LAND	12,330.00	12,330.00	1,294,000.00	1,294,000.00	0.00%	0.00%	13,810,000.00	11,382,436.70
276.1	MAD33N3CANTOS_2103.01	4005 - SUELO N- TRES CANTOS IN2	Madrid	1.2%	LAND	4,887.88	60.61	3,390,000.00	42,036.00	0.00%	0.00%	6,560,000.00	2,448,431.58
276.2	MAD33N3CANTOS_2103.02	4005 - SUELO N- TRES CANTOS IC1	MADRID	21%	LAND	9,205.65	1,896.91	3,547,000.00	730,891.27	0.00%	0.00%	8,874,000.00	4,416,419.08
276.3	MAD33N3CANTOS_2103.03	4005 - SUELO N- TRES CANTOS TG2	MADRID	18%	LAND	21,414.34	3,909.29	1,581,000.00	288,619.46	0.00%	0.00%	23,254,000.00	19,900,933.96
277	VAL05PATRAIX_3104	4004 - NI- SUELO PATRAIX III Patraix V 14.1.1	Valencia	100%	LAND	5,310.00	5,310.00	3,349,000.00	3,349,000.00	0.00%	0.00%	10,281,000.00	5,524,652.52
278	VAL05PATRAIX_510309	4004 - NI- SUELO PATRAIX III Patraix VPP 13.1.2	Valencia	100%	LAND	4,942.80	4,942.80	2,664,000.00	2,664,000.00	0.00%	0.00%	8,826,000.00	4,816,081.58

Nº ID SAN	ID CLIENT	NAME OF ASSET	PROVINCE	%OWN	TYPE OF ASSET	TOTAL BUILD. AREA. (SQM)100%	TOTAL BUILD. AREA (SQM) % OWN.	MARKETVALUE 100%(€)	MARKETVALUE % OWN.(€)	% CONST	% SALES+ SAVES	GDV (€)	TOTAL PENDING COSTS (€)
279	VAL05PATRAIX_4101	4004 - NI- SUELO PATRAIX III Patraix 14.1.3	Valencia	100%	LAND	2,154.00	2,154.00	1,373,000.00	1,373,000.00	0.00%	0.00%	4,321,000.00	2,313,282.33
280	VAL05PATRAIX_410208	4004 - NI- SUELO PATRAIX III Patraix VPP 19.1.1	Valencia	100%	LAND	8,800.00	8,800.00	4,558,000.00	4,558,000.00	0.00%	0.00%	15,857,000.00	8,595,863.18
281	MAL18 CASABLANCA_1102	NI- ESTEPONA CASABLANCA (CANCELADA). Comercial	Málaga	100%	LAND	500.00	500.00	762,000.00	762,000.00	0.00%	0.00%	1,385,000.00	432,191.36
282	MAL19ELCHAPARRAL_1101	4007 - NM-SUELO MIJAS C. EL CHAPARRAL (Comercial)	Málaga	100%	LAND	1,340.00	1,340.00	324,000.00	324,000.00	0.00%	0.00%	1,475,000.00	954,948.26
283.01	SEV09ENTRENÚCLEOS_2106.01	5622 - NM - ENTRENÚCLEOS BC-5.1	Sevilla	100%	LAND	15,914.50	15,914.50	4,560,000.00	4,560,000.00	0.00%	0.00%	24,946,000.00	16,816,037.19
283.02	SEV09ENTRENÚCLEOS_2106.02	5622 - NM - ENTRENÚCLEOS BC-5.2	Sevilla	100%	LAND	15,914.50	15,914.50	4,562,000.00	4,562,000.00	0.00%	0.00%	24,931,000.00	16,799,144.49
286	SEV09ENTRENÚCLEOS_2111	6226 - NCN- ENTRENUCLEOS UG 4	Sevilla	100%	LAND	8,369.00	8,369.00	2,473,000.00	2,473,000.00	0.00%	0.00%	12,800,000.00	8,489,202.48
287	SEV09ENTRENÚCLEOS_2102	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-9.1)	Sevilla	100%	LAND	17,569.50	17,569.50	5,110,000.00	5,110,000.00	0.00%	0.00%	27,739,021.96	18,634,301.83
288	SEV09ENTRENÚCLEOS_2103	4006 - NCN- SUELO ENTRENUCLEOS BC (BC-9.2)	Sevilla	100%	LAND	17,569.50	17,569.50	5,098,000.00	5,098,000.00	0.00%	0.00%	27,723,909.46	18,616,985.50
