

Meridia

≡ MRE-III Proyecto Cinco Socimi

640 Diagonal Avenue, Floor 5, Barcelona (SPAIN)

www.mreiiiprojectocincosocimi.com

INFORMATION DOCUMENT

JUNE 2019

REGISTRATION OF SHARES

FOR NEGOTIATIONS ON EURONEXT ACCESS PARIS

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Ce document d'information est disponible sans frais au siège de la société MRE-III-PROYECTO CINCO SOCIMI, S.A. Ce document peut également être consulté sur le site internet MRE-III-PROYECTO CINCO SOCIMI, S.A. (www.mreiiiprojectocincosocimi.com). / Copy of this Information Document is available free of charge at MRE-III-PROYECTO CINCO SOCIMI, S.A.'s website (www.mreiiiprojectocincosocimi.com).

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ARMANEXT
LISTING SPONSOR EURONEXT

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The articles of association included in this Information Document have been translated into English from Spanish version, and their content is for information purposes only. In case of any discrepancies, and for legal purposes, the Spanish version registered with the Commercial Registry of Barcelona shall prevail.

COMPANY REPRESENTATIVE FOR INFORMATION DOCUMENT

Mr. José Luis Raso Fernández, member of the Board of Directors, acting for and on behalf of MRE-III-PROYECTO CINCO, SOCIMI, S.A. (hereinafter, the “**Company**” or the “**Issuer**” or “**MRE-III P5**”) hereby declares, after taking all reasonable measures for this purpose and to the best of his knowledge, that the information contained in this Information Document is in accordance with the facts and that the Information Document makes no material omission.

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

1 SUMMARY

The following is a summary of some of the information contained in this Information Document. We urge to read this entire Information Document carefully, including the risk factors, MRE-III P5's original Spanish language historical financial statements, and the valuation of both the assets and the Company.

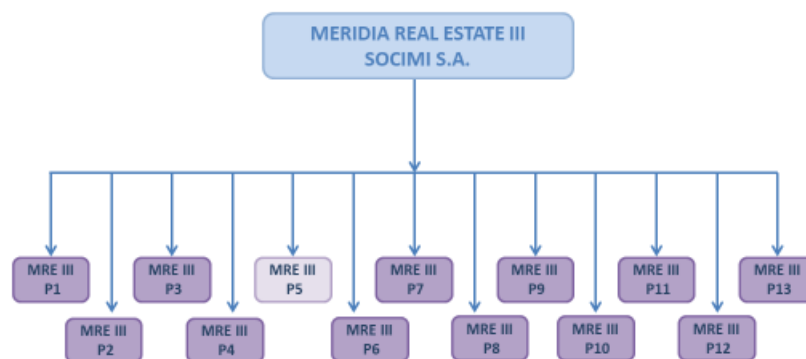
1.1 GENERAL DESCRIPTION OF MRE-ESTATE-III PROYECTO CINCO, SOCIMI, S.A.

MRE-III P5 is a Spanish company, running under the special tax regime of SOCIMI (Sociedad Cotizada de Inversión en el Mercado Inmobiliario), equivalent to a REIT (Spanish REIT).

The Company was founded on August 9, 2016 under the corporate name of MRE-III-PROYECTO CINCO, S.L.U. On June 12, 2017, the Company was transformed from a private limited liability company into a public limited liability company and consequently, it changed its denomination to MRE-III-PROYECTO CINCO, S.A. On July 12, 2017 the Company changed its denomination to the current one (MRE-III-PROYECTO CINCO SOCIMI, S.A.).

MERIDIA REAL ESTATE III SOCIMI S.A. (hereinafter, "**MERIDIA III**") is the parent company of a group of 13 companies, including MRE-III P5, whose main corporate purpose is the acquisition of real estate of an urban nature for lease, and are subject to the same special tax regime of SOCIMI, including the mandatory statutory policy for the distribution of benefits.

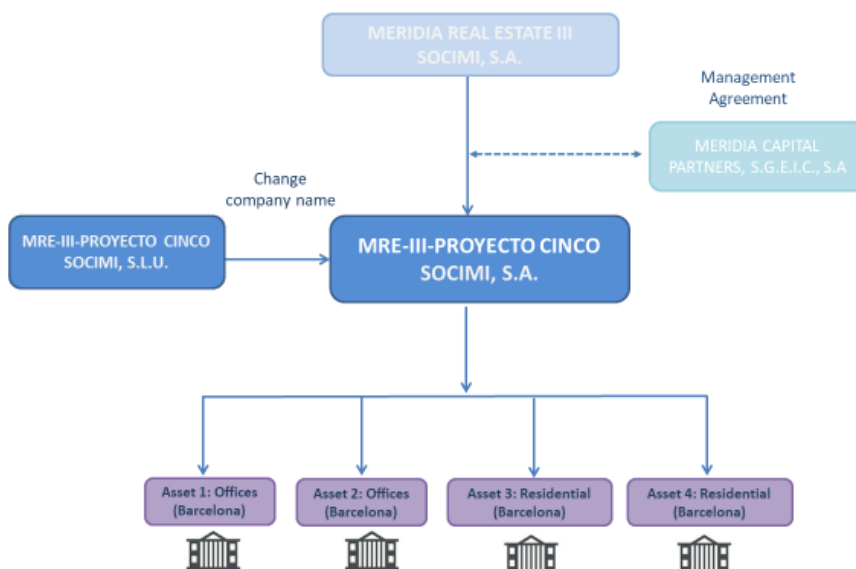
As shown in the following chart, MRE-III P5 is one of the subsidiaries of MERIDIA III, which is listed on the MERCADO ALTERNATIVO BURSÁTIL (MAB) in Spain.



During 2017 (July, August, September and October), the Company acquired several plots which formed an urban complex bordered by Ávila Street, Doctor Trueta Street, Badajoz Street and Icària Avenue, in the 22@ district in Barcelona (Spain), one of the new business areas in the city. In this complex there were a few industrial premises that have been demolished and Company shall now develop two office buildings earmarked for lease in one part of the plot and shall sell

the other part which is for residential. The construction contract was signed on May 23, 2019 and, as a consequence, the development works started.

The Company is currently developing a project (two office buildings) for rent on the purchased land, and preserving current existing two residential building for sale, as detailed in sections 3.5.1 and 3.5.2 of this Information Document.



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

1.2.1 Company name

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

1.2.2 Registered office

640 Diagonal Avenue, Floor 5, Barcelona (SPAIN)

1.2.3 Data of Registration with the Commercial Registry

Registered at the Barcelona Commercial Register.

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1.2.4 Registration for the SOCIMI special tax regime

On July 12, 2017, the Company communicated to the Tax Agency its request to be subject to the SOCIMI special tax regime, established in Law 11/2009. This was registered by the State Tax Administration on July 12, 2017.

1.3 DURATION (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

Article 4.- DURATION AND START OF ACTIVITIES

The duration of the Company is indefinite and will start its operations on the incorporation deed granting date.

1.4 CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

Article 2.- CORPORATE PURPOSE

The Company's corporate purpose is to carry out the following activities:

- a) The acquisition and development of urban real estate to be leased (CNAE 6820), including the rehabilitation of buildings in the terms established in Law 37/1992, of December 28, on Value Added Tax.*
- b) The holding of shares in the share capital of other Listed Real Estate Investment Companies (sociedades cotizadas anónimas de inversión en el Mercado Inmobiliario "SOCIMI") or in other entities not resident in the Spanish territory with the same main corporate purpose and that are subject to a similar regime to the one established for the SOCIMI, in terms of the mandatory, legal or statutory, dividend distribution policy.*
- c) The holding of shares in the share capital of other entities, resident or not in the Spanish territory, whose main corporate purpose is the acquisition of real estate property of urban nature to be leased and which are subject to the same regime established for SOCIMI in terms of the mandatory dividend distribution policy, legal or statutory, and comply with the investment requirements referred to in article 3 of this Law 11/2009, of October 26, which regulates SOCIMI (the "Law 11 / 2009 ").*
- d) The holding of shares or interests in Real Estate Collective Investment Institutions regulated in Law 35/2003, of November 4, of Collective Investment Institutions or the Law that replaces it in the future.*

In addition to the activities referred to in letters a) to d) above, the Company may carry out other ancillary activities, being understood as such that, as a whole, its income represents less than

twenty percent (20%) of Company income in each tax period, or those that may be considered ancillary in accordance with the applicable legislation at any time.

Excluded from this corporate purpose are all activities for which exercise a law might require special requisites that are not fulfilled by this Company.

If any law requires for the exercise of some or all of the activities expressed a professional qualification, administrative authorization, registration in Public Records, or, in general, any other requirements, such activities cannot be initiated before the administrative requirements have been fulfilled and, where appropriate, must be carried out by means of a person or persons having the required qualification.

The Company may carry out activities that are part of the corporate purpose, specified in the preceding paragraphs, in whole or in part, indirectly or through ownership of shares and / or interests in companies with the same or similar purpose.

1.5 FISCAL YEAR (ARTICLE 26 OF THE ARTICLES OF ASSOCIATION)

Article 26.- FISCAL YEAR AND PREPARATION OF THE ANNUAL ACCOUNTS

- 1. The fiscal year will begin on January 1st of each year and finish on the 31st of December.*
- 2. The Board of Directors, within the first three months of the year, shall prepare the annual accounts, the management report and the proposal for the allocation of the result and, if applicable, the consolidated annual accounts and management report. The annual accounts and the management report must be signed by all the directors. If the signature of any of them is missing, it will be indicated in each of the documents that are missing, with an express indication of the cause.*

1.6 DIVIDENDS (ARTICLE 29 OF THE ARTICLES OF ASSOCIATION)

Article 29 of the articles of association sets out the requirements for the distribution of profits:

Article 29.- SPECIAL RULES FOR THE DISTRIBUTION OF DIVIDENDS

- 1. Right to receive dividends. The persons entitled to receive the dividend shall be the ones registered in the accounting records of the corresponding management company of the systems for registering, clearing and liquidating securities (Iberclear, SA, Euroclear, LCH, S.A. or similar) at the time determined by the General Shareholders' Meeting or, as the case may be, by the Board of Directors, for the purposes of the distribution resolution.*

2. *Dividend enforceability. Unless otherwise agreed, the dividend will be due and payable within one month following the date of the agreement by which the General Meeting or, if applicable, the Board of Directors has agreed to distribute it.*
3. *Indemnity. If the Company is subject to the special tax of 19% on the amount of dividends distributed to those shareholders with a stake equal to or greater than 5% who pay on dividends at a rate of less than 10%, the aforementioned shareholders will indemnify the Company by reimbursing an amount equivalent to 19% of the dividends received. The indemnity to be paid by the shareholders will be offset against the amount of dividends to be paid to those, and the Company may retain the amount of indemnity from the liquid to be paid as dividends. In the event that the income received by the Company as a result of the indemnity is taxed by the corporation tax at the rate of the general tax, the amount of the indemnity shall be increased to the extent necessary to absorb this tax cost (i.e. to increase to the full amount).*

The amount of indemnity shall be approved by the Board of Directors prior to the distribution of the dividend.

4. *Right of retention for breaching of the Ancillary Obligation. In those cases in which the payment of the dividend is made prior to the deadlines established for compliance with the ancillary obligation, the Company may retain those shareholders or holders of economic rights over the shares of the Company that have not yet provided the information and documentation required in the preceding article 7 an amount equivalent to the amount of indemnity that, if necessary, they should satisfy. Once the ancillary obligation is fulfilled, the Company will reimburse the retained amounts to the shareholder who has no obligation to indemnify the Company.*

Likewise, if the ancillary obligation is not fulfilled within the established time limits, the Company may also withhold payment of the dividend and offset the amount with the amount of the indemnity, satisfying the shareholder the positive difference for the latter, if any.

5. *Other rules. In those cases where the amount of the indemnity could cause harm to the Company (for example, that derived from non-compliance with the requirement of Law 11/2009 that at least 80% of the income of the tax period should come from certain sources), the Board of Directors may require an indemnity lower than the amount calculated in accordance with paragraph 3 of this article or, alternatively, delay the enforceability of such indemnity until a later date.*
6. *These ancillary obligations shall not entail any compensation by the Company to the relevant shareholders.*

1.7 THE ADMINISTRATIVE, MANAGEMENT, AND CONTROLLING BODIES

1.7.1 Board of Directors (ARTICLES 22, 23, 24 AND 25 OF THE ARTICLES OF ASSOCIATION)

Articles 22, 23, 24 and 25 of the articles of association sets out the operation of the board of directors:

Article 22. - WAYS OF ORGANIZING THE COMPANY

1. *The Company will be managed by a Board of Directors.*
2. *The Board of Directors shall be governed by the applicable legal regulations and by these Bylaws. The Board of Directors may develop and supplement such provisions by means of the appropriate Regulations of the Board of Directors, whose approval the General Shareholders' Meeting shall be informed.*

Article 23.- TERM OF APPOINTMENT

The appointed Directors shall hold office for a term of six (6) years, which shall be the same for all of them, without prejudice to their re-election, as well as the power of the General Meeting to proceed with their removal at any time and at any moment in accordance with what is established in the Law.

If, during the term for which the Directors were appointed, vacancies occur without there being any substitutes, the Board may appoint from among the shareholders the persons to fill them until the first General Meeting.

Article 24.- REMUNERATION OF THE BOARD MEMBERS

The position of Board member is non-remunerated, without prejudice to the payment of fees or wages that could be credited against the Company, due to the provision of professional services or employment relationship, as the case may be, originating in a contractual relationship different from that derived from the position of Board member. Such fees shall be subject to the legal regime applicable to them.

Article 25.- REGIME AND NATURE OF THE BOARD OF DIRECTORS

The Board of Directors shall be composed of a minimum of three (3) members and a maximum of five (5). The General Meeting shall determine the specific number of members.

The Board of Directors shall appoint the Chairman from among its members and may appoint a Vice-Chairman to replace the Chairman in case of vacancy, absence or illness. It will also appoint the person who holds the office of Secretary and may appoint a Deputy Secretary, who will replace the Secretary in case of vacancy, absence or illness. The Secretary may or may not be a Director, in which case he / she will have a voice but no vote. The same shall apply, where appropriate, to the Deputy Secretary.

The Board of Directors shall meet at least quarterly.

The Board of Directors shall be convened by its Chairman. The Directors constituting at least one-third of the members of the Board may convene it, indicating the agenda, to be held at the place where the Company's registered office is located, if previously request has been sent to the Chairman and he has not convened the meeting within one month, without justification caused.

The convening will be sent by letter, telegram, fax, or any other written or telematic means. The call will be addressed personally to each of the members of the Board of Directors at least four (4) days in advance. The meeting of the Board shall be valid without prior notice when, when all its members attend and unanimously decide to hold the meeting

Unless other majorities are imperatively established, the Board shall be validly constituted when the absolute majority of its members attend the meeting, present or represented. In the case of an odd number of Directors, the absolute majority will be determined by default (for example, 2 Directors must be present on a Board of Directors composed of 3 members and 3 in one of 5).

The resolutions of the Board of Directors concluded by videoconference or by multiple telephone conference shall be valid provided that none of the Directors opposes to this procedure, have the means to do so, and recognize each other, which shall be expressed in the minutes of the Board and in the certification of the agreements that is issued. In such case, the meeting of the Board shall be considered sole and held at the place of registered office.

The Director may only be represented at meetings of this body through another Director. Representation shall be conferred by means of a letter addressed to the Chairman.

The Chairman will open the session and lead the discussion of the issues, giving the floor, as well as facilitating news and reports on the progress of corporate matters to Board members.

Unless other majorities are imperatively established, resolutions shall be adopted by an absolute majority of the members attending the meeting. In the case of an odd number of members, the absolute majority will be determined by default (for example, 2 members who vote in favor of the agreement if 3 members attend, and 3 if 5 members attend).

The voting of the agreements in writing and without session will be valid when no Director opposes to this procedure.

The discussions and resolutions of the Board of Directors will be taken to a book of minutes.

Notwithstanding any powers conferred on any person, the Board of Directors may appoint from among its members one or more Executive Directors or Executive Committees, establishing the content, limits and modalities of delegation.

The permanent delegation of any powers of the Board of Directors to the Executive Committee or to one or several Executive Officers and the appointment of the Board of Directors or Officers to hold such positions shall require, for their validity, a favorable vote of two thirds of the members of the Board and will not produce any effect until they are registered with the

Commercial Registry; in addition, it will be necessary to conclude the contract (or contracts) provided for in art. 249 of the Law. In no case may the delegation of the preparation of the annual accounts and their submission to the General Meeting be delegated to the Board, unless it has been expressly authorized by it to sub-delegate them and, in general, the other faculties that cannot be delegated in accordance with the provisions of art. 249 bis of the Law.

The Board may establish an Audit and Control Committee and an Appointment and Remuneration Committee with the powers of information, supervision, advice and proposal in matters within their competence that are specified and developed in the Regulations of the Board of Directors.

Likewise, the Board may set up other committees with advisory functions, without prejudice to the fact that they are exceptionally empowered to decide.

The Board of Directors of the Company is composed by:

Member	Position
Mr. Javier Faus Santasusana	Chairman
Mr. José Luis Raso Fernández	Director
Ms. Elisabet Gómez Canalejo	Secretary Director

1.7.2 Directors' trajectory

- Mr. Javier Faus Santasusana:** Founding Partner, General Manager and Chairman of the Board of Directors of Meridia Capital Partners, S.G.E.I.C., S.A. being a member of the Investment Committees of each and every one of the real estate and private capital vehicles of Meridia. A professional with more than 29 years of experience, he has managed, as a leading investor since 2001, more than 2,000 million euros in investments and disinvestments, mainly in quality real estate in Spain, France and Latin America. He has worked with the world's leading hotel, retail and real estate companies such as Four Seasons, Ritz-Carlton, InterContinental, Starwood, Six Senses, Apple and Ahold. During the last fifteen years, he has also secured guaranteed financing from leading financial institutions such as Santander, BBVA, La Caixa, Banc Sabadell, Royal Bank of Scotland, Eurohypo and Corpbanca (Chile and Brazil). His experience also includes all types of international private equity clients, from institutional to HNWI (individuals with a large patrimony), following the strictest guidelines of the ILPA (Institutional Limited Partners Association). From 2001 to 2006, Mr. Faus was General Manager and minority shareholder of HOVISA, a real estate company established in Barcelona and owner of Hotel Arts (operated by Ritz-Carlton). Between 2003 and 2006 he assumed the office of Managing Partner of the Iberian market in Patron Capital Partners. In 2010, he was appointed as member of the Board of Directors of Colonial, the largest Spanish public real estate company, until 2014, when he resigned from this job position due to incompatibilities with the Meridia II vehicle.

Prior to his professional development in the field of investments, Mr. Faus worked as a mergers and acquisitions lawyer in the offices of J&A Garrigues (New York) and Cuatrecasas Abogados (Barcelona). He holds a Degree in Law by the University of Barcelona, Master in International Law by Georgetown University, and MBA by ESADE Business School. Mr. Faus is also an active member in the academic sector, who assists different professors from Harvard, IESE and ESADE Business School helping them to write and teach cases based on his own experience.

- **Mrs. Elisabet Gómez Canalejo:** Director of the Legal Department and Head for Compliance of Meridia Capital Partners, SGEIC, SA, a company she joined in October 2017. A professional with more than twenty years of experience in the legal and corporate field, having held the positions of Corporate Director and Legal Director of Mixta Africa, a leading developer group in the African real estate market, where she worked for more than 10 years. In this company, she was Secretary of the Board of Directors and Head for Corporate Governance and Compliance. She was also responsible for the legal issues related to real estate transactions and participated very actively in the corporate equity fund raising processes and relations with the Group's institutional investors.

Prior to this, she worked for three years as Legal Director of Corporate Banking, Project Finance and Shareholding Acquisition in Caixa d'Estalvis de Catalunya (currently, BBVA), leading the Council Secretariat of many investee companies, and also worked for 6 years as a senior lawyer in the Commercial Department of the Spanish law firm Uría Menéndez.

She graduated with honors in the Law Degree at Pompeu Fabra University and holds a Master's Degree in Business Law from the same university.

- **Mr. José Luis Raso:** Chief Financial Officer of Meridia Capital Partners, S.G.E.I.C., S.A. since February 2018. Previously, for almost two years, he led the Corporate Finance Department of Almirall, S.A., a company listed on the Spanish continuous market and one of the leading Spanish pharmaceutical companies with a significant presence in the international arena.

On the other hand, for almost fourteen years, Mr. Raso worked in the audit department of one of the world's leading consultants, Ernst & Young (EY). While developing his job in the company, he was involved in a wide variety of projects with different types of companies and, among other functional responsibilities, it should be pointed out that he was an active member of both the technical department and the IFRS department of the company in Spain.

He holds a degree in Business Administration and Management and a Diploma in Business Studies by Pompeu Fabra University. He also holds a Postgraduate Diploma in Accounting and Auditing by the University of Barcelona and a General Management

Program (PDG in Spanish) by IESE-University of Navarra. Additionally, he is registered in the Official Register of Account Auditors (ROAC).

2 HISTORY AND KEY FIGURES

2.1 HISTORY OF THE COMPANY

- **August 9th, 2016:** Incorporation in Spain of the Company under the corporate name of MRE-III-PROYECTO CINCO S.L. The sole shareholder was MERIDIA REAL ESTATE III SOCIMI, S.A with a total share capital amounting € 10,000, divided into 10,000 shares with a face value of € 1 each.
- **June 12th, 2017:**
 - Transformation of the Company from a private limited liability company (Sociedad Limitada or S.L.) into a public limited liability company (Sociedad Anónima or S.A.) and therefore the new corporate name changed into MRE-III-PROYECTO CINCO, S.A.
 - Share capital increase up to € 60,000, by issuing 50,000 new shares of € 1 of face value each. More details at section 6.
- **July 12th, 2017:**
 - Capital increase up to € 11,650,000, by issuing 11,590,000 new shares of € 1 of face value each. More details at section 6.
 - Introduction of the special SOCIMI tax regime.
 - Corporate name changed into MRE-III-PROYECTO CINCO SOCIMI, S.A. in order to include the reference to the nature of SOCIMI of the Company.
- **October 27th, 2017:**
 - Capital increase up to € 15,000,000, by issuing 3.350.000 new shares of € 1 face value each through the contribution of a property by a new shareholder. More details at section 6.
 - Loss of sole character of the Company
- **March 8th, 2018:**
 - Capital increase up to € 19,962,500, by issuing 4.962.500 new shares of € 1 face value each. Five minor shareholders entered into Company by virtue of this share capital increase. More details at section 6.
 - Change of the management body from a Sole Director to a Board of Directors. Appointment of the chairman, appointment of the Secretary Non-Director, appointment of the Managing Director.

The Board of Directors of the Company was composed by:

Member	Position
Mr. Javier Faus Santasusana	Chairman
Mr. Juan Barba Silvela	Director
Mr. Adalberto Cordoncillo Antón	Director
Mrs. Elisabet Gómez Canalejo	Secretary Non-Director

- **March 14th, 2018:** Capital increase up to € 36,725,000, by issuing 16,762,500 new shares of € 1 face value each. More details at section 6.
- **May 24th, 2019:** Appointment of new directors and approval of the filing of the request of the Company to be quoted at EURONEXT ACCESS PARIS and the relevant amendments of the By-laws of the Company for these purposes. The new composition of the Board of Directors is the following:

Member	Position
Mr. Javier Faus Santasusana	Chairman
Mr. José Luis Raso Fernández	Director
Ms. Elisabet Gómez Canalejo	Secretary Director

The Company's shareholding structure is:

Shareholder	Share Capital	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	€ 28,500,000	77.61%
Sucesores de W. Hofmann, S.L.	€ 3,500,000	9.53%
Dreof II UK Meridia Holding I Limited	€ 1,125,000	3.06%
Dreof II UK Meridia Holding II Limited	€ 1,125,000	3.06%
Dreof II UK Meridia Holding III Limited	€ 1,125,000	3.06%
DOF UK Meridia Holdings IV	€ 675,000	1.84%
DOF UK Meridia Holdings V	€ 675,000	1.84%
Total	€ 36,725,000	100.00%

2.2 SELECTED FINANCIAL DATA

The Company's key figures are presented below:

SELECTED DATA	(€) 12/31/2018	(€) 12/31/2017
(€) PROFIT & LOSS		
Revenues	24,804.00	5,512.00
Operating Result	(871,465.39)	(316,735.07)
Financial Result	1,637.72	(225,913.30)
Loss before income tax	(869,828.31)	(542,648.37)
Income tax	-	-
Loss for the year	(869,828.31)	(542,648.37)
(€) BALANCE SHEET		
Investment Properties	28,741,520.48	33,923,619.58
Cash and cash equivalents	1,215,443.36	25,949.16
Capital	36,725,000.00	15,000,000.00
Non-current payables	3,375,000.00	5,000.00
Current payables	1,082,772.14	13,949,253.36

On the date of this Information Document, the Company is developing two office buildings, which are not generating any revenues.

The revenues shown in the income statement arises from the rental paid for a car wash business that already existed on the land, prior to the acquisition of the property by the Company in October 2017.

The Company received rental income for the months of November and December 2017, and from January to September 2018, when the aforementioned business moved to another location.

More detailed financial information for the Company is provided in section 8 of this Information Document.

The 2018 and 2017 Spanish language financial statements have been audited by KPMG Auditores S.L.

The financial statements (including the corresponding audit report on such financial years) are available on the Company's website: www.mreiiiprojectocincosocimi.com

3 COMPANY ACTIVITY

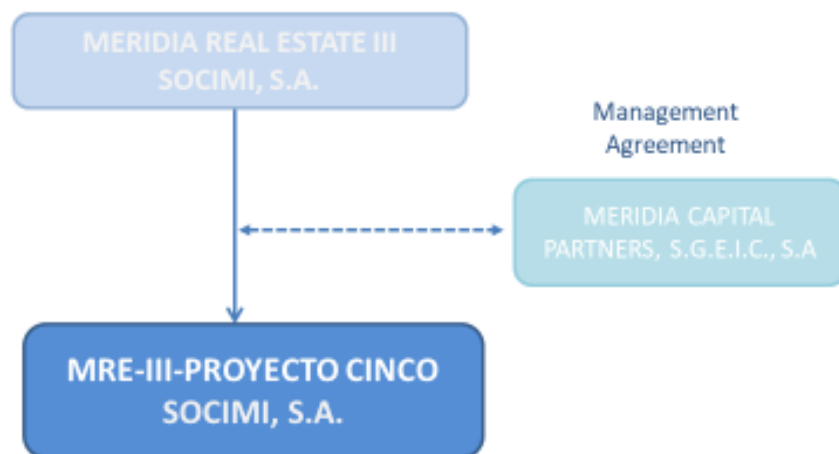
3.1 SUMMARY OF THE BUSINESS

MRE-III P5 is a real estate investment company (SOCIMI) with its registered office in Barcelona, Diagonal Avenue, Floor 640, 5º, Barcelona (Spain), and with VAT number A-66845074, with the purpose of investing in real estate located in Spain intended for lease and for sale, mainly in offices and residential, without excluding other formats.

During 2017 (July, August, September and October), the Company acquired several plots which formed an urban complex bordered by Ávila Street, Doctor Trueta Street, Badajoz Street and Icària Avenue, in the 22@ district in Barcelona (Spain), one of the new business areas in the city. In this complex there were a few industrial premises that have been demolished and Company shall now develop two office buildings earmarked for lease in one part of the plot and shall sell the other part which is for residential. The construction contract was signed on May 23, 2019 and, as a consequence, the development works started.

The Company is currently developing a project (two office buildings) for rent on the purchased land, and preserving current existing two residential building for sale, as detailed in sections 3.5.1 and 3.5.2 of this Information Document.

The structure for MRE-III P5 is shown in the following chart:



3.2 COMPANY INVESTMENTS DATA

- On the date of this Information Document, the Company has acquired four plots in the 22@ district in Barcelona, with € 56,400,000 market value, and is developing a project (offices and residential buildings).
- On December 31, 2018 the Company has total debt of € 4,457,772.14 (non-current payables and current payables), equating to a Loan To Value (LTV) of 7.9%. This amount corresponds basically to a € 3,375,000 participating loan received from Periza Industries S.á.r.l. on March 8, 2018. This loan falls due on 8 March 2033. The loan will be fully repaid either at the contract end date or on a prior date if any of the circumstances stipulated in the contract arise. This loan accrues interest at a rate of 8.4% on the Company's accumulated net profit at reporting date. At December 31, 2018 no interest has been accrued as the Company has incurred losses.
- The Company has entered into a syndicated mortgage loan Term Sheet with Caixa Bank, that will be signed at the end of June 2019, in order to finance the construction of the two office buildings, for the lesser amount among:
 - €83,500,000,
 - 66,5% of total certified costs (including land),
 - 66,5% of ECO Valuation^(*) on the property once finished the construction

Other terms of the loan are:

- Maturity date: 10 years from the signature of the contract.
 - Amortization: Initial three-year interest-only repayment period, and partial capital repayments from year 4 until maturity date, all them quarterly. The schedule for repayments of capital is growing from 1.220% in year 4, to 1,4384% in year 10, plus a balloon payment of 65.5432% at maturity date.
- Availability period: 3 years from the signature of the contract
- Interest rate: 3-Month Euribor + Margin. The interest payments will start at the end of first quarter from the signature of the contract.
 - Margin during Construction Phase: 1.95%.

^(*) ECO Valuation: Rules for the valuation of real estate properties and of certain rights for certain financial purposes, regulated by the Economy Ministry (*Orden ECO/805/2003, de 27 de marzo, sobre normas de valoración de bienes inmuebles y de determinados derechos para ciertas finalidades financieras*).

- Margin from Construction Phase closing until Maturity date: 1.75%.
 - Financial covenants, to be complied annually:
 - LTV RICS \leq 66.5%
 - RCSD $>$ 1.05x
- Investments mix

The Company investments in property assets show the following mix:

Type of real estate asset	%
Office	76.17%
Residential	23.83%

3.3 FUTURE INVESTMENTS

The Company has entered into a contract signed on May 23, 2019 with DRAGADOS, a construction company, to construct the two office buildings. The development works have already started.

The execution term for the construction works is 24 months (from May 23, 2019 to May 23, 2021).

The Project description is detailed in sections 3.5.1 and 3.5.2.

3.4 BUSINESS MODEL

The Company's business model is the investment in real estate assets in Barcelona (Spain), part of which will be allocated for lease to obtain revenues and the other part earmarked for sale.

The Company purchased several plots in order to carry out the following projects:

- a high-quality office product, with all facilities and features necessary to reach a leader position in 22@ area; and
- a residential project which is more focused on preserving current existing constructions, trying to integrate alternative and modern residential units within the protected industrial structures in order to create a high-end vintage look.

More details of the project at section 3.5.1 and 3.5.2 of this Information Document.

Consequently, the Company's business is currently focused on the project development of the assets it has in its portfolio.

On the date of this Information Document, the Company is not open to analysing possible investment opportunities in other property assets.

The Company has entered into a management agreement with MERIDIA, in the following terms:

MANAGEMENT OF THE COMPANY

The parent company, MERIDIA, entered into with MERIDIA CAPITAL PARTNERS, S.G.E.I.C., S.A., (hereinafter, "**MERIDIA CAPITAL**" or "**the Manager**"), a management agreement dated February 5, 2016 for the provision of certain services related to (i) the real estate investments and disinvestments; and (ii) several property management services, in connection with the assets acquired, directly or indirectly, by MERIDIA

MERIDIA CAPITAL is a Spanish AIFM Regulated by the Spanish Securities Market Commission (CNMV for its Spanish acronyms) and with over 13 years of proven experience in the real estate sector. MERIDIA CAPITAL is an independent fund manager managing assets of c.€1bn (including debt). In the last few years, it has been consolidated as one of the leading alternative investment fund managers in Spain.

MERIDIA entered into with MRE-III P5, dated July 12, 2017, where MERIDIA CAPITAL will provide the services contracted with MERIDIA.

Management Agreement

The corporate services shall include, but not be limited to, the following:

- (i) Supervision of the accounting records (accounting books) to have the certainty that are maintained accurate and complete, review the annual financial statements and all corporation tax computations and related documents and correspondence with tax authorities in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in Spain;
- (ii) Preparing asset valuation reports, as may be requested by the governing bodies of MRE-III P5;
- (iii) Controlling the day-to-day operations of MRE-III P5;
- (iv) Being in charge of the regulatory compliance by the Company, as defined from time to time;
- (v) Performing any and all such other services of a general management nature that are reasonably deemed to be in the best interests of MRE-III P5, e.g., representing the Company in front of any supplier, customer, public entities or any other third party, subject to limits defined by the administration body of the Beneficiary from time to time,

provide advice and/or assistance to the administration body of the Company in all matters pertaining to its administrative, financial, legal and commercial status.

Fees

The consideration for the Services shall be an amount equal to 1.35% of the funds disbursed by any means in equity or debt by the Company.

Term

The validity-term of this Management Agreement is of eight (8) years as from the incorporation of the Company, regardless of the effective date of execution of the Management Agreement.

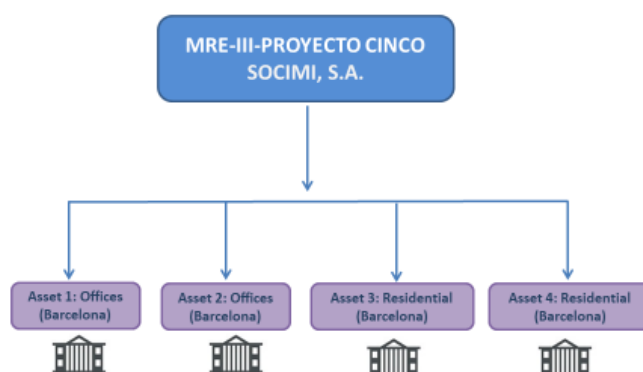
This term may be extended for another additional year, giving rise to a total maximum term of nine (9) years provided that the term of the Management Agreement among MERIDIA and MERIDIA CAPITAL is also renewed.

Likewise, the Manager undertakes to support the Company both in the process of its incorporation into trading in EURONEXT ACCESS PARIS, and in the fulfillment of all market information requirements to which the Company is subject by the applicable regulations.

The Manager is the one who has promoted the constitution of the Company and is the one who, by virtue of the management contract, designs the investment strategy, although the final decision to approve the investments falls on the administrative bodies of the Company.

3.5 DESCRIPTION OF REAL ESTATE ASSETS

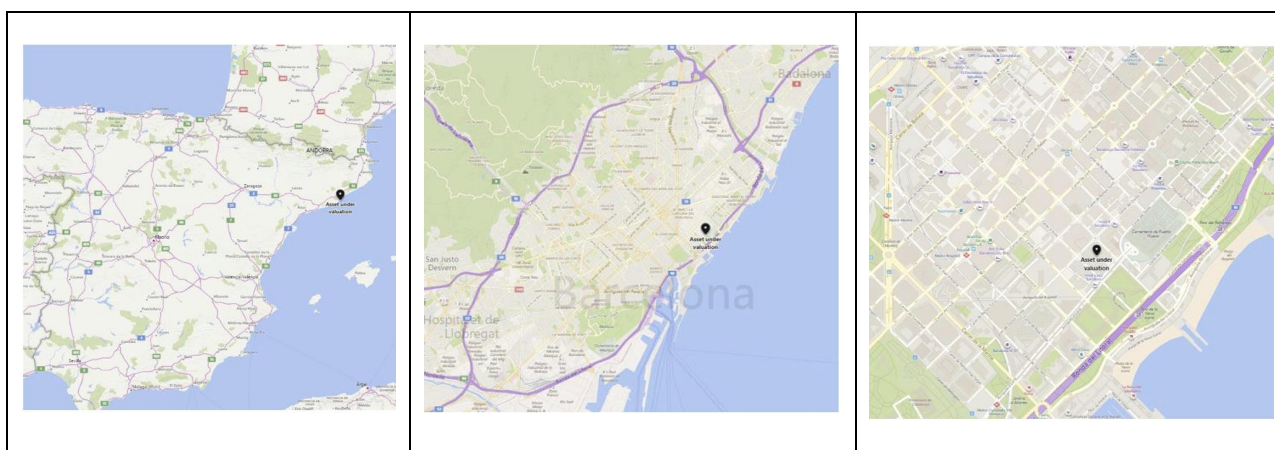
The Company has acquired some property assets, consisting of four plots, to be developed into offices and residential buildings in the 22@ district in Barcelona (Spain), as detailed in sections 3.5.1 and 3.5.2. of this Information Document.



3.5.1 Location

The Property (hereinafter, “**Project Sea - 22@**” or “**the Asset**” or “**the Project**”), which includes the assets that are shown in the figure above, is located in Barcelona City Centre, in the area of 22@, in Poblenou. This area of the city has seen a large number of new office developments over recent years and is set to be the new technology and innovation hub of the city. Historically the area of Poblenou was a mixed-use area of old industrial buildings and poor quality residential, but plans set in place by the Catalonia government have seen development of modern office buildings to provide for a new commercial area within the city. In recent years this has been the only area of Barcelona to see new development projects come to the market since the boom years leading up to 2007.

The area is well connected via public transport including regular bus services connecting to the rest of the city and several metro stops surrounding the subject property. The area is close to the sea being only 500m away from Nueva Icària beach. The closest metro stations are Barceloneta-Vila Olímpica and Metro Bogatell (Line 4) at approximately 10-12 minutes walking from the foot of the property.



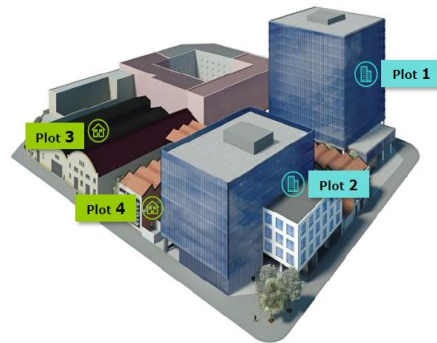
Source: Bing Maps

The complex is bounded by Ávila, Badajoz and Avenida Icària streets, in the previously mentioned ‘New Business Area’ zoning of Barcelona (22@ area). The area of 22@ is an area that has undergone a great transformation since 2000. The idea is to create a new model of urban space that replaces the previous urban qualification 22a, which allowed exclusively industrial use, by the new urban key 22@, which allows the coexistence of all non-polluting activities and normalizes the presence of dwellings formerly affected by the industry in the area.

3.5.2 Description

The Project Sea - 22@ is aimed to develop a high quality office product, with all facilities and features necessary to reach a leader position in 22@ area. Residential assets, instead, is more focused on preserving current existing constructions, trying to integrate alternative and modern residential units within the protected industrial structures to create a high-end vintage look.

Project Sea – 22@, and plots (assets) included



Project Sea - 22@ consisting of the acquisition of a block (the “Property”) located in Barcelona and delimited by the Ávila Street, Doctor Trueta Street, Badajoz Street and Icària Avenue, in order to undertake a mix-used development.

It is located in Barcelona, just one block away from the beach, as well as close to the Olympic Port and Olympic Village, in the well-known area of 22@ Districte de la Innovació.

The micro-area is a prominent residential neighbourhood, with substantial commercial and economic growth due to its exposure to the dynamic 22@ project.

22@ Districte de la Innovació, has been (and is) one of the most ambitious urban renewal projects in the world. It began as a government initiative in 2000, to transition the historic but rundown industrial Poble Nou neighbourhood into a new technology, innovative and knowledge-driven economic powerhouse.

This new ordinance allowed for a new land designation called 22@, which substituted the traditional industrial designation 22@. So, terrain in the 22@ zone, which is basically the whole south-eastern quadrant of the city, from Gran Via to the beltway and from the Olympic Village to Rambla de Prim, which is the equivalent of 115 blocks in the Example, allows more construction, more public spaces or green areas and subsidized housing as long as the previous industrial activity is replaced by offices or other business services and equipment related to new technology and knowledge.

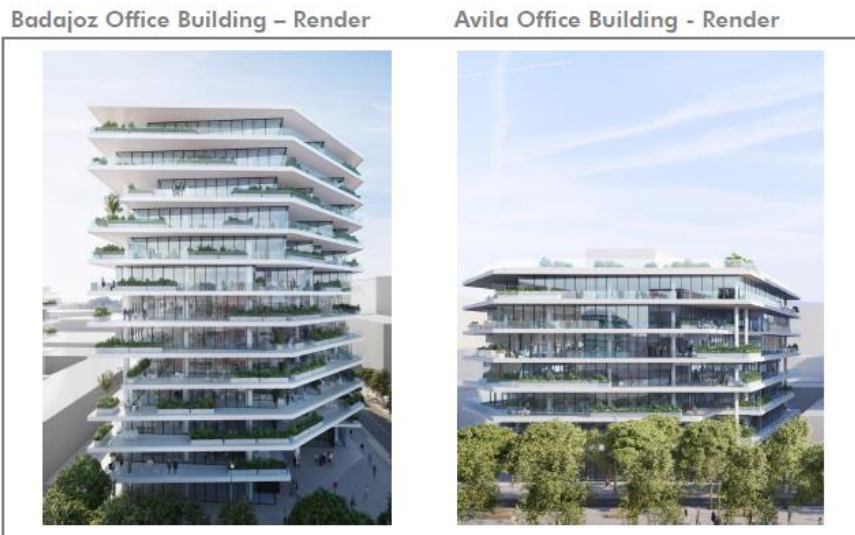
Today the 22@ District hosts universities, research and training centers, startups and cutting-edge technology companies alike. Since 2001 more than 4,500 new companies have opened offices in the 22@ District, including Yahoo! I+D, Mediapro, Microsoft, Sanofi-Aventis, Groupalia, Capgemini, Schneider Electric, Vistaprint or Indra, and they have created more than 56,000 new jobs. The district is currently at or near maximum capacity and is actively seeking to expand in order to accommodate new companies.

The Asset (four plots) is a mixed-use project with two office buildings of 29,099.22 sqm and two buildings to convert into residential style “lofts”.

The two office plots are located in the junction between Badajoz Street and Avenida Icària and Àvila Street and Avenida Icària.

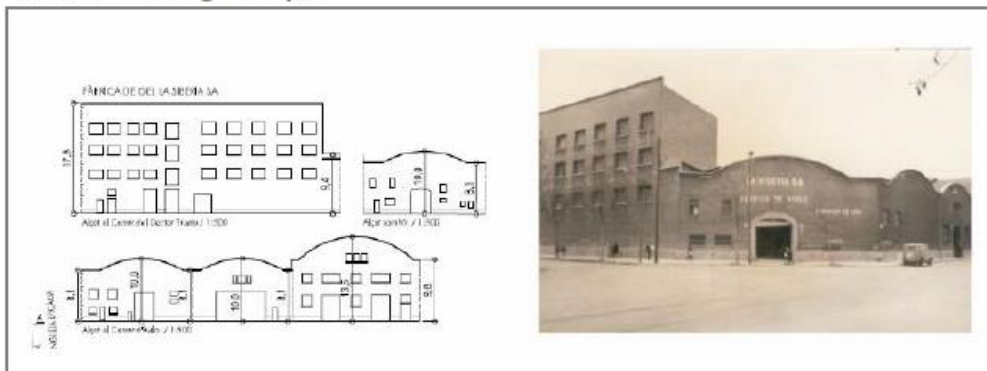
Badajoz Office buildings has a total of 19,162.70 sqm of buildable area and 178 parking spaces located at underground floor.

Ávila Office building has a total of 9,936.52 sqm of buildable area and 169 parking spaces located at the underground floor.



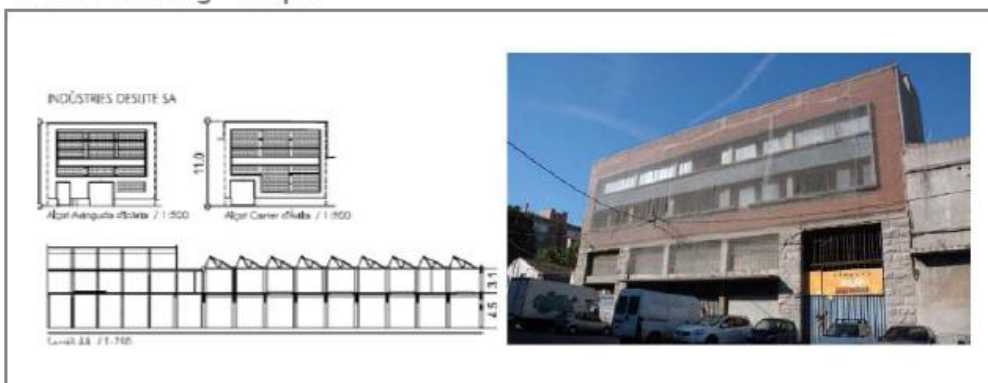
The two residential plots are located at Avenida Icària Street and Ávila Street. Located on the plots are the former ice factory La Siberia and the Industrias Deslita building, two buildings that are considered historic buildings and which are protected.

Siberia Building – Project



The Siberia Residential Building has a total of 3,450 sqm of residential buildable area and the Deslita Residential building has a total of 3,450 sqm of “loft style” residential development.

Deslite Building – Project



The property under valuation consists of a land plot divided into four different registry properties, all of them under the “PMU” (Urban Mobility Plan).

The four plots can be summarized as follows:

Asset number	Plot number	Project Name	Main Use	Plot area (sqm)	Buildability (sqm)
1	2	Ávila Office Building	Office	1,905.62	9,936.52
2	3	Badajoz Office Building	Office	2,118.23	19,162.70
3	5	Siberia Residential Building	Residential	1,631.91	3,450.00
4	6	Deslite Residential Building	Residential	2,105.31	3,450.00

Plot 2: The plot has the front side at Av. Icària Street, it is under the qualification 22@T it has a total surface of 1,905.62 sqm with a buildability assigned of 9,936.52 sqm. Office use is allowed having, at least, 2,234.84 sqm intended for @ activities.