289	MAL17PIZARRILLO_1101	4015-NCN-PARCELA R-12 SECTOR EL PIZARRILLO	Málaga	100%	LAND	4,385.00	4,385.00	1,831,000.00	1,831,000.00	0.00%	0.00%	9,625,000.00	6,242,966.00
290	MAL17PIZARRILLO_1102	4016-NCN-PARCELA R-13 SECTOR EL PIZARRILLO	Málaga	100%	LAND	3,792.00	3,792.00	1,584,000.00	1,584,000.00	0.00%	0.00%	8,323,000.00	5,398,685.08
291	MAL17PIZARRILLO_1103	4017-NCN-PARCELA R-6 SECTOR EL PIZARRILLO	Málaga	100%	LAND	3,320.00	3,320.00	1,387,000.00	1,387,000.00	0.00%	0.00%	7,287,000.00	4,726,044.95
292	MAL17PIZARRILLO_1104	4018-NCN-PARCELA R-5.2 SECTOR EL PIZARRILLO	Málaga	100%	LAND	2,574.46	2,574.46	1,075,000.00	1,075,000.00	0.00%	0.00%	5,651,000.00	3,664,643.81
293	MAL28BONILLA_1102	4014-NCN-BONILLA BAJA UE TB 18-RINC VICTORIA (S)	Málaga	100%	LAND	4,250.50	4,250.50	677,000.00	677,000.00	0.00%	0.00%	7,335,000.00	5,147,064.25
294	SOLAR VALENCINA (SEVILLA)	Solar Valencina (Sevilla)	Sevilla	100%	LAND	-	-	355,000.00	355,000.00	0.00%	0.00%	-	-
295	SOLAR PEQUEÑA NUEVA (FINCA EL UNO)	Solar Pequeña Nueva (Finca El Uno)	Madrid	100%	LAND			573,000.00	573,000.00	0.00%	0.00%	-	-
296	SOLAR MARCON (PONTEVEDRA)	Solar Marcon (Pontevedra)	Pontevedra	100%	LAND			97,000.00	97,000.00				
298	PARC. 44 Y 49 TEATRO ZORRILLA (ARGALES)	Parc. 44 y 49 Teatro Zorrilla (Argales)	Valladolid	100%	LAND			334,000.00	334,000.00				
300	LAS LADERAS	Las Laderas	Madrid	100%	LAND			883,000.00	883,000.00	0.00%	0.00%		
STOCK	MAL20B.PASTEUR_110101	5130 PEDIF. NAVIS (BIZCOCHERO)	Málaga	100%	STOCK			2,274,215.00	2,274,215.00			2,274,215.00	
2202212 23.01	MAD09LOSCERROS_11.01	Los Cerros – ETAPA I	Madrid	100%	LAND	94,866.95	94,866.95	10,917,000.00	10,917,000.00	0.00%	0.00%	184,296,072.29	107,777,288.33
2202212 23.02	MAD09LOSCERROS_11.02	Los Cerros – ETAPA II	Madrid	100%	LAND	161,985.15	161,985.15	17,764,000.00	17,764,000.00	0.00%	0.00%	286,246,111.35	148,465,106.54
2202212 23.03	MAD09LOSCERROS_11.03	Los Cerros ETAPA III	Madrid	100%	LAND	65,243.91	65,243.91	4,969,000.00	4,969,000.00	0.00%	0.00%	160,957,493.79	78,112,129.75
246249	MAD20SALOMON_11.01	Fuente El Vellón Fase I	Madrid	100%	LAND	9,978.00	9,978.00	32,000.00	32,000.00	0.00%	0.00%	12,749,000.00	10,529,264.96
STOCK	VLL04PINARJALON_110101	Parc. PB09 Res. Jalón 2ª.(Sector 38)	Valladolid	100%	STOCK			596,300.00	596,300.00			596,300.00	
STOCK	BAR06MERIDIANA_000101	Forum	Barcelona	50%	STOCK			6,913,938.00	3,456,969.00			6,913,938.00	
STOCK	MAD45E.VALLECAS_510405	5127 PRES. MONET (VALLECAS IX)	Madrid	100%	STOCK			217,000.00	217,000.00			217,000.00	
STOCK	BAR12EIXAMPLE_110101	5128 PRES. AVIACIO	Barcelona	100%	STOCK			651,430.00	651,430.00			651,430.00	