Plot 3: The plot has the front side at Badajoz and Av. Icària Streets, it is under the qualification 22@T it has a total surface of 2,118.23 sqm with a buildability assigned of 19,162.70 sqm. Office use is allowed having, at least, 4,309.93 sqm intended for @ activities.

Plot 5: The plot has the front side at Avila and Dr. Trueta Streets, it is under the qualification 22@T1 “habitatge no convencional”, it has a total surface of 1,631.91 sqm with a buildability assigned of 3,450 sqm. Residential is allowed having a maximum of 43 residential units. The plot is occupied by the former ice factory La Siberia, which is protected under the “Pla especial de protecció del patrimoni arquitectònic historic artistic de la Ciutat de Barcelona”.

Plot 6: The plot has the front side at Ávila and Av. Icària Streets, it is under qualification 22@T1 “habitatge no convencional”, it has a total surface of 2,105.31 sqm with a buildability assigned of 3,450 sqm. Residential is allowed having a maximum of 43 residential units. The plot is occupied by the factory building Industrias Deslite, which is protected under the “Pla especial de protecció del patrimoni arquitectònic historic artistic de la Ciutat de Barcelona”.

3.6 THE MARKET

3.6.1 Introduction

International Outlook

In 2018, the global economy grew at a rate of 3.0%, which was very similar to the one achieved in 2017 (3.1%). Global GDP (Gross world product) is expected to grow by 2.9% in 2019, although forecasts suggest that the USA and the Eurozone area will register slightly lower levels of 2.5% and 1.6% respectively. According to the World Bank, global growth is moderating as the recovery in trade and manufacturing activity loses steam. Economic growth in the US has remained strong, achieving a GDP growth of 2.9% in 2018 mainly explained by the fiscal stimulus. However, in the Euro area GDP growth only registered a growth of 1.9% (vs 2.4% in 2017), showing a weaker trend justified by slowing net exports.

As a summary, global growth is expected to have a downward trend, justified by a slowdown in global trade and a removal of expansionary monetary policies in advanced economies.

In December 2018, the European Central Bank (ECB) announced the end of crisis-era stimulus that started in 2015: quantitative easing. The purpose of this program was to increase money supply, lower interest rates, promote lending and liquidity, prevent deflation and rebuild confidence and boost the economy. Bond purchases have fallen since then from 15 billion euros a month in the final quarter of 2018 to zero. However, the ECB government council confirmed that they still plan to spend cash from existing maturing bonds to purchase additional debt, meaning that the expansionary policy has not formally come to an end.

The results of the Brexit negotiations will also play a key role in determining European economic confidence and trade.

Spanish Economy

In Q4 2018 the Spanish economy grew by 2.4%. Spanish economic growth is underpinned by more balanced foundations than it was prior to the crisis, with internal and external demand now the primary drivers. The stability of economic growth in Spain throughout 2018 was in marked contrast with the situation in the rest of the Eurozone, where there was distinct a slowdown as economic activity dropped sharply in comparison to 2017.

Looking further ahead, GDP growth is expected to gradually slow over time, as demand policies become less expansive and as the decline in overseas exports which will have an increasingly adverse effect on family and company expenditure gathers pace. After growing by 2.4% in 2018, CRBE Valuations Advisory Services S.A. (CBRE) forecasts growth dipping to 2% and 1.3% in the next two years respectively. However, other research centres such as the Bank of Spain place these figures slightly higher, at 2.2% and 2% respectively.

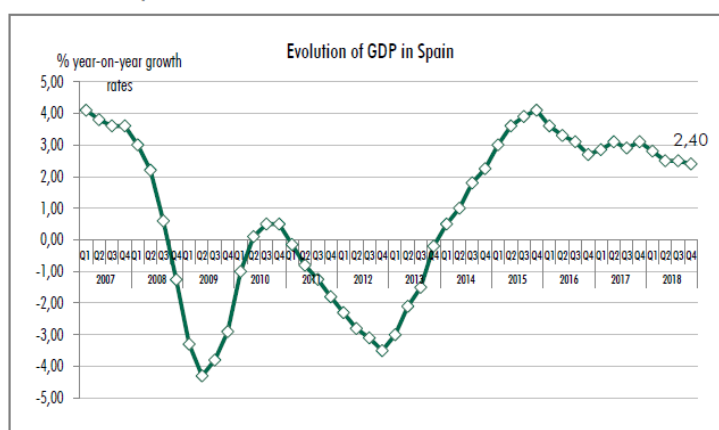
Despite this easing in the rate of growth, which will also slightly put the brakes on growth in domestic demand, Spain will continue to be one of the countries to post the highest growth in Europe in 2018.

Spanish Gross Domestic Product (GDP)

The fourth quarter of 2018 closed with a year over year (y-o-y) GDP growth rate of 2.40%, according to the Instituto Nacional de Estadística (INE). This confirms the stabilisation of GDP growth, which since the peak at the end of 2015, achieved a level of growth of 4%. During the last couple of years, GDP growth has been around 3.00%. Nevertheless, potential changes in the Spanish government may reduce these forecasts, although this remains uncertain for the moment. The figure recorded at year end was slightly below the figure of Q3, standing at 2.50%.

CBRE forecasts for the Spanish economy suggest that the expansion phase of the cycle- which began in the final stretch of 2013-will persist for the next few years. More specifically, we estimate that Spain’s GDP will grow by around 2.4% in 2019. The factors underpinning this strong performance in the short-term are primarily interest rates which remain at record lows, the improved financial position of companies and households and the drop in the price of oil.

Evolution of Spanish GDP



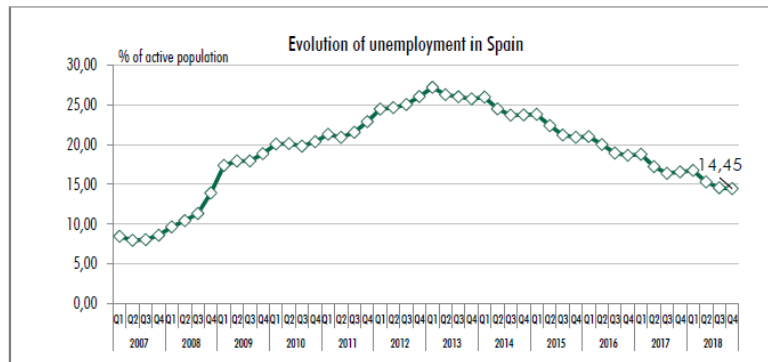
Source: INE (Q3-2018)

Unemployment

The number of people in employment grew over 450,000 in 2017, primarily due to the upbeat performance recorded by the private sector (with the services sector topping the table), given that only 88,600 of these jobs were created by the public sector. At the end of the year, the unemployment rate therefore stood at 14.45%, down 210 bps on yearend (YE) 2017.

The labour market continued to create new jobs at a steady pace throughout 2018. Overall, net job creation led to a further decline in the unemployment rate, which according to the Bank of Spain is likely to have dropped to circa 14.5% at YE 2018. This confirms the positive trend since 2013, when the unemployment rate went up to 27%. That said, the unemployment rate remains high among young people and among those that have been out of work for a long time.

Evolution of Unemployment in Spain



Source: INE (Q3-2018)

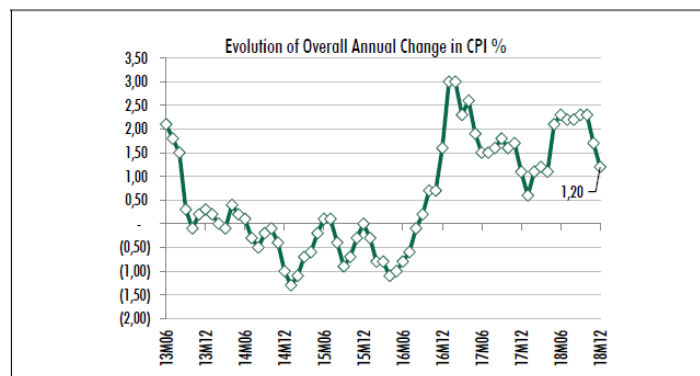
Improved employment terms and conditions, fewer part-time contracts and greater productivity via more skilled human capital are just some of the other challenges facing the Spanish economy. There are a number of other issues that must be addressed as swiftly as possible, such as the sustainability of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

Consumer Price Index

Consumer Price Index Consumer (CPI) prices rose throughout 2018, largely driven by the cost of energy. Nevertheless, from Q3 we began to see a marked slowdown, in line with recent trends in crude oil prices, which have dropped sharply. In December, the CPI closed at 1.2%, down from 1.7% in November. The average annual inflation rate came in at 1.7% in 2018, 0.3% down on the previous year, while the core rate of 0.9%, was down 1.1% y-o-y.

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

Consumer Price Index – Monthly Evolution



Source: INE (Oct-2018)

Financing

Spain remains very much in demand as investors and lenders try to estimate how much longer the current economic cycle will last. Yet any caution is based primarily on sentiment, as the hard data continues to be overwhelmingly positive. While many fundamentals reflect peak pricing, they are nonetheless supported by continued strong growth in GDP, employment and house

prices, strong absorption and rental growth (especially in the office and logistics sectors) and a lack of significant new development. The consensus is that Spain, which started its recovery later than other markets, still has room to run.

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

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

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

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

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

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

On the whole, financing terms remain generally conservative. While competition has driven margins lower, lenders have maintained discipline with regard to leverage. Only now are banks beginning to consider requests to add mezzanine debt behind their 55%-65% LTV senior loans. In addition, greater emphasis is placed on historical performance and experienced sponsors.

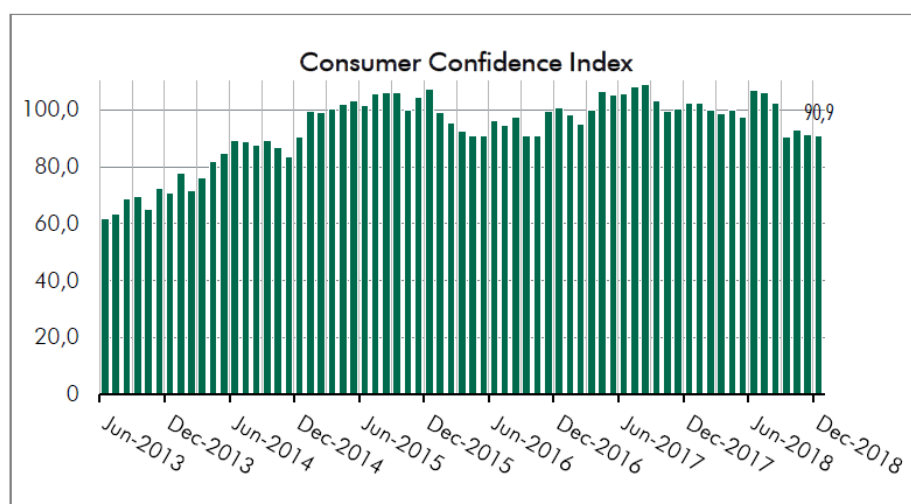
While still some time off, lenders are cognizant of upcoming Basil IV requirements, which will start to be applied in 2022.

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

Consumer Confidence

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

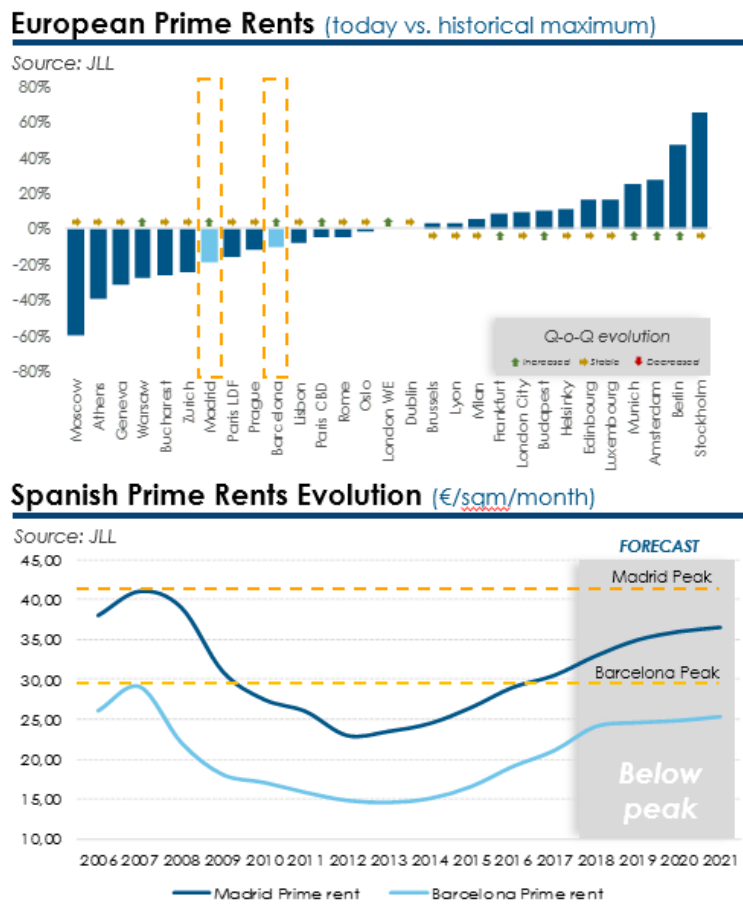
Consumer confidence then began to fall in 2016 with an uptick at the end of the year. It then continued to decrease due to the uncertainty generated by upcoming political events such as the French elections, the Dutch elections and the triggering of article 50 by the United Kingdom to effectively end their membership of the European Union. However, the generally positive results of these events (the defeat of Eurosceptic parties) and the positive European macroeconomic indicators have bolstered consumer confidence up to 108.3 in August 2017, the highest it has been in the last eight years. Since then, the figure fluctuated close to 100 points until March 2018, when it decreased to 98.6. After rising again during the summer, reaching 107 in July, Consumer Confidence followed a downfall trend, and is December standing at 90.9 as at December 2018.



Source: Trading Economics/Instituto de Credito Oficial (Dec-2018)

Real Estate Market Overview

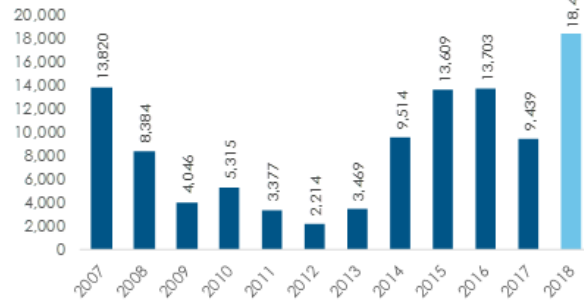
- While other markets have well surpassed peak levels, Spain has trajectory to grow.



- After a 5-year growth period, the Spanish Real Estate market has consolidated, driven by strong fundamentals and a continued increase in occupier demand.
- High market liquidity driven by healthy investment volumes.
- Attractive opportunities exist through proprietary deals / opportunistic acquisitions combined with effective asset management. Further uplifts in occupancy and rents expected.
- Low maintenance levels carried out by owners during the crisis years represent an additional opportunity to refurbish or reposition.
- Controlled development opportunities exist in certain pockets of Iberia's top 3 cities where strong demand continues to outstrip supply (i.e. Barcelona's 22@ district).

CRE Iberia Investment Volume (€m)

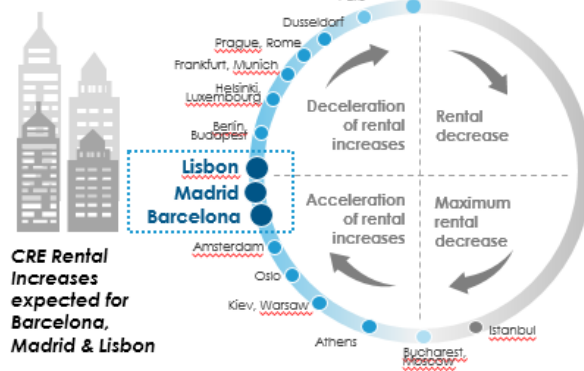
Source: Deloitte



EMEA CRE Rental Prices Cycle

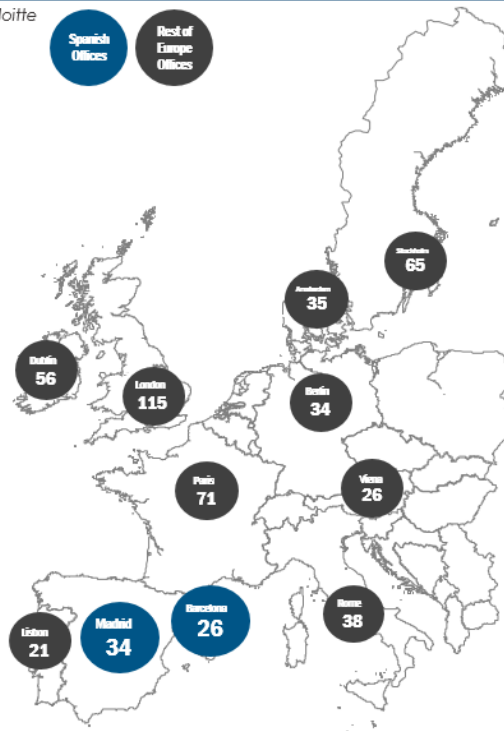


Source: Deloitte



European Prime Rental Prices (€/sqm/month)

Source: Deloitte

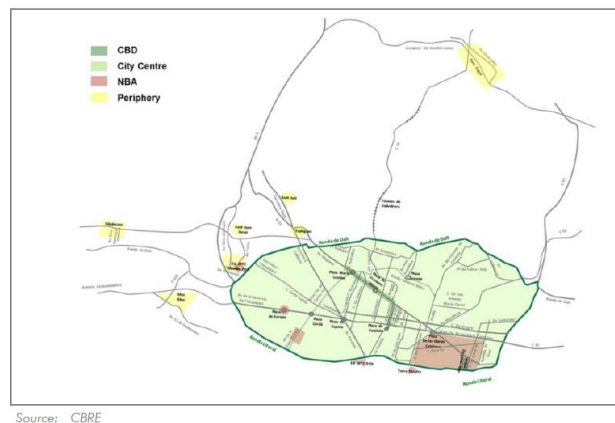


3.6.2 Barcelona's Office Market

The Barcelona office market can be split into four main zones:

1. Central Business District - Av. Diagonal and Passeig de Gracia.
2. City Centre - The traditional and consolidated business areas of the city.
3. New Business Areas (NBA) - North and south of the city centre - including 22@, Plaza Glories, Diagonal Mar, WTC Barcelona, Plaza Europa, Villa Olimpica, Finestrelles and Sagrera.
4. Periphery - El Prat de Llobregat, Viladecans, Sant Cugat de Valles, Sabadell, Terrassa.

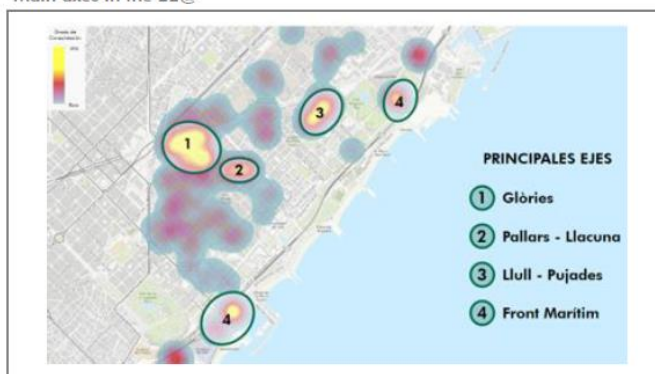
Barcelona Office Market by Zone



The subject property is located in the 'New Business Area' zoning of Barcelona, more specifically in the 22@ area. The area of 22@ is an area that has undergone a great transformation since 2000. The idea is to create a new model of urban space that replaces the previous urban qualification 22a, which allowed exclusively industrial use, by the new urban key 22@, which allows the coexistence of all non-polluting activities and normalizes the presence of dwellings formerly affected by the industry in the area.

Currently the 22@ is a semi-consolidated area with ongoing projects both residential and offices. The area is endowed with a total of 198.26 Ha, with a gross buildable area of 4,000,000 sqm, being 3,200,000 sqm for productive activities and 800,000sqm for housing, equipment and services.

Main axes in the 22@



Source: CBRE

Barcelona Office Market overview

The Barcelona office market registered take-up of 86,000 sqm in Q4 2018, placing the total annual take-up figure at close to 388,000 sqm, up 13% y-o-y. This is the second highest figure since 2006 - beaten only by 2015.

Some of the quarters standout transactions include Glovo's pre-letting of the 5,100 sqm that will serve as its new headquarters in the property currently being completed by Barcelonesa on Calle Llacuna in the 22@ district. WeWork also continues to expand in Barcelona, signing two new lease agreements - one at Passeig de Gracia 17 for 4,709 sqm and the other at Avenida Diagonal 444 for 3,227 sqm. Lastly, TravelPerk will occupy 3,369 sqm in Torre Glòries in the 22@ district.

The vacancy rate continues to fall, dropping from 10.7% to 8.3% over the course of 2018, with immediately available space standing at just over 482,000 sqm at year-end.

Strong demand continues to put upward pressure on rents, with the prime rent standing at €25.50 per sqm/month, up almost 8.5% y-o-y. Since the market bottomed out in 2013 and 2014, the prime rent has climbed 44%.

A total of €227 million was invested in Barcelona's office market in Q4 2018, with the upturn in investor confidence tightening yields to a record low of 3.8% in Q4, down from 4%.