STOCK	MAL09COLINASLACALA_000101	Casa Banderas Fase I	Málaga	100%	STOCK			302,000.00	302,000.00			302,000.00	
STOCK	MAD38ZANJASN_110303	5129 PRES. INFANTA II (VALDEMORO II)	Madrid	100%	STOCK			225,000.00	225,000.00			225,000.00	

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STOCK	MAD45E.VALLECAS_310506	5131 PRES. AMAT (VALLECAS 5.34B)	Madrid	100%	STOCK			93,750.00	93,750.00			93,750.00	
STOCK	MAD15RIODUERO_000101	Móstoles	Madrid	100%	STOCK			344,900.00	344,900.00			344,900.00	
STOCK	MAD41VALENOSO_210101	5320 IRES. NACARI (VALENOSO IV)	Madrid	100%	STOCK			1,124,000.00	1,124,000.00			1,124,000.00	
STOCK	VLL15PP49B_110101	Parcela 49 B Melendro N5	Valladolid	100%	STOCK			13,500.00	13,500.00			13,500.00	
STOCK	MAD19MENDEZALVARO_110101	Méndez Álvaro	Madrid	100%	STOCK			799,700.00	799,700.00			799,700.00	
STOCK	ACO02MEIXONFRIO_000101	Santa Cruz Isla 3 Oleiros	Coruña	100%	STOCK			2,792,037.92	2,792,037.92			2,792,037.92	
STOCK	SEV03JARDINILLO_000101	Mairena De Aljarafe Fase I	Sevilla	100%	STOCK			460,700.00	460,700.00			460,700.00	
STOCK	MAL09COLINASLACALA_000202	Casa Banderas Fase II	Málaga	100%	STOCK			245,830.00	245,830.00			245,830.00	
STOCK	MAL29UE4TORROX_110101	5223 MDUNA BEACH (TORROX)	Málaga	100%	STOCK			3,356,000.00	3,356,000.00			3,356,000.00	
STOCK	MAD41VALENOSO_310202	5720 NIR. HARMONY (BOADILLA 8.3)	Madrid	100%	STOCK			2,525,000.00	2,525,000.00			2,525,000.00	
STOCK	BAR01BALMES_000101	Sant Feliú	Barcelona	100%	STOCK			2,235,290.00	2,235,290.00			2,235,290.00	
STOCK	BAR14CALLEMALTA82_110101	5222 MRES. TERRAM (CAN GAMBUS)	Barcelona	100%	STOCK			5,793,000.00	5,793,000.00			5,793,000.00	
STOCK	VLL33ARIZA_000101	Parcela 6 A y 6 B Ariza	Valladolid	100%	STOCK			3,800,200.00	3,800,200.00			3,800,200.00	
STOCK	CARLOS Y GUILLERMOS FERNANDEZ SHAW	Puerta del Retiro	Madrid	100%	STOCK			963,200.00	963,200.00			963,200.00	
STOCK	GENOVA (C/HABANA 3 VILLERGAS 5)	GENOVA (C/HABANA 3 VILLERGAS 5)	Valladolid	100%	STOCK			120,000.00	120,000.00			120,000.00	
STOCK	RESIDENCIAL PASEO DE JALON (VALLADOLID)	RESIDENCIAL PASEO DE JALON (VALLADOLID)	Valladolid	100%	STOCK			3,330.00	3,330.00			3,330.00	
STOCK	TRES CANTOS	TRES CANTOS	Madrid	100%	STOCK			259,100.00	259,100.00			259,100.00	
STOCK	VALDEBEBAS	VALDEBEBAS	Madrid	100%	STOCK			220,400.00	220,400.00			220,400.00	
STOCK	VICTORIA 34	VICTORIA 34	Málaga	100%	STOCK			126,000.00	126,000.00			126,000.00	
STOCK	Oficina Fdez Shaw	Oficina Fdez Shaw	Madrid	100%	STOCK			2,936,000.00	2,936,000.00			2,936,000.00	
STOCK	Valdemoro	Valdemoro	Madrid	100%	STOCK			103,000.00	103,000.00			103,000.00	
								1,848,557,000.00	1,770,169,000.00			5,768,698,000.00	2,849,645,000.00

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