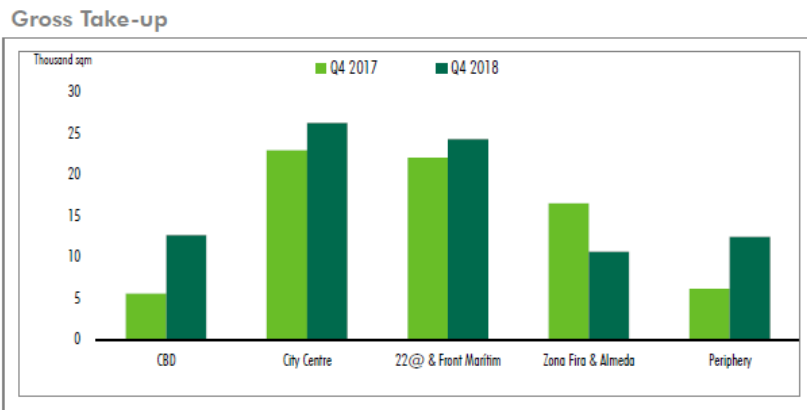
Market Activity in Q4 2018

Market activity in Q4 2018					
Area	Stock (sqm)	Take-up (sqm)	Availability (% stock)	Future Supply* (sqm)	Prime Re (€/sqm/mo)
CBD	786,857	12,626	4.0%	12,795	25.50
City Centre	2,405,745	26,234	6.4%	1,700	21.00
22@-FM	893,228	24,263	8.8%	84,496	23.00
Zona Fira and Almeda	477,771	10,611	8.0%	71,176	17.00
Periphery	1,230,288	12,402	14.7%	0	12.00
Total Barcelona	5,793,888	86,136	8.3%	170,166	25.50
Source: CBRE			*Total under construction and undergoing refurbi		

Source: CBRE

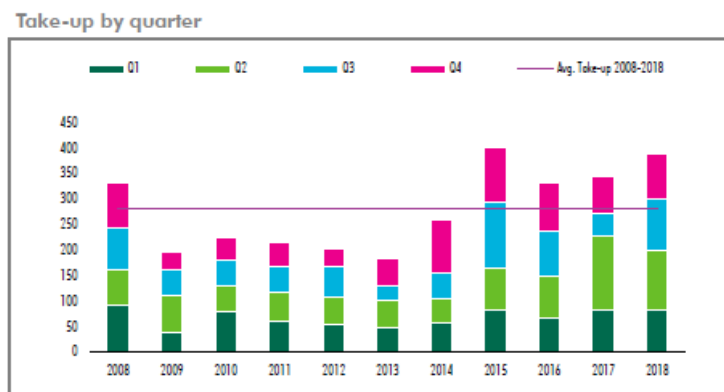
Demand

Take-up in the Barcelona office market in Q4 2018 totaled 86,000 sqm, with the full-year figure standing at close to 388,000 sqm. This was higher than initial year forecasts which were affected by the political uncertainty in the area, and demonstrates the strength of the Barcelona market, which continues to perform well despite the current political climate. Take-up grew by 13% y-o-y, the second largest increase since 2006.



Source: CBRE (Q4 2018)

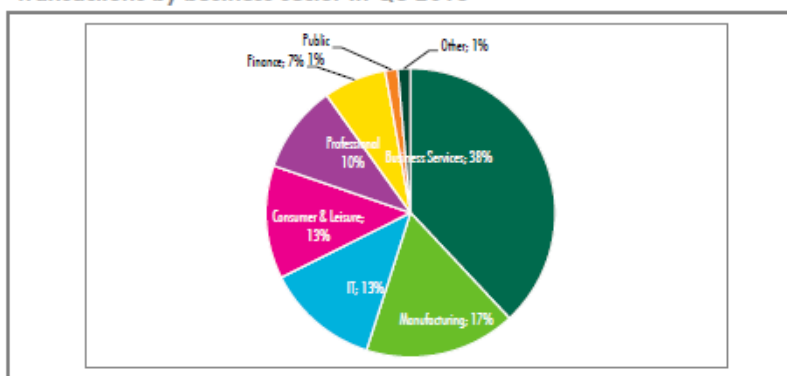
For some time now, CBRE has seen properties being pre-let due to the lack of large, immediately-available quality product on the market. Pre-letting, which is a way of getting around the lack of availability, rose considerably during 2018, accounting for 21% of total take-up during the year.



Source: CBRE (Q4 2018)

Over the past few years, Barcelona has seen the amount of space taken by international companies rise. Barcelona's strategic location, talent pool and overall business dynamic, as well as its quality of life, are all key factors that draw international firms to the city. Ever since the start of the new property cycle in 2014, take-up by international companies has grown by 88% compared to the previous five-year period (2009-2013), registering record highs in 2018. During the same period, national companies have increased their take-up by 53%.

Transactions by business sector in Q3 2018



Source: CBRE (Q4 2018)

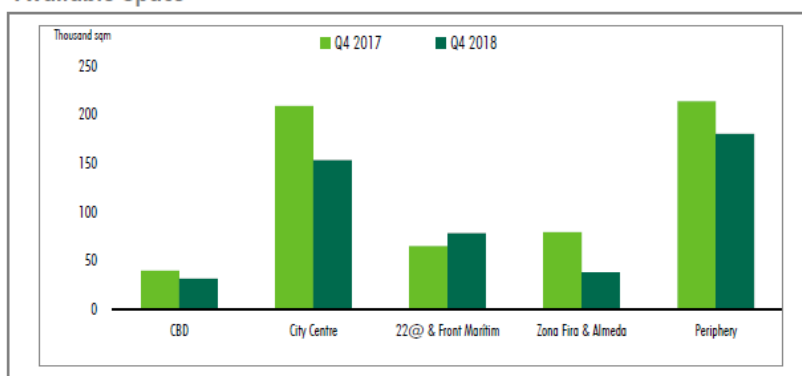
Also note take-up by flexible office space operators, such as WeWork, Utopicus and Regus. Although this trend first started to emerge in 2017, when flexiblespace accounted for 4% of take-up in Barcelona, 2018 saw it really take off -accounting for 12% of take-up. This trend will continue into 2019, with new players such as Twisttt already announcing their plans to open new locations in Barcelona.

Supply

Available office space fell by 27,000 sqm to 482,000 sqm in Q4, pushing the vacancy rate down to 8.3%, from 10.7% at YE-2017.

The vacancy rates in 22@-FM and Zona Fira-AP dipped below the 10% barrier, reaching 8.5% and 8.0% respectively, testament to the strong occupier demand in these markets. At 14.7%, the Periphery is the only market with a vacancy rate above 10%, reflecting the prevailing strength of the diversified Barcelona office market.

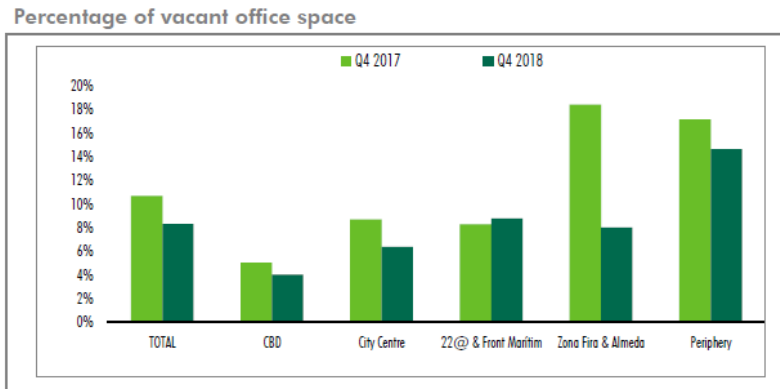
Available Space



Source: CBRE (Q4 2018)

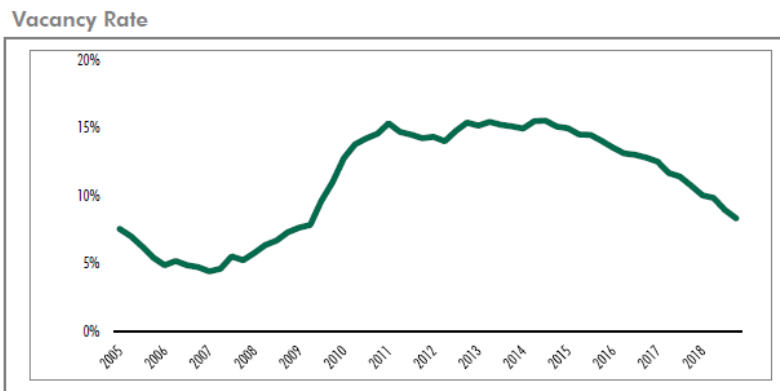
The sharp drop in vacancy registered in Zona Fira-AP during the last two years is of particular note, falling from 26.2% at the start of 2017 to 8% thanks to intense lettings activity, particularly in the BCN Fira District complex and Almeda Park WTC.

A total of 167,000 sqm of new-build office space was delivered in 2018 in Barcelona, the highest figure since 2010. In spite of this, many of the projects delivered have not provided new available space, as they were pre-let before completion, meaning there is still a significant lack of large, immediately available high-quality office space in Barcelona, particularly in the most sought-after areas. As such, prospective tenants often have difficulty finding a space that meets their requirements.



Source: CBRE (Q4 2018)

In the face of this challenge, development activity continues, with just over 170,000 sqm currently under construction or being refurbished, with half of these projects located in 22@-FM. With 38% of this space under development already pre-let, 105,000 sqm is still available, however, given the current market dynamic, it is likely that the majority of this space will be pre-let prior to completion.

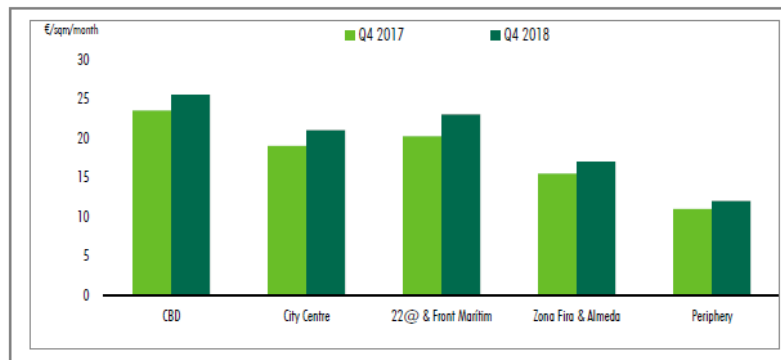


Source: CBRE (Q4 2018)

Rents

During Q4, prime rent increased by €0.50 to €25.50 per sqm/month. Current levels of demand and the lack of quality supply continue to drive rents upwards, with the prime rent in Barcelona growing by 8.5% in 2018. Since bottoming out between 2013 and 2014, the prime office rent in the city has risen by 44%.

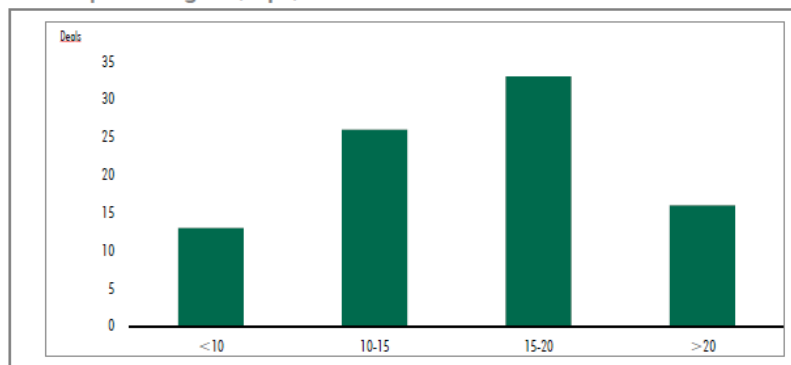
Prime rents in Barcelona



Source: CBRE (Q4 2018)

Rents rose across all submarkets during 2018. In 22@-FM, prime rent rose 13.6% y-o-y to €23.00 per sqm/month, the highest rental increase in Barcelona, thanks to the increased quality of properties in the area and rising demand. As we've been noting for some time, the Plaça de les Glòries area in 22@-FM is becoming an increasingly established extension of the Central Business District (CBD), with rising demand pushing rents up and bringing them more into line with the those in the CBD. In fact, 22@-FM is the only submarket to have nearly caught up with the CBD in terms of rents.

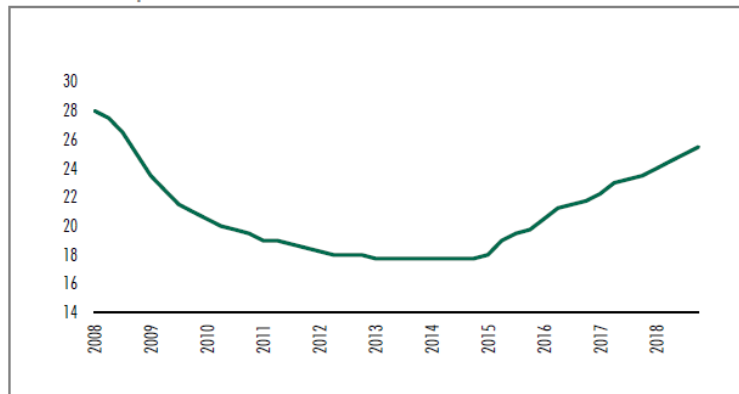
Rental price ranges €/sqm/month



Source: CBRE (Q4 2018)

The average weighted rent also rose across all submarkets, except for the Periphery, where the overall result was impacted by a large low-rent letting. The sharpest increase was in the CBD, where the average weighted rent climbed 11.1% y-o-y thanks to the rents signed by WeWork for its two new centres on the Passeig de Gràcia. 22@-FM, however, wasn't far behind, registering an increase of 7.3%.

Variation in prime rent in the CBD



Source: CBRE (Q4 2018)

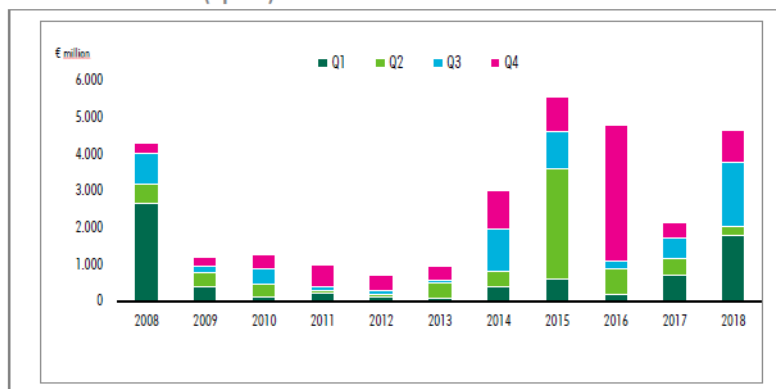
Rents are set to keep climbing in 2019, especially in the best properties on the market. However, the current phase in which Barcelona market finds itself, combined with slowing economic growth suggest that rental growth will be more muted than in recent years.

3.6.3 Investment Market

The Spanish office investment volume for Q4 2018 came in at €876 million, taking the YE total to €4,633 million, up +119% y-o-y. This figure includes corporate investments such as Colonial’s acquisition of Axiare and Blackstone’s acquisition of Hispania. Excluding corporate deals, total investment stood at €2,541 million, up 20% y-o-y.

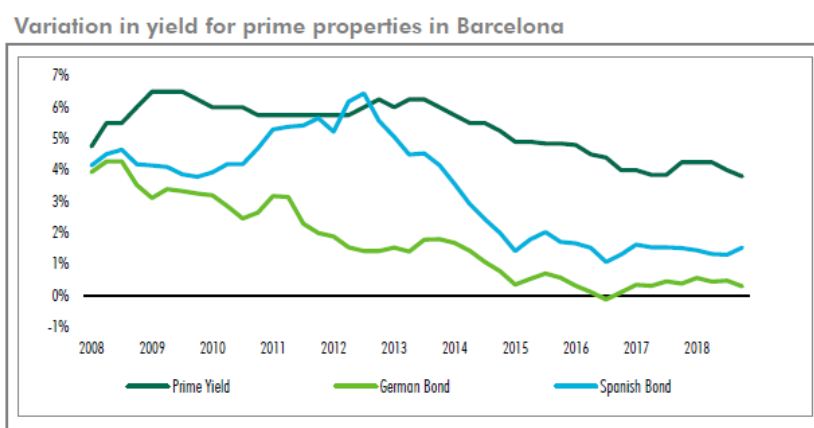
In 2018, the Catalan market was a year of great contrast. The first half of the year was characterized by low investment activity due to the political uncertainty generated in the third quarter of 2017, while the second half of the year was marked by record investment figures in Catalonia. This sharp recovery is related to the overall strong market fundamentals in the region, but in particular the office market, which produced strong take-up levels, rent growth, and a consistent decline in vacancy rates- all of which resulted in renewed investor confidence. Ultimately, this return of confidence led to a record figure of €927M of investment, which places 2018 as the best year for investment in the last 10 years.

Office Investment (Spain)



Source: CBRE (Q4 2018)

Now that the political uncertainty has subsided slightly, the lack of on-market product remains the market's overriding tone, especially in terms of product that would attract core and core plus investors. However, in spite of this, many investors are still actively looking to invest in Barcelona, as demonstrated by the number of off-market opportunities that are currently being analysed. Without a doubt, the most significant operation was the purchase of the Planeta building by Blackstone.



Source: CBRE (Q4 2018)

After the political uncertainty drove the prime achievable yield up to 4.25% at the end of 2017, the subsequent upturn in investor confidence has brought this figure down to 3.8%, a record low for the Barcelona office market. The CBD looks set to stabilize during 2019, with some yield compression in other areas such as the City Centre and 22@-FM.

22@ Pipeline Offices

As commented before, the lack of available spaces is encouraging pre-rentals. Consequently, many of the ongoing projects are going to be delivered without increasing the supply. This is the case of P.E. Luxa and Parc Glòries that have been delivered in the first semester of 2018. In addition, Barcelonesa project located in Calle Llacuna 63 and the WIP building, delivered during 2018.

Looking ahead to 2019, we can name the Alaba 22@ building which will be available.

ID	BUILDING	EXPECTED DELIVERY	OFFICE SURFACE	AVAILABLE SPACE	RENT
1	Torre Glòries	2018	28.000	13.549	20-27
2	Parc Glòries	2018	24.540	-	20,00*
3	Llacuna 63-71	2018	23.342	23.342	20,00
4	P.E. Luxa	2018	17.076	-	19,00*
5	Cristobal de Moura 66	2019	16.400	16.400	n/a
6	Hexagon Glòries	2019	10.438	10.438	20,00
7	Sancho de Ávila 65	2019	8.000	8.000	n/a
8	Almogavers 185	2018	8.500	8.500	19,00
9	Tànger 66	2018	7.000	-	18,00*
10	Edificio WIP	2018	4.451	4.451	19,00
11	Ca l'Alíer - Pere IV, 374	2019	4.000	-	n/a

*Rent based in transactions

Source: CBRE

22@ Pipeline Land Investment

Regarding the pipeline of lands that have not yet started construction of the project, we can mention the sale of lands such as Parc Central, a large plot in its majority for office use, located in a grid between the streets of Bilbao, Perú, Marruecos and Espronceda.

It is important to bear in mind some of the following lands are located in the north part of 22@, an area that is undergone a great transformation through new office and residential developments, being still partially consolidated and not developed such as Glories, Pallars-Llacuna and Badajoz areas.

The following table shows the projects that can be developed in the medium term in the 22@ area:

ID	ADDRESS	OWNER	OFFICE SURFACE
1	Parc Central	Värde	41.664 +potential to expand 7.277 sqm
2	Parc Central	Colonial	14.737 sqm
3	Parc Central	Realia	9.000 sqm
4	Farggi (Perú – Bilbao)	Actual	24.000 sqm
5	Perú, 66	n/a	3.680 sqm Building rehabilitation from industrial to offices
6	Bolivia – Bac de Roda	n/a	14.064 sqm
7	Selva de Mar, 125	Acciona	30.957 sqm

Source: CBRE

3.7 INVESTMENT STRATEGY AND COMPETITIVE ADVANTAGES

3.7.1 Investment Policy

The investment policy of the Company is heavily determined by the one of MERIDIA (the Parent Company). The Company has the following investment restrictions:

Types of assets

MRE-III P5 focuses on the development of a plot of land acquired in 22@ district, in Barcelona, the characteristics of this asset are described in section 3.5 of this document.

Investment restrictions

- Diversification of tenants: No single tenant will account for more than 15% of the total of the consolidated income obtained by the consolidated group headed by the Parent Company.
- No investments will be made in the form of financial leasing.
- The investments will be located in Spain.

- d) Considering the geographical scope, all investments will be made in euros
- e) Restrictions derived from the special tax regime of SOCIMI: Any restriction on investments, derived from the application of the SOCIMI regime.
- f) The Company will not make discounted investments in (i) loans in default (distressed loans), loans, debt (neither individual nor debt portfolios), with underlying real estate assets; nor in (ii) securitized mortgage assets (commercial mortgage-backed securities - CMBS), or securities representing real rights, leading to acquire an asset, when the total investment exceeds 10% of the net asset value (NAV) of the Company.

Leverage criteria

The Company will seek to optimize the leverage structure in order to maximize the returns of the investors. The level of leverage shall not exceed 75%, calculated as the total value of debt divided by the value of the real estate asset.

3.7.2 Competitive Advantages

The property features a high upside potential via ownership consolidation, value add of Business plan and asset management initiatives.

1. Excellent location within a fast-growing district:
 - The Asset is located in a privileged area of Barcelona, 22@ district, just one block away from the beach, near the forthcoming central business district of Glories and Villa Olímpica, a blooming residential neighbourhood of Barcelona.
 - The area has a remarkable growth potential, supporting the estimated accretive performance. Furthermore, the Asset's surroundings have a relevant office inventory but lack residential supply, included in the Asset's use mix and which would complement the area.
2. Attractive pricing
 - Agreed purchase price amounts to € 935 per buildable sqm., which is below the average of comparable recent transactions, ranging from € 1,000 to € 1,400 per square meter, with the highest comparable transactions being those with a residential component in their use mix.
 - According to the market research performed, land for residential use is up to 60% more expensive than office use, which further evidences the attractive purchase price considering that the residential use amounts to 20% of the use mix considered for the project.
 - The Company has obtained an attractive pricing due to its ability to add value through the consolidation of the dispersed ownership structure securing a full

decision making capacity regarding the future development. (There used to be a dispersed ownership structure composed of eight co-owners).

3. Value creation by development

The asset's development creates value through a project development, creating value through a flexible and high quality office project that suits the needs of companies willing to move to 22@, maximizing rents and occupancy. The Company counts with an in house project management department with a successful track record (Hotel 1882 Barcelona, Hotel Arts, Hotel W Paris, etc.)

4. Optimal Use Mix & Plot Size

- The relevance of the Residential use allowed in the Asset (c. 20%) is uncommon in the area, which is especially relevant given the higher unitary sales price of this use and the high demand and low offer of housing units in the surroundings.
- The plot's size is also uncommon (>35,000 net buildable sqm), allowing the attraction capacity of very good tenants. As an example the Company has already pre let c. 25.000 sqm to the consultancy firm Everis.

5. Thorough and Value Maximizing Business Plan

The Project consists of a mixed use development (residential, offices and parking), mitigating and balancing the risks:

- Offices: The Company aims to take advantage of the scarcity of outstanding projects in the area and the undeniable movement trend from well-known companies to 22@ district looking for high-quality buildings.
- Residential: The Asset is located in the best neighbourhoods of Sant Martí district (Poblenou bordering Villa Olímpica), where disposable income is above the Barcelona region's average. The district is also performing above Barcelona's average sale prices in both new dwellings and second-hand housing. Its location near the Olympic Village may also benefit from the attractiveness of this high-end residential neighbourhood.
- The Company will develop a landmark office project that will become a reference in the 22@ district.

6. MERIDIA CAPITAL has proven asset management capabilities

MERIDIA CAPITAL has already a proven track record of successful developments, as proved in Henkel and Paris W Hotel projects:

- Henkel: 182 rooms 4* Hotel, 33 apartments and 5 single family units, with an overall investment of €44 million and 20,000 built sqm.

- Paris W Hotel: Refurbishment and change of use of an office building into a 91 bedroom hotel and 2,000 sqm retail with a total CapEx investment of €80 million including financing charges. Including the acquisition cost of the property, the total cost of the Project amounted to €160 million.

MERIDIA CAPITAL also has an Architecture and Project Management team, responsible for all matters in connection with Capex, construction and property improvement plans.

MERIDIA CAPITAL is also planning to allocate one team member full time for Project Management purposes.

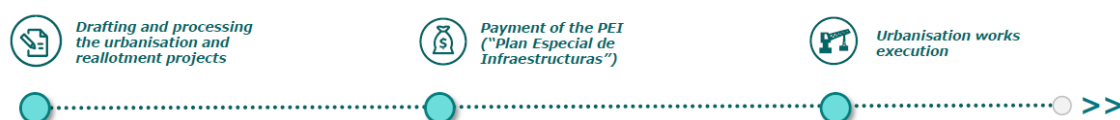
3.8 DEPENDENCE ON LICENCES AND PATENTS

The reallocation and urbanization projects have been already approved by the City Council. Additionally, the reallocation project is already registered in the Property Registry (PR).

On date April 11, 2019, the Company obtained the building license for works below ground, for the first phase on Icària Avenue, 199-201.

On date April 25, 2019, the Company obtained the building license for works below ground, for the first phase on Icària Avenue, 211.

The above-ground building work license has been already requested and is pending. The Company estimates that it will be granted in September 2019.



3.9 INSURANCE CONTRACTS

The construction company, DRAGADOS, has contracted a civil liability insurance with RSA Luxembourg S.A. The Company is included in the policy as an additional insured while the building works are being executed.

Insurer	RSA Luxembourg S.A., Sucursal en España
Insured risks	Civil liability
Maximum guaranteed amount	€10,000,000
Validity period	From June 1, 2018 to June 1, 2019, annually renewed

The construction company, DRAGADOS, has contracted a construction all risk insurance with GENERALI ESPAÑA, S.A. DE SEGUROS Y REASEGUROS. The Company is included in the policy as an additional insured while the building works are being executed and the subsequent maintenance period.

Insurer	GENERALI, S.A. DE SEGUROS Y REASEGUROS
Insured risks	Construction risk (damages and losses during the construction of the work)
Maximum guaranteed amount	€42,499,098.32
Validity period	From May 25, 2019 to May 25, 2022.

3.10 RELATED-PARTY TRANSACTIONS

The Company has the following related-party transactions:

- Loan facility: Loan facility arranged with MERIDIA on April 1, 2017, with a limit of € 6,000,000.00 and accruing interest at a market rate of 4 %. On September 27, 2018 the Company fully repaid the loan and interest.
- Repercussion of the management fee in relation to the asset management services provided to MERIDIA by MERIDIA CAPITAL, for an amount of 1.35% of the amounts invested by MERIDIA in its subsidiary MRE-III P5 (see section 3.4).

4 ORGANIZATION

4.1 COMPANY'S FUNCTIONAL ORGANISATION CHART

MRE-III P5 is internally managed by its Board of Directors, and MERIDIA CAPITAL provides some corporate services detailed in section 3.4.

The investment and disinvestment decisions are agreed and approved by a three-member Investment Committee; whose President is D. Javier Faus Santasusana.

5 RISK FACTORS

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

5.1 RISKS ASSOCIATED WITH THE REAL ESTATE BUSINESS

5.1.1 *Macroeconomic risks and cyclical sector*

Investment in real estate is subject to certain macroeconomic risks as well as intrinsic risks to the real estate sector.

The real estate sector and the current housing rental sector is very sensitive to the phases of economic cycles and, therefore, to the economic-financial environment exists in each moment.

The income to be obtained by the Company from its real estate assets, as well as the value of the assets can be unfavorably affected in a substantial way by several factors determined by the macroeconomic circumstances:

- Lower demand;
- Relative illiquidity of the assets;
- Substantial decreases in rental income;
- The counterparty risk of the tenants, including breaches on their rent leases obligations, the impossibility of collecting rents, unfavourable renegotiation of lease or the resolution of the contracts;
- Litigations, including judicial or extrajudicial claims related to actions or omissions of the company and even of third parties contracted (such as architects, engineers and construction contractors or subcontractors);
- Substantial expenses related to the rehabilitation and re-rental of a property or a portfolio of properties, including the provision of financial incentives to new tenants, such as rent-free periods;
- Limited access to financing;
- Increase in operating expenses, increase of cash needs without a corresponding increase in billing or reimbursement from tenants. For example, increases in the inflation rate above the growth of the rent of the tenants, taxes on real estate or mandatory charges or premiums for insurance, costs related to the unoccupied properties and unforeseen disbursements that affect the properties and that cannot be recovered from the tenants;
- Inability to recover operating costs (such as local taxes and services charges) of vacant properties;

- Increase in taxes and fees on real estate (such as Tax on real estate or the Garbage Tax) as well as other costs and expenses related to the ownership of the real estate asset (such as insurance and expenses of community);
- Regulatory changes that require extraordinary actions by the owners of the real estate asset or that involve expenses or additional costs (such as It may be the obligation to obtain energy certificates on real estate in order to proceed to its lease)

If the future income that the Company will obtain from its tenants, or the value of the real estate assets are adversely affected by any of the above factors (or by other factors), this could have a significant adverse effect on the business or the financial and patrimonial situation of the Company.

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

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

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

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

5.1.3 Degree of liquidity of investments

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

5.1.4 Risk of lack of occupation or activity licence

For the operation of real estate assets, once the construction work finished, the Company will need to obtain the necessary municipal occupation licences. Given that the obtainment of such licences is usually subject to a long administrative procedure, the Company may be prevented from using the property within the period initially set which could cause a substantial adverse effect on the activities, profits and financial situation of the Company.

5.2 OPERATING RISKS

5.2.1 *Management risk*

It is usually common within the SOCIMI sector that they delegate certain aspects of the management of the same to a third entity, which in different measure assumes said responsibilities.

It is important for a prospective investor to understand that, in a generic way, this delegation of actions and responsibilities may involve different levels of risk for the Company, for their investments and in summary for the correct operation of the SOCIMI, in accordance with the investors' expectations and with the different rules that must be met before different authorities and regulators.

Here are some of the situations that should be taken into account as possible triggers of possible risks for the Company, directly or indirectly.

5.2.1.1 *The Manager has promoted the incorporation of the Company and has designed the investment strategy*

The Manager, MERIDIA CAPITAL, is the one who has promoted the constitution of the Company and is the one who, by virtue of the management contract, designs the investment strategy, although the final decision to approve the investments falls on the administrative bodies of the Company. Although the Board of Directors of the Company has approved the management contract, it is possible that some of the forecasts will not adjust to the market conditions prevailing in each moment. Therefore, be less favorable to the Company than they would have been if the Manager would not have promoted the incorporation of the Company and management would have entrusted to a third entity.

5.2.1.2 *The interests and actions of the Manager with other clients other than the SOCIMI may affect the Company's shareholders' interests*

The Manager currently manages other companies and investment vehicles whose assets are overlap to a greater or lesser extent with, or are complementary to, the assets in which it will focus the Company's investment strategy.

Any of the present and future management activities and / or investment advice provided by the Manager, including the constitution of, and / or advice to, other investment funds, can involve substantial time and resources, and can lead to conflicts of interest. Interest, which, in turn, could have a significant adverse effect on the business, results or the financial and patrimonial situation of the Company.

However, it is estimated that the possible situations of conflict of interest between the Company and the vehicles currently managed by MERIDIA CAPITAL will be very limited to the extent that

- (i) the Manager is an SGEIC subject to regulation by the CNMV, subject to an Internal Code of Conduct that regulates the procedures to be followed in case of conflict situations of interest
- (ii) the investment policies of the aforementioned vehicles will not always coincide with the policy of the Company's investment (for example, the type of assets subject to investment, and / or investment criteria);
- (iii) the investment and divestment periods of the Company and of the aforementioned vehicles will not necessarily coincide over time. However, MERIDIA R.E. III SOCIMI has an Advisory Committee, of which investors of the Company are part, among whose functions is the supervision of compliance with the investment policy, and the surveillance of possible situations of conflict of interest, and their resolution and establishment of measures to be taken out, where appropriate.

5.2.1.3 Possible conflict of interest due to the fact that the ultimate shareholders of the Company are also shareholders of the Manager

Some of the ultimate shareholders of the Company are also shareholders of the Manager, which could be the origin of conflicts of interest. However, as mentioned in the previous section, the possible situations of conflict of interest will be limited to the extent that the Manager is an SGEIC subject to regulation of the CNMV, and subject to an Internal Code of Conduct that regulates the procedures to be followed in case of conflict of interest.

Likewise, it should be understood that this situation of co-investment, in which the shareholders of the Manager also participate in the share capital of the Company, it is usually articulated as a mechanism to avoid these possible conflicts of interest, to the extent that part of their equity is also invested in the managed company. The "alignment of interests" is a frequent practice in the sector, also achieving a link in the medium and long term.

5.2.1.4 Effective linkage between members of the Board of Directors of the Company and the Manager

As of the date of submission of this Information Document, the members of the Board of MRE-II-Proyecto Cinco SOMICI S.A. have a direct link with the Manager for being members of MERIDIA CAPITAL's Board of Directors. Therefore, there is an effective management control of the Manager over the Company, through its Board of Directors.

As in the previous point, the effective linkage of certain members of the Board of Directors of the Company and the Manager, although it may cause under certain circumstances conflict of interest when executing actions or assuming responsibilities, the fact that the Manager is an SGEIC subject to regulation by the CNMV, subject to an Internal Code of Conduct that regulates the procedures to be followed in case of conflict situations of interest, mitigates this risk.

Additionally, it is established a way to align interests between both parties, through the impact on part of their personal assets of the results and evolution of the Company in the long term.

5.2.1.5 The real estate activity of the Company is managed externally and, therefore, depends of the experience, the skill and the judgment of the Manager and, in particular, of the Key Persons within the Manager

The portfolio of assets of the Company is managed externally by MERIDIA CAPITAL for delegation and on behalf of the Company. Consequently, the progress of the Company and of their business will depend on the performance of the Manager and some of its directors, specifically Mr. Javier Faus and Mr. Juan Barba (hereinafter, "Key Persons") and, more specifically, of their experience, skill and judgment when identifying, selecting, negotiating, executing and managing adequate investments.

Regarding the Key Persons of the Manager, it can be assumed that the absence of the same for any reason could have a negative impact on the results, as well as the possible effect of these actions being carried out by different people. There is no clause in the management contracts of the Company that limit in a nominal manner these Key Persons and the actions or situations that could occur if they were no longer linked to the Manager. The only mention that is expressed in said contract explicitly is the time to be dedicate some executives and / or shareholders of the Manager.

Likewise, the Company depends on the ability of the Manager to define a strategy for successful investment and, ultimately, its ability to create a real estate investment portfolio capable of generating attractive returns. In this sense, it cannot be ensured that the Manager will satisfactorily meet the investment objectives set by the Company. In addition, any error, total or partial, to the time to identify, select, negotiate, execute and manage investments by the Manager (or any other management company that may replace it in the future) could have an effect negative impact on the business, the results or the financial and equity situation of the Company.

5.2.1.6 The results obtained in the past by the Manager in its management work of the Company are not a guarantee of the future results of the Company

The Company has delegated in the Manager to identify potential investments of the Company, and the management of real estate assets acquired, in order to create value for shareholders. The result obtained in the past by the Manager in these tasks is not indicative of the result or future results of the Company. There is no guarantee that the Manager will be successful in executing the objectives of investment of the Company and / or the strategy established for it, or in the market situation current or in the future. On the other hand, it is possible that the investment objectives and / or strategy of the Company may be modified punctually or permanently by means of the modification of the Management Contract (by means of shareholder agreement), so that the Manager is obliged to adapt its actions to a strategy different from that described in this Information Document.

The fact that MERIDIA CAPITAL could be subject to public criticism or other negative publicity, or that could lead to investigations, litigation or sanctions, could have an unfavorable effect in the Company by association, even if the aforementioned criticisms or advertising were

inaccurate or they lacked any foundation. Therefore, any circumstance that could damage the reputation of the Company could result in turn to possible counterparts and other third parties, such as tenants, landlords, partners of joint ventures, lenders, public administrations, sellers or investors, between others, are less willing or unwilling at all to contract with the Company, and / or with the Manager. This can have a significant adverse effect on the business, results or situation financial and equity of the Company.

5.2.2 Risks associated with the valuation of assets

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

On the other hand, the valuation of the assets cannot be interpreted as estimate or indication of the prices that could be obtained in case MRE-III-Proyecto Cinco SOCIMI sold the assets in the market, nor as an estimate or indication of the prices for which the shares of the Company will be quoted on the market.

5.2.3 Risk of property damage

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

5.2.4 Geographical concentration of product and market

Currently the company has invested exclusively in Barcelona, therefore there is a very large exposure to the city. However, as a mitigating factor we can highlight the fact that Barcelona is a stable international city and within the European Union and is not exposed, in general, to great risks.

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

However, as a mitigating factor we can highlight the fact that Barcelona is a stable international city and within the European Union and is not exposed, in general, to great risks.

5.2.5 Development risks

Due to the fact that the Company performs development actions there are several risks linked to this kind of activity. Among others we can highlight the following ones:

- a) Land value risk: land acquisition costs and the risk that the value of acquired land changes due to market circumstances.
- b) Land exploitation risk: the risks mainly related to environmental issues.
- c) Planning permit risk: the risk that no usable planning permit is received or that this process takes longer than expected. This risk also applies to other municipal approvals/permits, such as commercial licenses. Whether or not grants are obtained is also included in this risk.
- d) Construction risk: this regards pricing, design, quality and possible delays.
- e) Revenue risk: there are many factors that influence revenues. These include yields, rent levels, sales price levels, inflation and interest rate levels, as well as demand and supply.

Duration risk: the duration is a consequence of other risks. It can impact interest costs, but can also cause other problems, such as claims from tenants if the agreed opening date of a certain project is not met. A delay could also mean that the project has to face adverse market circumstances.

5.3 LEGAL AND REGULATORY RISKS

5.3.1 *Risks related to regulatory changes*

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

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

5.3.2 *Changes in tax legislation (including changes in the tax regime of SOCIMI)*

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

- (i) The creation of new taxes or

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

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

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

5.3.3 Application of special tax regime

It should be noted that MRE-III P5 will be subject to a special tax of 19% on the full amount of the dividends or profit sharing distributed to the partners whose participation in the share capital of the entity is equal to or greater than 5% when this dividends, at the headquarters of these partners, are tax exempt or taxed at a rate of less than 10%.

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

5.3.4 Loss of the SOCIMI tax regime

On July 12, 2017, the Company's Sole Shareholder resolved to file the application of the special tax regime for SOCIMI. The mandatory communication to the Tax Agency took place on July 12, 2017 meaning that said regime applies to the Company from January 1, 2017 going forward. The application of said special tax regime is subject to compliance with the requirements set out in Law 11/2009 modified by Law 16/2012. Lack of compliance with any of said requirements would mean that the Company would be taxed under the general corporation tax regime for the year in which said non-compliance occurred, with the Company being required to enter, where appropriate, the difference between the fee for this tax resulting from the application of the general regime and the amount paid that resulted from the application of the special tax regime in subsequent tax periods, without prejudice to late payment interest, surcharges and penalties that may be appropriate, as the case may be. The loss of said SOCIMI special tax regime could negatively affect the Company's financial situation, operating results, cash flows or valuation.

5.3.5 *Litigation risk*

Currently there is not any litigation risks that have impact on the Company's results.

5.4 FINANCIAL RISKS

5.4.1 *Risk relating to debt management and the associated interest rate*

The Company is going to carry out a construction project that requires an important level of investment. In order to finance the construction of both the residential and office units, the Company will use bank loans and financing mortgage.

A high level of debt or variations in interest rates could mean an increase in financial costs, as well as greater exposure to fluctuations in interest rates in the credit markets. To minimize the interest rate risk the Company may use hedging instruments. All of the above could cause a substantial adverse impact on the activities, results and financial situation of the Company.

The possible risks associated with these debts with financial institutions can be classified as:

- a) Risk associated with a possible non-payment of the principal or interest.

Under certain adverse circumstances, the Company may find itself in a situation of not being able to cover part or all of the payment of interest accrued and / or the return of the principal of the committed debt. In this case, the Company would be obliged to take certain economic and financial measures aimed at remedying this situation, among which are foreseen (i) possible capital increases; (ii) partner loans; and / or (iii) alienation of a property. This situation could have a negative impact both on the valuation of the Company and on your quote

- b) Risks related to compliance with certain ratios

Bank loans to be signed by the Company usually include, among other clauses, some that are applicable throughout of the life of these loans, related to compliance with certain market ratios.

Among those that should be highlighted: (i) those regarding the level of indebtedness in relation to the property value (LTV) in the balance sheet of the subsidiary, i.e. the establishment of limits of the outstanding debt balance with respect to the market value of the real estate; and (ii) those related to capacity of the subsidiary to have generated enough cash to face the service of the debt (Debt Service Coverage Ratio, hereinafter "RCSD"). In the case of not reaching the required levels of said ratios, could be a cause of early maturity on the part of the financial institution, the corresponding loan.

5.4.2 *Lack of liquidity for the payment of dividends*

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

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

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

5.5 DEVELOPMENT RISKS

Due to the fact that the Company performs development actions there are several risks linked to this kind of activity. Among other we can highlight the following ones:

- Land value risk: land acquisition costs and the risk that the value of acquired land changes due to market circumstances.
- Land exploitation risk: the risks mainly related to environmental issues.
- Planning permit risk: the risk that no usable planning permit is received or that this process takes longer than expected. This risk also applies to other municipal approvals/permits, such as commercial licenses. Whether or not grants are obtained is also included in this risk.
- Construction risk: this regards pricing, design, quality and possible delays.
- Revenue risk: there are many factors that influence revenues. These include yields, rent levels, sales price levels, inflation and interest rate levels as well as supply and demand.
- Duration risk: the duration is a consequence of other risks. It can impact interest costs, but can also cause other problems, such as claims from tenants if the agreed opening date of a certain project is not met. A delay could also mean that the project has to face adverse market circumstances.

6 INFORMATION CONCERNING THE OPERATION

6.1 REGISTRATION WITH EURONEXT ACCESS

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

ISIN: ES0105412003

Euronext Ticker: MLMRE

Number of shares to be listed: 36.725.000 shares with a nominal value of € 1 each.

Reference price per share: € 1,27

Nominal price per share: € 1

Market capitalisation: €46,640,750

Initial listing and trading date: July 12th, 2019

Listing Sponsor: ARMANEXT ASESORES S.L.

Financial service: Société Générale Securities Services

6.2 OBJECTIVES OF THE LISTING PROCESS

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

The registration in the Euronext Access Market will allow the Company to acquire notoriety, and to comply with the requirements of the special tax regime for SOCIMI (Law 11/2009, October 26, modified in December 3, 2016).

6.3 COMPANY'S SHARE CAPITAL (*ARTICLE 5 OF THE ARTICLES OF ASSOCIATION*)

Article 5 of the articles of association sets out the Company's share capital.

Article 5.-SHARE CAPITAL AND SHARES

The share capital is THIRTY-SIX MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND EUROS (36,725,000), fully subscribed and paid up and represented by THIRTY-SIX MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND EUROS (36,725,000), ordinary shares of ONE (1) EURO

par value each one, numbered consecutively from 1 to 36,725,000, both inclusive, all of the same class and series. All the shares are fully subscribed and disbursed and grant the same rights to their holders.

6.4 EVOLUTION OF THE SHARE CAPITAL, INCREASES AND REDUCTIONS

The Company was incorporated on August 9, 2016 with share capital of € 10,000. Subsequently, it has increased the share capital on several occasions:

- **August 9th, 2016:** Constitution of the company with a total share capital amounting € 10,000 divided into 10,000 shares with a face value of € 1 each.
- **Jun 12th, 2017:** Share capital increases from € 10,000 to € 60,000, with 50,000 new shares issued without issue premium, with a face value of € 1 each.

Shareholder	Quantity contributed	Share Capital Following increase	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	€ 50,000	€ 60,000	100,00 %
Total	€ 50,000	€ 60,000	100.00%

- **July 12th, 2017:** Share capital increases from € 60,000 to € 11,650,000, with 11,590,000 new shares issued without issue premium, with a face value of € 1 each.

Shareholder	Quantity contributed	Share Capital Following increase	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	€ 11,590,000	€ 11,650,000	100.00 %
Total	€ 11,590,000	€ 15,000,000	100.00%

- **October 27th, 2017:** The share capital increases from € 11,650,000 to € 15,000,000 with 3,350,000 new shares issued without issue premium, with a face value of € 1 each, through non-monetary contribution –property– by a new shareholder (Sucesores de W.Hofmann, S.L.). The property consists in 35.93% of an industrial building located in Badajoz Street, in Barcelona. After that MERIDIA loses its character of sole proprietorship, owning 77.67% del capital, being the other 22.33% in hands of Sucesores de W.Hofmann, S.L. Therefore, the distribution of the share capital, following the increase is as follows:

Shareholder	Quantity contributed	Share Capital Following increase	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	-	€ 11,650,000	77.67%
Sucesores de W. Hofmann, S.L.	€ 3,350,000	€ 3,350,000	22.33%
Total	€ 3,350,000	€ 15,000,000	100.00%

- **March 8th, 2018:** The share capital increases from € 15,000,000 to € 19,962,500 € with 4,962,500 new shares issued without issue premium, with a face value of € 1 each.

Five minor shareholders entered the share capital. Therefore, the distribution is the share capital, following the increase is as follows:

Shareholder	Quantity contributed	Share Capital Following increase	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	€ 2,600,000	€ 14,250,000	71.38%
Sucesores de W. Hofmann, S.L.	-	€3,350,000	16.78%
Dreof II UK Meridia Holding I Limited	€ 562,500	€ 562,500	2.82%
Dreof II UK Meridia Holding II Limited	€ 562,500	€ 562,500	2.82%
Dreof II UK Meridia Holding III Limited	€ 562,500	€ 562,500	2.82%
DOF UK Meridia Holdings IV	€ 337,500	€ 337,500	1.69%
DOF UK Meridia Holdings V	€ 337,500	€ 337,500	1.69%
Total	€4,962,500	€ 19,962,500	100.00%

- **August 14th, 2018:** The share capital increases from € 19.962.500 to € 36,725,000 with 16,762,500 new shares issued without issue premium, with a face value of € 1 each. Therefore, the distribution is the share capital, following the increase is as follows:

Shareholder	Quantity contributed	Share Capital Following increase	Shareholding
Meridia Real Estate III, SOCIMI, S.A.	€ 14,250,000	€ 28,500,000	77.61%
Sucesores de W. Hofmann, S.L.	-	€ 3,500,000	9.53%
Dreof II UK Meridia Holding I Limited	€ 562,50	€ 1,125,000	3.06%
Dreof II UK Meridia Holding II Limited	€ 562,50	€ 1,125,000	3.06%
Dreof II UK Meridia Holding III Limited	€ 562,50	€ 1,125,000	3,06%
DOF UK Meridia Holdings IV	€ 337,50	€ 675,00	1.84%
DOF UK Meridia Holdings V	€ 337,50	€ 675,00	1.84%
Total	€ 16,612,500	€ 36,725,000	100.00%

On the date of this Information Document, this is the Company's shareholding

6.5 MAIN CHARACTERISTICS OF THE SHARES (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

The shares are numbered consecutively from 1 to 60,500,000 inclusive, belonging to a single class and series. All shares are fully subscribed and paid-up and grant their holders the same rights.

Article 6.-REPRESENTATION OF THE SHARES

1. *The shares are represented by book entries form ("anotaciones en cuenta") and are constituted as such by virtue of their inscription in the corresponding accounting record. They will be governed by the applicable regulations in the matter of securities markets.*

2. *The legitimation for the exercise of the shareholder's rights is obtained through the registration in the accounting register, which presumes legitimate ownership and entitles the registered owner to demand that the Company recognizes him as a shareholder. Such legitimacy may be accredited by means of the presentation of the appropriate certificates, issued by the entity in charge of carrying out the corresponding accounting record.*
3. *If the Company performs any benefit in favor of whoever appears as the owner in accordance with the accounting record, it will be released from the corresponding obligation, even if the former is not the actual owner of the shares, provided that it is carried out in good faith and without serious fault.*
4. *In the hypothesis that the person who appears legitimized in the entries in the accounting register has such legitimation by virtue of a fiduciary title or in their capacity as financial intermediary acting on behalf of their clients or through another title or condition of analogous meaning, the Company may require him to disclose fiduciary condition.*

Article 7.- ANCILLARY OBLIGATIONS

The Company's shares entail the realization and fulfillment of the ancillary obligations described below. These obligations, which will not imply any compensation by the Company to the shareholder in each case affected, are the following:

1. *Shareholders holding significant number of shares:*
 - a) *In general, the shareholder will be obliged to communicate to the Company the acquisition or transfer of shares, by any title and directly or indirectly, that determines that his total stake in the Company reaches, exceeds or falls from 5% of the share capital and successive multiples. If the shareholder is a manager or a director of the Company, this obligation of communication will refer to the percentage of 1% of the share capital and successive multiples. The communications must be made to the Board of Directors of the Company within a maximum period of four (4) calendar days following that on which the determining event of the communication had occurred.*
 - b) *Any shareholder who (i) owns shares in the Company in a percentage equal to or greater than 5% of the share capital or that percentage of stake provided for in Article 9.2 of the Law of SOCIMIs, or the rule that replaces it, for the accrual by the Company of the special tax for Corporate Income Tax (the "Significant Stake"), or (ii) acquires shares that imply a significant stake in the share capital of the Company, must communicate these circumstances to the Board of Directors within four (4) calendar days from becoming the holder of said percentage of stake.*

- c) *Likewise, any shareholder who has achieved this Significant Stake must notify the Board of Directors of any subsequent acquisition, irrespective of the number of shares acquired.*
- d) *The same declaration to those indicated in the preceding paragraphs must also be delivered by any person who holds economic rights over shares of the Company that represent a percentage equal to or greater than five percent (5%) of the share capital or that percentage of stake that, for the accrual by the Company of the special tax for Corporate Tax, at any time is envisaged by the current legislation in substitution or as a modification of article 9.2 of the Law of SOCIMIs, including in any case those indirect holders of shares of the Company through financial intermediaries that are formally legitimized as shareholders by virtue of the accounting record but acting on behalf of the said holders;*
- e) *Together with the communication provided for in the preceding paragraphs, the shareholder, or the owner of the economic rights affected, shall provide the Company's Board with:*

(i) A certificate of residence for the purposes of the corresponding personal income tax issued by the competent authorities of his country of residence. In those cases where the shareholder resides in a country with which Spain has signed a convention to avoid double taxation, the certificate of residence must meet the characteristics provided for by the corresponding convention for the application of its benefits.

(ii) A certificate issued by the tax authorities of the country of residence, if this is different from Spain, attesting the type of tax to which the dividend distributed by the Company is subject, together with a declaration by the shareholder indicating that the shareholder is the beneficial owner of such dividend. In the absence of the aforementioned certificate, the shareholder must provide a declaration of being subject to a tax return of not less than 10% on the dividends received from the Company, indicating the normative rule that supports said declaration, specifying an article and a description of the applicable standard that allows its identification.

The shareholder or holder of economic rights obligated shall deliver to the Company the documentation referred to in the two preceding paragraphs within ten (10) calendar days following the date on which the General Meeting or, if applicable, the Board of Directors approves a distribution of any dividend or any similar amount (reserves, etc.) and, in any case, before the date foreseen for its effective distribution.

- f) *If the obligor to inform fails to comply with the information obligation set forth in the preceding paragraphs, the Board of Directors may presume that the dividend is exempt of taxation for this obligor or that it is taxed at a rate lower than that provided for in article 9.2 of the Law of SOCIMIs, or the standard that replaces it.*

In case the payment of the dividend or similar concept is made prior to the deadlines given for compliance with the accessory obligation, as well as in case of default, the Company may withhold payment of the amounts to be distributed corresponding to the shareholder or holder of economic rights affected, in the terms of Article 29 of these By-laws.

- g) The transfer of the shares of the Company (including, therefore, this accessory obligation) by "inter vivos" acts or "mortis causa" is authorized for all purposes.*
- h) The percentage of stake equal to or greater than 5% of the share capital referred to in paragraph a) above shall be understood to be (i) automatically modified if it varies from that provided for in article 9.2 of the Law of SOCIMIs, and, therefore, (ii) replaced by that which is included at any time by the mentioned legislation.*

2. Shareholders subject to special regimes:

- a) Any shareholder who, as an investor, is subject in its jurisdiction of origin to any kind of special legal regime in matters of pension funds or benefit plans, must communicate this circumstance to the Board of Directors.*
- b) Likewise, any shareholder who is in the situation described in paragraph a) above must notify the Board of Directors of any subsequent acquisition or transfer, regardless of the number of shares acquired or transferred.*
- c) The same declaration to those indicated in a) and b) above shall also be provided by any person who holds economic rights over shares of the Company, including in any case those indirect owners of shares of the Company through financial intermediaries who are formally legitimated as shareholders by virtue of the accounting record but acting on behalf of the said holders.*
- d) The Company may, by means of a written notice (an "Information Request"), require any shareholder or any other person with a known or apparent interest in the shares of the Company to provide in writing the information that the Company requires and is brought to the notice of the shareholder or other person, in relation to the actual ownership of the relevant shares or the interest thereon (accompanied, if the Company requires it, by a formal or notarial statement and / or by independent evidence), including (without prejudice to the generality of the foregoing) any information that the Company deems necessary or convenient for the purpose of determining whether such shareholders or persons are likely to be in the situation described in paragraph a) above.*

The Company may make an Information Request at any time and may send one or more Information Requests to the same shareholder or to another person with respect to the same shares or interest on the same shares.

- e) *Notwithstanding the obligations set forth in this article, the Company shall supervise the acquisitions and transfers of shares made, and shall adopt such measures as may be appropriate to avoid any damages that might arise for the Company itself or its shareholders from the application of the current regulations regarding pension funds or benefit plans that may affect them in their respective jurisdictions.*
- f) *The transfer of the shares of the Company (including, therefore, this ancillary obligation) by inter vivos acts or mortis causa is authorized for all purposes*

3. *Communication of shareholders agreement:*

The same communication as foreseen in the previous section 1.- a), and within the same period of four (4) days from the fact determining such obligation, shall be made by shareholders who participate or know of the subscription, modification, extension or termination of any agreement that restricts the transfer of the shares owned or affected by the voting rights inherent to such shares.

4. *The Company will publicize such communications in accordance with the rules of the Alternative Stock Market ("MAB"), Euronext Access or of the Multilateral Trading Facility which it is incorporated in.*

6.6 CONDITIONS FOR THE TRANSFER OF SHARES

6.6.1 Transferability of the shares (ARTICLE 8 OF THE ARTICLES OF ASSOCIATION)

Article 8 of the articles of association covers the transferability of the shares.

Article 8.- TRANSFER OF SHARES

1. *The shares and economic rights deriving therefrom, including the pre-emptive subscription right, are freely transferable by all means permitted by law.*
2. *Transfer in case of change of control.*

Notwithstanding the foregoing, a shareholder who wishes to acquire a shareholding in excess of 50% of the share capital must make, at the same time, a purchase offer addressed, under the same conditions, to all shareholders.

A shareholder who receives a shareholder's offer or a third party's offer to purchase its shares, on the basis of the terms of the agreement, the characteristics of the acquirer and other circumstances, must reasonably be inferred that it is intended to confer on the acquirer a shareholding in excess of 50% of the share capital, may only transfer shares that determine that the acquirer exceeds the aforementioned percentage if the potential acquirer proves that it has offered to the totality of the shareholders the purchase of their shares under the same conditions

6.6.2 *Usufruct of shares (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)*

Article 9.- USUFRUCT OF SHARES

In the case of usufruct of shares, the qualification of shareholder resides in the owner, but the beneficial owner (usufructuario) will be entitled in any case to the dividends agreed by the Company during the usufruct. The beneficial owner is obliged to facilitate the owner the exercise of his rights. In the relations between the beneficial owner and the owner, it will govern what is determined in the title constituting the usufruct and what is foreseen in the Law and, additionally, in the Civil Code (or as the case may be, the applicable civil law).

6.6.3 *Pledge of shares (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)*

Article 10.- PLEDGE OF SHARES

In case of pledge of shares, the owner of the shares shall exercise the rights of shareholder. The pledgee is obliged to facilitate the exercise of these rights.

If the owner of the shares fails to comply with a pending disbursement obligation, the pledgee may fulfill this obligation or proceed with the realization of the pledge.

6.6.4 *Seizure of shares (ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)*

Article 11.- SEIZURE OF SHARES

In case of seizure of shares the provisions contained in the previous article will be observed, as long as they are compatible with the specific regime of the seizure.

In case of seizure of shares the provisions contained in the previous article will be observed, as long as they are compatible with the specific regime of the seizure.

6.6.5 *Exclusion of negotiation (ARTICLE 31 OF THE ARTICLES OF ASSOCIATION)*

Article 31.- EXCLUSION OF NEGOTIATION

From the moment the shares of the Company are admitted to trading in the MAB, Euronext Access or in another Multilateral Trading Facility, in the event that the General Meeting adopts a bargaining agreement excluding its shares in the aforementioned market that is not supported by all the shareholders, the Company will be obliged to offer, to the shareholders who did not vote in favor, the acquisition of its shares at the justified price resulting from the regulation of public offers for the acquisition of securities for the cases of exclusion from trading in the MAB, Euronext Access or in another Multilateral Trading Facility.

The Company will not be subject to the previous obligation when it agrees to the admission to trading of its shares in an official Spanish secondary market simultaneously with its exclusion from trading on the Market.

7 COMPANY VALUATION

7.1 BUSINESS PLAN

Below is the Profit and Loss forecast for the years 2019 and 2020, which have been prepared using criteria comparable to those used in the preparation of the Company's Financial Statements.

The Profit and Loss forecast for 2019-2020 considering the assumptions explained below is the following:

PROFIT AND LOSS	(€) 12/31/2019	(€) 12/31/2020
Revenues	-	-
Personnel expenses	(216,569.87)	(156,000.00)
Other operating costs	(558,178.63)	(463,645.75)
External services	(310,529.86)	(216,395.74)
Taxes	(38,398.76)	(38,000.00)
Management fee	(209,250.01)	(209,250.01)
Amortization	-	-
RESULTS FROM OPERATING ACTIVITIES	(774,748.50)	(619,645.75)
Financial income	-	-
Financial costs	(30,931.88)	-
NET FINANCE COST/INCOME	(30,931.88)	-
LOSS BEFORE INCOME TAX	(805,680.38)	(463,645.75)
Income tax	-	-
LOSS FOR THE YEAR	(805,680.38)	(619,645.75)

These projections faithfully reflect the current expectations with which the Company's Management works, which have been reflected in this document, assuming the scenarios and hypotheses to which they are affected from an eminently cautious perspective and always considering the observable factors, both internal and external, available at the date of its execution.

Additionally, and regarding the periods hereby detailed, the Company does not foresee factors or makes extraordinary assumptions that could substantially affect the estimates of the different items and that, at the time of issuing this report, can be quantified.

However, in each of the items, it is indicated, if any, any observation or uniqueness, not quantifiable, that could affect that estimate.

The information of these starting hypothesis is detailed below:

Net revenue of the turnover

- The Company currently owns a property consisting of an urban complex in the 22@ area of Barcelona, in which the corresponding demolition works have been carried out so that, when the relevant construction license is obtained ("above-ground level"), the Company can immediately begin to undertake the phase of development and construction of buildings for offices and homes. The completion of this construction phase is expected for September of year 2021.
- Considering the current situation of the project (close to the start of the construction phase of the buildings), no revenue has been foreseen in the planned fiscal years.

Personnel expenses

- The planned expenditure has taken into account the salaries and wages of the 2 current employees.
- The expected decrease for the year 2020 with respect to 2019 mainly corresponds to the fact that at the end of March 2019 one of the employees of the company resigned from his job office, who will not be replaced.

Other operating expenses

- It includes structure expenses; expenses related to the incorporation of the Company's equity instruments into Euronext Access; Real Estate Tax; independent professionals services (mainly, management services, lawyers, accounting and tax services, auditor and Listing Sponsor, banking services, etc.).
- Expenses derived from the Management Contract signed with its main shareholder (MERIDIA) amounting to € 209,250.01 for each of the fiscal years 2019 and 2020, without having foreseen any increase thereof.

Depreciation of fixed assets

- No depreciation expense has been considered since, until the year 2021, as aforementioned, the property will not be in conditions of use.

Financial expenses

- The financial expenses estimated for fiscal year 2019 correspond to the remuneration accrued for the short-term financing granted by its parent company.
- The purpose of this financing is to temporarily finance certain technical tasks necessary for the development of the project, the commencement of those below-ground works for which the Company already has the corresponding license, as well as the structure expenses of the Company until the beginning of the construction phase.

- On this date, the Company has agreed the terms and conditions of syndicated financing that may be available at the time of obtaining the works' license and, therefore, a large part of the financing of the Parent Company shall not be considered necessary.
- The financial expense of the aforementioned syndicated financing has not been contemplated in the projections above since, according to the applicable regulatory framework of financial information, they are considered to be capitalized as the larger item of the constructed element.

Taxes

- In the financial estimate carried out, no expense for corporate tax has been considered as the company has presented losses in both fiscal years.
- On the other hand, the corresponding income from corporate tax derived from the incurred tax credits has not been considered as it has been estimated that all the provisions of the SOCIMI Law have been complied and, therefore, the effective rate applicable to the Company is 0%.

Result of the fiscal year

The fiscal years listed in these forecasts present losses due to that fact that (i) the construction of the project will not foreseeably end until the year 2021 and (ii) the structural expenditure, and therefore not capitalized since it is not directly linked to the construction works, is high given the complexity of the Company's management, as well as due to the incorporation of its equity instruments to the EURONEXT ACCESS Market. In this sense, the Company has been equipped, from the beginning, with a structure capable of managing the entire project with guarantee, as well as the possibility of financing it.

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

Cashflow Forecast															
Money In	05/01/2019	06/01/2019	07/01/2019	08/01/2019	09/01/2019	10/01/2019	11/01/2019	01/12/2019	01/01/2020	02/01/2020	03/01/2020	04/01/2020	05/01/2020	06/01/2020	TOTAL
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt draw down	-	-	-	-	12,119,608.00	1,220,000.00	1,820,000.00	2,361,481.00	2,276,000.00	2,400,000.00	1,871,397.00	1,205,000.00	1,600,000.00	1,846,051.00	28,719,537.00
Shareholder facility loans	450,000.00	2,650,000.00	1,100,000.00	1,910,000.00	-	-	-	-	-	-	-	-	-	-	6,110,000.00
VAT recoverability	-	-	387,054.00	-	-	-	-	-	-	-	-	-	-	-	387,054.00
Total Money in	450,000.00	2,650,000.00	1,487,054.00	1,910,000.00	12,119,608.00	1,220,000.00	1,820,000.00	2,361,481.00	2,276,000.00	2,400,000.00	1,871,397.00	1,205,000.00	1,600,000.00	1,846,051.00	34,829,537.00
Money Out	05/01/2019	06/01/2019	07/01/2019	08/01/2019	09/01/2019	10/01/2019	11/01/2019	01/12/2019	01/01/2020	02/01/2020	03/01/2020	04/01/2020	05/01/2020	06/01/2020	TOTAL
Personnel Costs	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(13,000.00)	(182,000.00)
Taxes	-	(9,500.00)	-	-	(9,500.00)	-	-	(9,500.00)	-	-	(9,500.00)	-	-	(9,500.00)	(47,500.00)
Accounting services	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(4,840.00)	(67,760.00)
Audit	(9,343.47)	-	-	-	(3,630.00)	-	-	-	-	-	-	-	(9,343.47)	-	(22,316.94)
Insurance costs	(24,882.29)	-	-	-	-	-	-	-	(10,000.00)	-	-	-	-	-	(34,882.29)
Armabex	(9,801.00)	-	(9,801.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(3,025.00)	(52,877.00)
Management fees	(63,298.13)	-	-	(63,298.13)	-	-	(63,298.13)	-	-	(63,298.13)	-	-	(63,298.13)	-	(316,490.63)
Valuation	-	(892.98)	-	-	(892.98)	-	-	(8,929.80)	-	-	(892.98)	-	-	(892.98)	(12,501.72)
Other listing costs	-	(112,491.28)	-	-	-	-	-	-	-	-	-	-	-	-	(112,491.28)
Letting fees	-	-	-	-	(1,092,859.00)	-	-	-	-	-	-	-	-	-	(1,092,859.00)
Development investments	(316,300.00)	(2,065,000.00)	(1,460,000.00)	(1,810,000.00)	(1,860,000.00)	(1,410,000.00)	(1,728,598.46)	(2,022,024.63)	(2,378,646.01)	(2,282,717.11)	(1,619,351.13)	(1,225,550.99)	(1,499,824.78)	(1,630,627.80)	(23,308,640.91)
Acquisition price adjustment	-	(436,972.00)	-	-	-	-	-	-	-	-	-	-	-	-	(436,972.00)
Interest	-	-	-	-	(145,274.00)	-	-	(192,945.00)	-	-	(218,770.00)	-	-	(247,135.00)	(804,124.00)
Debt transaction cost	-	-	-	-	(2,715,375.00)	-	-	-	-	-	-	-	-	-	(2,715,375.00)
Shareholder facility loan	-	-	-	-	(6,000,000.00)	-	-	-	-	-	-	-	-	-	(6,000,000.00)
Total money out	(441,464.89)	(2,642,696.26)	(1,487,641.00)	(1,894,163.13)	(11,848,395.98)	(1,430,865.00)	(1,812,761.59)	(2,254,264.43)	(2,409,511.01)	(2,366,880.24)	(1,869,379.11)	(1,246,415.99)	(1,593,331.38)	(1,909,020.78)	(35,206,790.77)
Net cash inflow/(outflow)	8,535.11	7,303.74	(587.00)	15,836.88	271,212.02	(210,865.00)	7,238.42	107,216.57	(133,511.01)	33,119.77	2,017.89	(41,415.99)	6,668.63	(62,969.78)	-
Bank Balance of start of Month	-	8,535.11	15,838.85	15,251.85	31,088.73	302,300.75	91,435.74	98,674.16	205,890.73	72,379.72	105,499.49	107,517.38	66,101.39	72,770.01	-
Bank balance at end of month	8,535.11	15,838.85	15,251.85	31,088.73	302,300.75	91,435.74	98,674.16	205,890.73	72,379.72	105,499.49	107,517.38	66,101.39	72,770.01	9,800.23	-

7.3 COMPANY VALUATION

The Issuer has entrusted CBRE with an independent valuation of its shares dated of December 31st, 2018. In accordance with this mandate, CBRE has issued a valuation report on the Company's business with a valuation date of December 31st, 2018.

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

The phases applicable to the mentioned methodology is as follows:

- Calculation of the market value of the real estate assets (Gross Asset Value, GAV) to obtain the implicit capital gains/capital losses. This valuation of real estate assets has been made by CBRE as at December 31st, 2018 and accomplished using the RICS Methodology, assuming the market value of the assets, which has been carried out by CBRE.
- Analysis of the remaining assets and liabilities of the Company's balance sheet, so they are recorded at market value.
- Calculation of the fiscal impact of the adjustment to market value of the assets (implicit capital gains/capital loss) and of the rest of adjustments of other assets and liabilities.
- Calculation of the range of value of the Company's adjusted net equity of the fiscal impact, as from the Company's fair value and applying sensitivities to the valuation of real estate assets (to the discount rate) and to the remaining adjustments, to calculate the lower range and higher range of the Company's Equity

The Company's real estate assets have been valued at market value following the methodology of the Royal Institution of Chartered Surveyors ("RICS") and according to the International Valuations Standards (IVS). This market valuation report of the real estate assets owned by the Company as at December 31st, 2018 has been carried out by CBRE. More details at section 7.4.

Since the Company records its real estate assets using the method of acquisition price (net of allowances and amortizations) accepted by Spanish GAAP (General Accounting Plan, PGC), CBRE adjusts the value of the Company's equity to the impact of the real estate assets' market value less net book value of the same before the calculation of the fiscal impact, if applicable, according to the following table as at December 31st, 2018:

	(€) NBV 12/31/2018	(€) Market Value 12/21/2018	(€) Capital Gain
Real Estate Investments	38,189,687	56,400,000	18,210,313

In order to calculate the value range of the Company's assets, a sensitivity analysis was carried out varying the discount rate that has been used in the valuation of the real estate assets. The result of this sensitivity analysis is as follows:

	(€) NBV 12/31/2018	(€) Market Value 12/31/2018	(€) Capital Gain
Lower Range	38,189,687	52,800,000	14,610,313
Central Range	38,189,687	56,400,000	18,210,313
Higher Range	38,189,687	60,700,000	22,510,313

Apart from analysing the market valuation of the real estate assets, the Company's remaining assets and liabilities have also been analysed to register them at market value when not included in the balance sheet as at December 31st, 2018. After this analysis, the adjustments to be included in the corporate valuation are the following:

- Cost projection of the Company's structure not considered in the valuation of the real estate assets.
- Adjustment to obtain the fair value of the debt.

The adjustments corresponding to the projection of the structure costs of the Company not considered in the valuation of real estate assets must be made in the corporate valuation. Normalized structural costs of 523,000 € per year have been considered, and their present value has been calculated by discounting the cash flows of these projected 10-year costs based on the standardized structure costs. In addition, a sensitivity analysis was carried out varying the discount rate by +/- 25 basis points, with the following result:

	(€) Higher Range	(€) Central Range	(€) Lower Range
Structure Cost Adjustment	(5,553,000)	(5,694,000)	(5,842,000)

The Company has a shareholder's loan with PERIZA INDUSTRIES S.à.r.l in the amount of 3,375,000 €. The loan must be repaid in full, in a lump sum, when the term expires or before if some contract specification happens. The loan accrues an interest of 8.4% on the net result of the Company at the close of each year. The following tables shows the debt adjustment to obtain its fair value:

	(€) Higher Range	(€) Central Range	(€) Lower Range
Debt Adjustments	(1,424,414)	(1,051,370)	(736,54)

The following range on the fair value of the Company shareholder's equity as at December 31st, 2018, and its central point is a value of 46,776,000:

	(€) Lower Range	(€) Central Range	(€) Higher Range
Shareholder's Equity	35,310,929	35,310,929	35,310,929
+ Market Value Real Estate Investments	52,800,000	56,400,000	60,700,000
- Net Book Value Real Estate Investments	(38,189,687)	(38,189,687)	(38,189,687)
+ Real Estate Inv. Capital Gains	14,610,313	18,210,313	22,510,313
Adjusted Net Worth	49,921,242	53,521,242	57,821,242
- Debt Adjustment	(736,538)	(1,051,370)	(1,424,414)
- Structure Costs Adjustment	(5,842,000)	(5,694,000)	(5,553,000)
Equity Value	43,342,704	46,775,872	50,843,828
Equity Rounded Value	43,343,000	46,776,000	50,844,000

Taking into consideration the valuation report of the Company issued by CBRE dated of

December 31st, 2018, the Board of Directors of the Company on May 24, 2019 established a **reference price of € 1,27 per share**, which It implies a total value for the Company of € 46,640,750. This valuation of the Company is included in the valuation range established by CBRE.

7.4 REAL ESTATE ASSETS VALUATION

The Issuer has entrusted CBRE with an independent valuation of its assets. Complying with said mandate, CBRE issues a valuation report for the Company's business with the valuation date being December 31, 2018.

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

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Market Value - Offices

In order to assess the Value of the subject property CBRE have utilized the traditional capitalisation method of valuation. This method assesses the income to be produced by an asset and then capitalises this income at an appropriate rate, or yield, to provide a capital value for the corresponding income stream. When using this method of valuation, the choice of capitalisation yield is all important as this implicitly incorporates all the associated risks, as well as rental growth and inflation expectations.

After deducting assumed non-recoverable costs, the net passing rent is capitalised at the hardcore rate until the end of the lease or assumed activation of a lease break clause. Following an assumed reversionary void and/or rent-free period, where applicable, the ERV is then capitalised at the hardcore rate into perpetuity. Capital costs required to achieve the assumed ERV are deducted and may include letting fees and tenant incentive among other items. The hardcore yields used are "growth implicit" and therefore no indexation or rental growth is explicitly modelled in their valuations.

Market Value - Residential buildings

The residential element of the development was carried out by the method of “Valuation by comparison” which involves applying an estimated per square metre obtained from the study of transactions and/or alternatively offers of similar properties in the area.

CBRE have used the residual method of valuation to arrive at our opinion of Market Value for the subject site. The residual calculation is a method used to analyse assets that have the potential for development, redevelopment or refurbishment. We would assume that any perspective purchaser would adopt this method of valuation to analyse the value in the land.

The Residual Valuation method involves deducting the proposed development costs from the estimated total value of the completed development and adding the profit margin that a developer would seek, bearing in mind the development risk involved. The resultant net or “residual” figure represents the highest price that would be offered for the property in question. The method may be resumed as follows:

$$(A) - (B+C) = D$$

Where:

A: represents the total value of the completed development;

B: represents the development costs;

C: represents the developer’s profit;

D: represents the residual value of the property.

The estimation of the future income is, in fact, the value of the development when completed. For this analysis, it is necessary to make an accurate estimation of the future income that the development will generate, through its sale on completion. This calculation is carried out by means of a study of the market where the property is located, comparing the quality of the future development with others in the same market.

Once the future income from the project has been established it is necessary to subtract the cost of development from this figure. The development cost varies substantially depending on the quality of the buildings, the time needed for its construction and the need for site infrastructure works, where necessary. Furthermore, in addition to the cost of construction, one must account for the cost of architects, engineers, finance and finally, deduct the profit margin required by the developer: in other words, the amount of money that the developer will actually make in line with the costs and income.

It should be noted that due to the large number of variables contained within a residual valuation the resultant value has the ability to vary quite significantly depending on the assumed rates for these inputs. The values of the variables that are the basis of this valuation are based on professional experience and comparable information.

Valuation Summary

Property	Population	Typology	Buildable Area	Parking Units	Development Duration	(€) Gross Development Value	Profit	% Profit on Cost	(€) Construction Costs	Contingencies	(€) Other Costs	(€) Soft Costs	(€) Finance Costs	IRR	(€) Land Value	(€) MARKET VALUE	% s/ TOTAL MARKET VALUE
Avila Office Building	Barcelona	Office	9,936.52 sqm	169 units	35 months	49,950,000	7,619,506	18.00%	21,122,816	211,228	3,309,894	3,081,351	1,307,911	10.00%	12,720,624	12,700,000	48,8%
Badajoz Office Building	Barcelona	Office	19,162.70 sqm	178 units	38 months	92,930,000	12,817,934	16.00%	33,027,000	330,27	9,693,948	5,942,424	2,372,918	8.00%	27,572,250	27,500,000	22.50%
Siberia Residential Building	Barcelona	Residential	3,450 sqm	-	41 months	17,250,000	2,875,000	20.00%	4,485,000	224,25	161,730	-	201,808	8.45%	8,405,832	8,400,000	14,9%
Deslite Residential Building	Barcelona	Residential	3,450 sqm	-	41 months	16,560,000	2,760,004	20.00%	4,485,000	224,25	161,730	-	191,423	8.55%	7,872,860	7,800,000	13,8%
				347 units	41 months	27,920,000	4,418,170	18.50%	10,030,938.67	85,359.33	1,114,080	3,081,351	567,047.33	8.85%	56,571,566	56,400,000	100.00%

8 FINANCIAL INFORMATION FOR THE FISCAL YEARS ENDED DECEMBER 31st, 2018 AND 2017

The financial statements set out in this Information Document have been prepared in accordance with accounting principles referred to in section 8.4, and the selected financial data included have been derived from the Spanish language audited financial statements for the financial years ended 31 December 2017 and 2018, contained in the respective annual financial reports, so they should be read in conjunction with the financial statements and notes included therein.

The Spanish language financial statements have been audited by KPMG Auditores S.L.

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

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

The financial statements at December 31, 2018 together with the auditors' report are attached as Appendix I.

8.1 BALANCE SHEET AT DECEMBER 31, 2017 AND DECEMBER 31, 2018

ASSETS	(€) 12/31/2018	(€) 12/31/2017
NON CURRENT ASSETS	28,741,520.48	33,929,469.58
Intangible assets	850.00	850.00
Investment property	28,740,670.48	33,923,619.58
Non-current investments	-	5,000.00
CURRENT ASSETS	11,216,886.64	229,287.54
Inventories	9,449,016.53	-
Trade and other accounts receivable	491,835.38	196,028.23
Personnel	6,000.00	6,000.00
Public entities, other	485,835.38	190,028.23
Current investments	55,814.55	3,252.55
Other financial assets	55,814.55	3,252.55
Prepayments for current assets	4,776.82	4,057.60
Cash and Cash equivalents	1,215,443.36	25,949.16
TOTAL ASSETS	39,958,407.12	34,158,757.12

EQUITY AND LIABILITIES	(€) 12/31/2018	(€) 12/31/2017
NET EQUITY	35,310,927.93	14,455,756.24
Capital and reserves	35,310,927.93	14,455,756.24
Capital		
Registered capital	36,725,000.00	15,000,000.00
Prior years' losses	(544,243.76)	(1,595.39)
Loss for the year	(869,828.31)	(542,648.37)
NON-CURRENT LIABILITIES	3,375,000.00	5,000.00
Non-current payables	3,375,000.00	5,000.00
Payables	3,375,000.00	-
Other financial liabilities	-	5,000.00
CURRENT LIABILITIES	1,272,479.19	19,698,000.88
Current payables	1,082,772.14	13,949,253.36
Other financial liabilities	1,082,772.14	13,949,253,36
Group companies and associates, current	-	5,467,106.67
Trade and other payables	189,707.05	281,640.85
Supplieres, Group companies and associates, current	58,193.44	69,587.10
Other Payables	89,505.07	193,670.65
Public entities, other	42,008.54	17,335.82
Advances from customers	-	1,047.28
TOTAL EQUITY AND LIABILITIES	39,958,407.12	34,158,757.12

8.2 INCOME STATEMENT AT DECEMBER 31, 2017 AND DECEMBER 31, 2018

Below is the income statement for the Company corresponding to the years ending on December 31, 2017 and December 31, 2018.

PROFIT AND LOSS	(€) 12/31/2018	(€) 12/31/2017
Revenues	24.804,00	5.512,00
Services rendered	24.804,00	5.512,00
Changes in inventories of finished goods and work in progress	759.741,71	-
Supplies	(759.741,71)	-
Merchandise used	(759.741,71)	-
Personnel expenses	(289.019,71)	(73.995,76)
Salaries and wages	(260.449,91)	(64.527,76)
Employee benefits expense	(28.569,80)	(9.468,00)
Other operating costs	(610.689,76)	(248.251,31)
External services	(572.662,71)	(246.991,31)
Taxes	(38.027,05)	(1.260,00)
Other income	3.440,08	-
RESULTS FROM OPERATING ACTIVITIES	(871.465,39)	(3 16.735,07)
Financial costs	(260.558,86)	(225.913,30)
Group companies and associates	(58.372,22)	(77.106,67)
Other	(202.186,64)	(148.806,63)
Financial income	1.637,72	-
Other	1.637,72	-
Other financial costs	260.558,86	-
Capitalises borrowing cost	260.558,86	-
NET FINANCE COST/INCOME	1.637,72	(225.913,30)
LOSS BEFORE INCOME TAX	(869.827,67)	(542.648,37)
Income tax	-	-
LOSS FOR THE YEAR	(869.827,67)	(542.648,37)

8.3 PRINCIPLES, RULES AND ACCOUNTING METHODS

The financial statements are prepared using the accounting records of MRE-III-PROYECTO CINCO.

These accounts are presented in accordance with current commercial legislation, set out in the reformed Commercial Code in accordance with Law 16/2007 of 4 July, 2007 concerning the reform and adaptation of the commercial legislation in terms of accounting for its international harmonisation based on European Union legislation, Royal Decree 1514/2007 of November 16, 2007 approving the General Accounting Plan, and Royal Decree 1159/2010 of September 17, 2010 approving the standards for the preparation of annual accounts, in all that does not expressly oppose that set out in the commercial reform mentioned with the aim of presenting a true image of the equity, financial situation and results of the group as well as the accuracy of the cash flows included in the cash flow statement.

8.4 SCHEDULED DATE FOR FIRST PUBLICATION OF EARNINGS FIGURES

The scheduled date for the first publication of the Company's earnings figures following the listing admission will be June 30th, 2020.

9 LISTING SPONSOR

ARMANEXT ASESORES, S.L.

Paseo de la Castellana 56, Bajo Derecha, 28046 (Madrid)

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



MRE-III-Proyecto Cinco, SOCIMI, S.A.

Annual Accounts

31 December 2018

Directors' Report

2018

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of MRE-III-Proyecto Cinco, SOCIMI, S.A.

Opinion

We have audited the annual accounts of MRE-III-Proyecto Cinco, SOCIMI, S.A. (the "Company"), which comprise the balance sheet at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

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 Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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.



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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 annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Valuation of investment property and inventories (see notes 2.3, 4.c, 5 and 8)

The Company holds a significant amount of its assets in investment property and inventories corresponding to real estate property, part of which will be destined for lease to obtain revenues and the other part earmarked for sale. The Company assesses investment property and inventories annually for indications of impairment, for the purpose of determining whether their carrying amount exceeds their recoverable amount. The recoverable amount of real estate property is determined by an appraisal performed by an independent expert.

In this regard, this amount is calculated by applying valuation techniques which often require the exercise of judgement by the independent expert and the Directors, as well as the use of assumptions and estimates. Due to the high level of judgement, the uncertainty associated with these estimates and the significance of the carrying amount of the investment property and inventories, this has been considered a relevant aspect of our audit.

Our audit procedures included evaluating the design and implementation of key controls related to the investment property and inventories valuation process, as well as assessing the methodology and criteria applied in the preparation of the valuation used in this process, for which purpose we have involved our valuation specialists. We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2018 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the 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 directors' report with the annual accounts, based on knowledge of the entity 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 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.



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Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the entity 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 MRE-III-Proyecto Cinco, SOCIMI, S.A. we determine those that were of most significance in the audit of the 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)

Joan Manuel Plà Hernández
On the Spanish Official Register of Auditors ("ROAC") with No. 20,531

23 April 2019

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Balance Sheets

31 December 2018 and 2017

(Expressed in Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<i>Assets</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Intangible assets	Note 5	850.00	850.00
Patents, licences, trademarks and similar rights		850.00	850.00
Investment property	Note 5	28,740,670.48	33,923,619.58
Investments in adaptation and advances		28,740,670.48	33,923,619.58
Non-current investments	Note 9	-	5,000.00
Other financial assets		-	5,000.00
Total non-current assets		28,741,520.48	33,929,469.58
Inventories	Note 8	9,449,016.53	-
Developments in progress		9,449,016.53	-
Trade and other receivables	Note 10	491,835.38	196,028.23
Personnel		6,000.00	6,000.00
Public entities, other	Note 15	485,835.38	190,028.23
Current investments	Note 10	55,814.55	3,252.55
Other financial assets		55,814.55	3,252.55
Prepayments for current assets		4,776.82	4,057.60
Cash and cash equivalents		1,215,443.36	25,949.16
Cash		1,215,443.36	25,949.16
Total current assets		11,216,886.64	229,287.54
Total assets		39,958,407.12	34,158,757.12

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Balance Sheets

31 December 2018 and 2017

(Expressed in Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Capital and reserves	Note 11	35,310,927.93	14,455,756.24
Capital			
Registered capital		36,725,000.00	15,000,000.00
Prior years' losses		(544,243.76)	(1,595.39)
Loss for the year		(869,828.31)	(542,648.37)
Total equity		35,310,927.93	14,455,756.24
Non-current payables	Note 13	3,375,000.00	5,000.00
Payables		3,375,000.00	-
Other financial liabilities		-	5,000.00
Total non-current liabilities		3,375,000.00	5,000.00
Current payables	Note 13	1,082,772.14	13,949,253.36
Other financial liabilities		1,082,772.14	13,949,253.36
Group companies and associates, current	Note 13	-	5,467,106.67
Trade and other payables	Note 13	189,707.05	281,640.85
Suppliers, Group companies and associates, current		58,193.44	69,587.10
Other payables		89,505.07	193,670.65
Public entities, other	Note 15	42,008.54	17,335.82
Advances from customers		-	1,047.28
Total current liabilities		1,272,479.19	19,698,000.88
Total equity and liabilities		39,958,407.12	34,158,757.12

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Income Statements
for the years ended

31 December 2018 and 2017

(Expressed in Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	<i>Note</i>	<i>2018</i>	<i>2017</i>
Revenues	Note 18	24,804.00	5,512.00
Services rendered		24,804.00	5,512.00
Changes in inventories of finished goods and work in progress.	Note 8	759,741.71	-
Supplies	Note 18	(759,741.71)	-
Merchandise used		(759,741.71)	-
Personnel expenses	Note 18	(289,019.71)	(73,995.76)
Salaries and wages		(260,449.91)	(64,527.76)
Employee benefits expense		(28,569.80)	(9,468.00)
Other operating expenses	Note 18	(610,689.76)	(248,251.31)
External services		(572,662.71)	(246,991.31)
Taxes		(38,027.05)	(1,260.00)
Other income/(expenses)		3,440.08	-
Results from operating activities		(871,465.39)	(316,735.07)
Finance costs		(260,558.86)	(225,913.30)
Group companies and associates		(58,372.22)	(77,106.67)
Other		(202,186.64)	(148,806.63)
Finance income		1,637.72	-
Other		1,637.72	-
Other finance income		260,558.86	-
Capitalised borrowing costs	(Notes 5 & 8)	260,558.86	-
Net finance cost/income		1,637.72	(225,913.30)
Loss before income tax		(869,827.67)	(542,648.37)
Income tax	Note 15	-	-
Loss for the year		(869,827.67)	(542,648.37)

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

**Statement of Changes in Equity
for the years ended
31 December 2018 and 2017**

**A) Statements of Recognised Income and Expense
for the years ended
31 December 2018 and 2017**

(Expressed in Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	<i>2018</i>	<i>2017</i>
Loss for the year	(869,827.67)	(542,648.37)
Total recognised income and expense	(869,827.67)	(542,648.37)

MRE-III-PROYECTO CINCO, SOCIMI, S.A.
Statement of Changes in Equity
for the years ended
31 December 2018 and 2017
Statements of Total Changes in Equity for the years ended
31 December 2018 and 2017

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Registered capital	Prior years' profit and loss	Loss for the year	Total
Balance at 31 December 2017	15,000,000.00	(1,595.39)	(542,648.37)	14,455,756.24
Recognised income and expense	-	-	(869,828.31)	(869,828.31)
Transactions with shareholders or owners				
Capital increases	21,725,000.00	-	-	21,725,000
		Note 11		
Other changes in equity				
Application of loss for the year	-	(542,648.37)	542,648.37	-
Balance at 31 December 2018	36,725,000.00	(544,243.76)	(869,828.31)	35,310,927.93

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

**Statement of Changes in Equity
for the years ended
31 December 2018 and 2017**

**Statements of Total Changes in Equity for the years ended
31 December 2018 and 2017**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Registered capital	Prior years' profit and loss	Loss for the year	Total
Balance at 31 December 2016	10,000.00	-	(1,595.39)	8,404.61
Recognised income and expense	-	-	(542,648.37)	(542,648.37)
Transactions with shareholders or owners				
Capital increases	14,990,000.00	-	-	14,990,000.00
Other changes in equity				
Application of loss for the year	-	(1,595.39)	1,595.39	-
Balance at 31 December 2017	15,000,000.00	(1,595.39)	(542,648.37)	14,455,756.24

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Statement of Cash Flows
for the year ended
31 December 2018

(Expressed in Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	<i>Note</i>	<i>2018</i>	<i>2017</i>
<i>Cash flows from operating activities</i>			
Loss for the year before tax		(869,828.31)	(542,648.37)
Adjustments for:			
Finance costs		260,558.86	225,913.30
Finance income and other		(262,196.58)	-
Other income and expenses		(719.22)	(4,057.60)
Changes in operating assets and liabilities			
Inventories		(841,239.87)	-
Trade and other receivables		(295,807.15)	(196,028.23)
Trade and other payables		(91,933.80)	280,054.10
Other cash flows from operating activities			
Interest paid		(77,106.67)	-
Interest received		1,637.72	-
Cash flows used in operating activities		(2,176,635.02)	(236,766.80)
<i>Cash flows from investing activities</i>			
Payments for/proceeds from investments			
Intangible assets	Note 5	-	(850.00)
Investment property	Note 5	(16,291,308.78)	(16,773,172.85)
Other financial assets	Note 9	(47,562.00)	(8,252.55)
Cash flows used in investing activities		(16,338,870.78)	(16,782,275.40)
<i>Cash flows from financing activities</i>			
Proceeds from and payments for equity instruments			
Capital increase	Note 10	21,725,000.00	11,640,000.00
Proceeds from and payments for financial liability instruments			
Issue			
Group companies and associates		-	5,390,000.00
Other payables	Note 12	3,375,000.00	5,000.00
Redemption			
Group companies and associates		(5,390,000.00)	-
Other payables		(5,000.00)	-
Cash flows from financing activities		19,705,000.00	17,035,000.00
Net increase in cash and cash equivalents		1,189,494.20	15,957.80
Cash and cash equivalents at beginning of year		25,949.16	9,991.36
Cash and cash equivalents at year end		1,215,443.36	25,949.16

The accompanying notes form an integral part of the annual accounts.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(1) Nature and Activities of the Company and Composition of the Group

MRE-III-Proyecto Cinco, SOCIMI, S.A. (hereinafter the Company) was incorporated as a solely-owned private limited liability company in Barcelona on 9 August 2016. The Company became a public limited company by deed on 12 June 2017. On 27 October 2017 the Company ceased to be solely-owned as a result of the capital increase through a non-monetary contribution. The Company's registered office is located at Avenida Diagonal, 640, Barcelona. The Company's statutory activity is mainly the acquisition of urban real estate for lease. During 2017 10 sale and purchase agreements were signed in relation to a urban complex (hereinafter Suelo 22@), in the middle of calle Ávila, calle Doctor Trueta, calle Badajoz and Avenida Icaria, in the 22@ district in Barcelona, one of the new business areas in the city. This complex is being demolished partly for the development of buildings earmarked for lease and partly for buildings destined for sale. It is estimated that this development will start within three years of the acquisition date.

SOCIMI (Spanish REIT), Law 11/2009

On 12 July 2017 the Company requested from the Spanish taxation authorities that it be included in the special tax regime for SOCIMI (Spanish real estate investment trusts - REIT), regulated by Law 11/2009 of 26 October 2009 governing SOCIMI. The request to be included in this tax regime was approved by the Company's shareholders on 12 July 2017.

The Company's statutory activities fall within the statutory activities required of SOCIMI in article 2 of Law 11/2009 of 26 October 2009 governing SOCIMI.

Article 3 of Law 11/2009 also lays down the following investment requirements:

1. SOCIMI must have invested at least 80% of the value of their assets in urban real estate earmarked for lease, in land for real estate development to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in capital or equity investments in other companies that also acquire and develop urban real estate for lease.

This percentage must be calculated on the basis of the consolidated balance sheet if the company is the parent of a group, in accordance with the criteria set forth in article 42 of the Spanish Code of Commerce, regardless of its place of residence and of the obligation to prepare consolidated annual accounts. Such a group must be composed exclusively of SOCIMI and the other entities referred to in article 2.1 of this Law (companies the principal statutory activities of which are the acquisition and development of urban real estate for lease). The aforementioned percentage was not met at 31 December 2018. However, as stipulated by applicable legislation, the Company has a period of two years from the option date to apply this regime (until July 2019).

2. Furthermore, at least 80% of the rental income from the tax period corresponding to each year, excluding the rental income deriving from the transfer of the interests and conveyance of the real estate earmarked by the company to achieve its principal statutory activity, once the holding period referred to below has elapsed, should be obtained:
 - (a) from the lease of real estate earmarked for the purpose of complying with the principal statutory activity to persons or entities with which none of the circumstances set forth in article 42 of the Spanish Code of Commerce arise, irrespective of their place of residence; and/or
 - (b) from dividends or shares in profit from investments held to comply with the principal statutory activity.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

This percentage must be calculated on the basis of the consolidated profit or loss if the company is the parent of a group, in accordance with the criteria set forth in article 42 of the Spanish Code of Commerce, regardless of its place of residence and of the obligation to prepare consolidated annual accounts. Such a group must be composed exclusively of SOCIMI and the other entities referred to in article 2.1 of this Law. This percentage was met at 31 December 2018.

3. The real estate included in the company's assets should remain leased for at least three years. The period of time during which the real estate has been available for lease, up to a maximum of one year, shall be included for calculation purposes.

The period shall be calculated as follows:

- (a) For real estate included in the company's assets before the company applies the regime, from the beginning of the first tax period in which the special tax regime stipulated in this law applies, provided that at that date, the asset is leased or made available for lease. Otherwise the following shall apply.
- (b) For real estate developed or acquired subsequently by the company, from the date on which they were leased or put up for lease for the first time.

In the case of shares or capital interests in the entities referred to in article 2.1 of this Law, they should be retained under assets on the company's balance sheet for at least three years following their acquisition or, as appropriate, from the beginning of the first tax period in which the special tax regime set forth in this law applies.

Articles 4 and 5 of Law 11/2009 also set out the following requirements:

1. Throughout the entire tax period, SOCIMI shares must be continuously admitted to trading on a regulated market or on a multilateral trading facility in Spain, any other European Union Member State or the European Economic Area, or on a regulated market in any country or territory with which there is an effective exchange of tax information. Although this requirement still has to be met, the Company is still within the timeframe to do so.

SOCIMI shares must be registered shares.

2. SOCIMI must have minimum share capital of Euros 5 million, which the Company has exceeded; this requirement has therefore been met.

Non-monetary contributions for capital formation or increase in the form of real estate must be appraised when they are contributed in accordance with article 38 of the revised Spanish Companies Act and, to this end, the independent appraiser appointed by the Mercantile Registrar must be one of the appraisal companies set forth in mortgage market legislation. Non-monetary contributions made in real estate for capital formation or increase in the entities indicated in article 2.1 c) of this Law must be appraised by one of the aforementioned appraisal companies.

There must only be one class of shares. The Company has met this requirement, as indicated in note 11.

If the company chooses to apply the special tax regime set forth in this law, its company name must include the words "Sociedad Cotizada de Inversión en el Mercado Inmobiliario, Sociedad Anónima" or the abbreviation thereof, "SOCIMI, S.A.".

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The Company meets this requirement.

4. Also, as described in article 6 of Law 11/2009 of 26 October 2009 governing SOCIMI, SOCIMI and the entities resident in Spain in which they hold investments that have opted to apply the special tax regime set out by this Law shall be required to distribute the profit for the year to shareholders in the form of dividends, once the related mercantile obligations have been met. The distribution of dividends must be approved within six months of each year end as follows:
- 100% of the profit arising from dividends or shares of profits distributed by the entities subject to this regime.
 - 50% of the profit arising from the conveyance of real estate and transfer of shares or investments performed once the time periods stipulated in the investment requirements have elapsed must be distributed in full. The remaining profit must be reinvested within three years from the conveyance/transfer date. If the reinvestment does not take place, the remaining 50% will be distributed.
 - At least 80% of the remaining profit generated.

The Company incurred losses during 2016 and 2017 and, therefore, it was not necessary to distribute dividends for these years in accordance with article 6 of Law 11/2009 of 26 October 2009 governing SOCIMI. At 31 December 2018 the Company continues to incur losses and therefore no dividends will be distributed.

As stipulated in Transitional Provision One of Law 11/2009 of 26 October 2009 governing SOCIMI, the Company may opt to apply the special tax regime under the terms set out in article 8 of this Law, even though it does not meet the requirements set out therein, provided that such requirements are met within two years of the date on which it opts to apply the aforementioned regime.

At 31 December 2018 the Company fails to meet the following requirements set out by Law 11/2009 of 26 October 2009 governing SOCIMI:

- Listing on a regulated market or in a multilateral trading system.
- The obligation to have invested at least 80% of the value of its real estate assets to be earmarked for lease, in land for real estate development to be earmarked for that purpose, and in capital or equity investments in other companies that also acquire and develop urban real estate for lease. In this regard, the Company's board of directors considers that this requirement will be met within the two-year period permitted by this Law.

A failure to meet this condition would require the Company to file income tax returns under the general tax regime from the tax period in which the aforementioned condition was not met, unless this situation were redressed in the following tax period. The Company would also be obliged to pay, together with the amount relating to the aforementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late payment interest, surcharges and penalties.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(2) Basis of Presentation**(a) True and fair view**

The annual accounts have been prepared on the basis of the accounting records of MRE-III-Proyecto Cinco, SOCIMI, S.A. in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 31 December 2018 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2018, authorised for issue on 29 March 2019, will be approved with no changes by the shareholders at their annual general meeting.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2018 include comparative figures for 2017, which formed part of the annual accounts approved by the sole shareholder on 29 June 2018.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in Euros, the Company's functional and presentation currency.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, is as follows:

Estimating the useful life of investment property requires a high degree of judgement by management, based on historical experience and on the analysis carried out by the Company's technically qualified personnel.

- The recoverable amount of investment property and inventories based on appraisals made by independent experts.

Although estimates are calculated by the Company based on the best information available at 31 December 2018, future events may require changes to these estimates in subsequent years. Any effect of adjustments to be made in subsequent years would be recognised prospectively.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(3) Application of Losses

The application of the loss for the year ended 31 December 2017, proposed by the directors and approved by the shareholders at their annual general meeting held on 29 June 2018, was to carry forward the full amount as prior years' losses, as follows:

	<u>Euros</u>
Basis of allocation	
Loss for the year	<u>(542,648.37)</u>
Application	
Prior years' losses	<u>(542,648.37)</u>

The proposed application of the Company's 2018 loss to be submitted to the shareholders is as follows:

	<u>Euros</u>
Basis of allocation	
Loss for the year	<u>(869,828.31)</u>
Application	
Prior years' losses	<u>(869,828.31)</u>

(4) Significant Accounting Policies**(a) Foreign currency transactions, balances and cash flows**

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Exchange gains and losses arising from this process, as well as those arising from the write off of balances from foreign currency transactions, as recognised in the income statement as income or expense, where applicable, when they arise.

In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations.

(b) Intangible assets

Intangible assets are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of inventories. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(i) Subsequent costs

Subsequent costs incurred on intangible assets are recognised in profit and loss, unless they increase the expected future economic benefits attributable to the intangible asset.

(ii) Useful life and amortisation rates

The Company assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded by the Company as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired. The Company assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded by the Company as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

(iii) Impairment losses

The Company measures and determines impairment of intangible assets to be recognised or reversed. See note 4.(d) Impairment of non-financial assets subject to amortisation or depreciation

(c) Investment property

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

Buildings that are being constructed or developed for future use as investment property are classified as Investment property - Investments in adaptation and advances, until they are completed. Nevertheless, redevelopment work to extend or improve property is classified as investment property.

Investment property is initially measured at cost or cost of production. The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, plus any additional costs incurred to bring the goods to a saleable condition and other costs directly attributable to the acquisition. After initial recognition assets are depreciated and, where applicable, are subject to impairment.

Advances on account of investment property are initially measured at cost. In subsequent years, advances accrue interest at the Company's incremental borrowing rate when the period between payment and the receipt of the asset exceeds one year.

The acquisition cost of assets fully or partially acquired in exchange for contingent consideration includes the best estimate of the present value of the aforementioned consideration. Changes to the estimates of the contingent consideration are recognised as an adjustment to the value of the assets. Changes related to variables such as interest rates or the Consumer Price Index are treated as an adjustment to the effective interest rate.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Investment property is depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation expense separately for each component, which has a significant cost in relation to the total cost of the item and a useful life different to the rest of the item. In this regard, items which due to their characteristics are depreciated between 5 and 10 years are recorded under Buildings, in addition to those items which are purely buildings which are indicated in the following point.

Investment property is depreciated applying the following policies:

	Depreciation method	Estimated years of useful life
Buildings	Straight-line	50

(d) Impairment of non-financial assets subject to amortisation or depreciation

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. This analysis is based on appraisals and valuations at the reporting date made by independent experts in January 2019. The main methodology used to determine the market value of the Company's investment property in 2018 and 2017 is the discounted cash flow method.

Impairment losses, where applicable, are recognised in the income statement.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

(e) Leases

(i) Lessor accounting

Leases which transfer to third parties substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases. Otherwise they are classified as operating leases.

Operating leases

Assets leased to third parties under operating lease contracts are presented according to their nature, applying the accounting policies set out in Investment property.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Operating lease income, net of incentives granted, is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits deriving from the leased asset are diminished.

Initial direct costs are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Contingent rents are recognised as income when it is probable that they will be obtained, which is generally when the conditions agreed in the contract arise.

(f) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

For measurement purposes, financial instruments are classified under financial assets and financial liabilities held for trading, financial assets and financial liabilities at fair value through profit or loss, loans and receivables, investments held to maturity, available-for-sale financial assets and financial liabilities at amortised cost. Financial instruments are classified into the above categories based on their nature and management's intentions on initial recognition.

(ii) Own equity instruments

As described in note 1 to the annual accounts, pursuant to article 6 of Law 11/2009 of 26 October 2009 governing SOCIMI, SOCIMI and the entities resident in Spain in which they hold interests that have opted to apply the special tax regime set out by this Law shall be required to distribute the profit for the year to shareholders in the form of dividends, once the related mercantile obligations have been met. The distribution of dividends must be approved within six months of each year end.

The aforementioned obligation to distribute profits is understood to derive from a legal and non-contractual obligation and from opting voluntarily to apply a special tax regime. This is a self-imposed legal obligation and therefore the definition of financial liability is not met and the equity instruments issued by the Parent are classified as equity instruments. Likewise, the distribution of profits is recognised as a reduction in equity when legally enforceable.

(iii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Nevertheless, financial assets included in this category which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(v) Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured upon initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the amount receivable/payable on maturity, and minus any reduction for impairment or uncollectibility.

(vi) Fair value

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(vii) Impairment and uncollectibility of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company considers there is objective evidence of impairment of loans and receivables and debt instruments when a reduction or delay is incurred in the estimated future cash flows, which could be due to debtor insolvency.

(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 or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(ix) Derecognition and modifications of financial assets and financial liabilities

The Company derecognises a financial asset, or a part of a financial asset, when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

(g) Inventories

Inventories, principally including developments in progress which are all earmarked for sale, are measured at price of acquisition or construction.

Inventories that need a period of more than one year to be officially approved include finance costs accrued prior to becoming available for sale and directly attributable in the acquisition or construction.

Capitalisation of finance costs is suspended in the event construction is interrupted.

Finished developments: these are measured based on the costs incurred in the real estate developments. These costs include those directly applicable to construction that have been approved by the technicians in charge of managing the works, expenses associated with promotion and finance costs incurred during the construction period.

Building plots and land are measured at their acquisition price, including the costs directly associated with the purchase. The value of land and building plots includes the cost of urban development, the project and planning until the refurbishment works are completed.

The Company recognises impairment in those cases where the recoverable amount is lower than the amount recognised, or where there are doubts regarding recoverability. This analysis is made based on appraisals and valuations made by independent experts in January 2019.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The financial effect of provisions is recognised as a finance cost in the income statement.

(j) Revenue from the sale of goods and rendering of services

The Group recognises revenue based on the economic substance of the transaction.

Revenue is recognised when it is probable that the economic benefits or returns associated with the transaction will flow to the Company, and the amount of revenue can be measured reliably.

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(i) Services rendered

Revenues associated with the rendering of services are recognised in the income statement by reference to the stage of completion at the reporting date when revenues, the stage of completion, the costs incurred and the costs to complete the transaction can be estimated reliably and it is probable that the economic benefits derived from the transaction will flow to the Company. In this regard, the Company's main services consist of lease revenues, as described in note 4(e) above.

(k) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Government assistance provided in the form of deductions and other tax relief applicable to income tax payable are recognised as a reduction in the income tax expense for the year in which it is accrued.

As described in note 1, the Company adheres to the tax regime for SOCIMI regulated by Law 11/2009 of 26 October 2009 governing SOCIMI. In compliance with certain requirements set out by this Law, the Company is subject to an income tax rate of 0%. The requirements to be met are set out in the section "SOCIMI (Spanish REIT), Law 11/2009" of note 1. Article 10 of this Law also regulates the special tax regime for shareholders and especially dividends on account of profits or reserves to which the special tax regime set forth in this Law has been applied, as well as the income obtained from the transfer or reimbursement of the investment in capital of the companies which have opted to apply this regime.

The board of directors monitors compliance with the requirements stipulated in this Law, for the purpose of maintaining the aforementioned special tax regime. It estimates that these requirements will be met in the terms and conditions stipulated and income tax for the year will be recognised.

(i) Taxable temporary differences

Taxable temporary differences are recognised in all cases except where:

- They arise 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 accounting profit nor taxable income.
- They are associated with investments in subsidiaries, associates, jointly controlled entities and interests in joint ventures over which the Company is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(ii) Recognition of deductible temporary differences, tax credits and tax loss carryforwards

The Company recognises the corresponding deferred tax assets for all deductible temporary differences, unused tax credits and tax loss carryforwards available for offset provided that it is likely that the Company will generate sufficient taxable income in the future to apply these assets.

The Company does not recognise any deferred tax assets for those deductible temporary differences which:

- Arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income.
- Correspond to the temporary differences associated with investments in subsidiaries and interests in joint ventures that will reverse in the foreseeable future and sufficient taxable income is expected to be generated against which the temporary differences can be offset.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

(iv) Offset and classification

The Company only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(I) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading or they are due to be settled within 12 months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the annual accounts are authorised for issue.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(m) Environmental issues

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

(n) Transactions between Group and related companies

Transactions between Group and related companies, except those related to mergers, spin-offs and non-monetary contributions, are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(5) Intangible Assets and Investment Property

Details of intangible assets and movement are as follows:

Description	Euros 2018	
	Patents, licences, trademarks and similar rights	Total
Cost at 1 January 2018	850.00	850.00
Cost at 31 December 2018	850.00	850.00
Carrying amount at 31 December 2018	850.00	850.00

Description	Euros 2017	
	Patents, licences, trademarks and similar rights	Total
Cost at 1 January 2017	-	-
Additions	850.00	850.00
Cost at 31 December 2017	850.00	850.00
Carrying amount at 31 December 2017	850.00	850.00

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Details of investment property and movement during the year are as follows:

Description	Euros	
	2018	
	Adaptation and advances	Total
Cost at 1 January 2018	33,923,619.58	33,923,619.58
Additions	3,424,827.56	3,424,827.56
Transfers (note 8)	(8,607,776.66)	(8,607,776.66)
Cost at 31 December 2018	28,740,670.48	28,740,670.48
Carrying amount at 31 December 2018	28,740,670.48	28,740,670.48

Description	Euros	
	2017	
	Adaptation and advances	Total
Cost at 1 January 2017	-	-
Additions	33,923,619.58	33,923,619.58
Cost at 31 December 2017	33,923,619.58	33,923,619.58
Carrying amount at 31 December 2017	33,923,619.58	33,923,619.58

In July and August 2017 the Company acquired various buildings located in the 22@ district in Barcelona for an amount of Euros 27,600,893.46. A portion of the payment of these purchases amounting to Euros 13,949,253.36 was deferred until July, August and September 2018; the impact of discounting these deferred payments totals Euros 350,993.27 thousand, which lowered the cost of purchase of these properties. At 31 December 2018 this deferred payment has been fully settled (see note 13). The aforementioned sale and purchase deeds set potential price adjustments (upward only) in the event that the subdivision project results in the lower amount of land conveyed to the public authorities than established at the date of purchase, which would result in an increase in the square metres of the roof surface. On 22 November 2018 the "Urban Improvements Plan for District 22@A" was approved and therefore the subdivision plan which affects the properties acquired by the Company. Consequently, as set out in the sale and purchase agreement for these properties, the Company recognised a price adjustment of Euros 323,796.32 (see note 13 b).

In addition, in October 2017 the Company acquired certain buildings located in the 22@ district in Barcelona for an amount of Euros 2,416,960.00. Furthermore, capital was increased by Euros 3,350,000 thousand, as executed in a public deed on 27 October 2017, through a non-monetary contribution of a percentage of a property located in the 22@ district of Barcelona.

On 9 February 2018 the Company acquired a property located in the 22@ district for an amount of Euros 872,000.

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The purpose of these properties is to demolish and refurbish the buildings on them and subsequently build various offices (for lease) and dwellings (for sale). In this connection, in 2018 the costs for demolishing the pre-existing buildings, adjusting the purchase price (see note 13b), as well as the costs for the construction project studies were capitalised for a total of Euros 2,552,827.56, of which Euros 193,074.12 correspond to capitalised finance costs. All the amounts capitalised as a result of the acquisition and adaptation of these properties are recognised under investments in adaptation and advances under investment property.

During 2018 the Company decided that the property earmarked for dwellings would be destined for sale and therefore, as a result of change in use, they have been transferred to inventories for an amount of Euros 8,607,776.66 (see note 8).

(a) Fully depreciated/amortised assets

At 31 December 2018 and 2017 the Company does not have any fully depreciated investment property or fully amortised intangible assets.

(b) Insurance

The Company has taken out insurance policies to cover the risk of damage to its investment property. The coverage of these policies is considered sufficient.

(6) Operating Leases - Lessor

At 31 December 2018 the Company has not leased any buildings from third parties. At 31 December 2017 there was only one building, the contract for which was cancelled in September 2018 as a result of the project mentioned in note 5.

(7) Risk Management Policy

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits.

Risks are managed by the Risk Management Unit in accordance with policies approved by the shareholders. This department identifies, evaluates and mitigates financial risks in close collaboration with the Company's operational units. The shareholders issue global risk management policies, as well as policies for specific issues such as interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

(i) Credit risk

The Company is not significantly exposed to credit risk.

Valuation allowances for bad debts, and the review of individual balances based on customers' credit ratings, market trends and the historical analysis of bad debts at an aggregated level require a high degree of judgement.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(ii) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash as well as sufficient financing through credit facilities.

Details of financial assets and financial liabilities by contractual maturity date are provided in Appendices I and III.

(iii) Cash flow and fair value interest rate risks

At 31 December 2018 and 2017, the Company had no interest-bearing liabilities through a variable interest rate pegged to any index. Therefore, at those dates it was not exposed to any cash flow interest rate risk.

(8) Inventories

Details of inventories are as follows:

	Euros	
	2018	2017
Property business		
Opening balance at 1 January	-	-
Additions (note 18)	827,226.45	-
Transfers (note 5)	8,607,776.66	-
Advances to suppliers	14,013.42	-
	9,449,016.53	-

At 31 December 2018 inventories comprise developments in progress corresponding to dwellings earmarked for sale. During 2018 costs of Euros 827,226.45 have been capitalised, Euros 67,484.74 of which correspond to capitalisable finance costs and Euros 113,175.77 of which correspond to the adjusted purchase price (see note 13b). Remaining costs mainly reflect demolition costs.

(a) Insurance

The Company has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(9) Financial Assets by Category

(a) Classification of financial assets by category

The classification of financial assets by category and class, as well as a comparison of the fair value and the carrying amount is as follows:

	Euros			
	2018			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
<i>Investments</i>				
Other financial assets	-	-	55,814.55	55,814.55
<i>Loans and receivables</i>				
Personnel	-	-	6,000.00	6,000.00
Total financial assets	-	-	61,814.55	61,814.55

	Euros			
	2017			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
<i>Investments</i>				
Security and other deposits	5,000.00	5,000.00	-	-
Other financial assets	-	-	3,252.55	3,252.55
<i>Loans and receivables</i>				
Personnel	-	-	6,000.00	6,000.00
Total financial assets	5,000.00	5,000.00	9,252.55	9,252.55

At 31 December 2018 and 2017 the carrying amounts of financial assets do not differ significantly from their fair values.

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Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(10) Investments and Trade Receivables

(a) Investments

Details of investments are as follows:

	Euros	
	2018	
	Non-current	Current
Unrelated parties		
Security and other deposits	-	55,814.55
Total	-	55,814.55

	Euros	
	2017	
	Non-current	Current
Unrelated parties		
Security and other deposits	5,000.00	
Other financial assets	-	3,252.55
Total	5,000.00	3,252.55

At 31 December 2018 current security and other deposits reflect a deposit for the construction work being carried out in the 22@ district. The Company has no non-current security and other deposits, as on 28 September 2018 the operating lease contract, in force at 31 December 2017, was rescinded.

At 31 December 2017 the amount of Euros 5,000 reflects security deposits that the Company received from customers for the lease of spaces and for which it is under the obligation to deposit with the pertinent body (in this case INCASOL) for the buildings located in Catalonia. Non-current investments include amounts that the Group has deposited with INCASOL. On the contrary, other non-current financial liabilities comprise amounts that the Company has received from its customers for security deposits (see note 13).

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(b) Trade and other receivables

At 31 December 2018 and 2017 details of trade and other receivables are as follows:

	Euros	
	2018	2017
	Current	Current
<i>Unrelated parties</i>		
Personnel	6,000.00	6,000.00
Public entities, other	485,835.38	190,028.33
Total	491,835.38	196,028.33

(c) Classification by maturity

The classification of financial assets by maturity is shown in Appendix I.

(11) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Share capital

At 31 December 2017 the Company's share capital amounted to Euros 15,000,000 and was represented by 15,000,000 shares of Euros 1 par value each, subscribed and fully paid.

At 31 December 2017 share capital of Euros 50,000 was recognised, corresponding to a capital increase approved by the sole shareholder in the minutes of 3 July 2017, formalised by public deed on 12 June 2017 and entered in the Mercantile Registry on 20 July 2017.

In addition, at 31 December 2017 share capital of Euros 11,590,000 was recognised, corresponding to a capital increase approved by the sole shareholder in the minutes of 12 July 2017, formalised by public deed on 12 July 2017 and entered in the Mercantile Registry on 24 August 2017.

At 31 December 2017 share capital of Euros 3,350,000 was recognised, corresponding to a capital increase through the non-monetary contribution of a building, approved by the shareholders on 27 October 2017, formalised by public deed on 26 October 2017 and entered in the Mercantile Registry on 13 November 2017.

At an extraordinary and universal meeting held on 8 March 2018 the shareholders increased capital through a monetary contribution of Euros 4,962,500 by issuing 4,962,500 shares of Euros 1 par value each, fully subscribed and paid. The capital increase was entered in the Mercantile Registry on 14 May 2018.

At an extraordinary and universal meeting held on 14 August 2018 the shareholders increased capital again through a monetary contribution of Euros 16,762,500 by issuing 16,762,500 shares of Euros 1 par value each, fully subscribed and paid. The capital increase was entered in the Mercantile Registry on 2 October 2018.

Consequently, at 31 December 2018 the Company's share capital amounts to Euros 36,725,000 and is represented by 36,725,000 shares of Euros 1 par value each, subscribed and fully paid.

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Details of shareholders at 31 December 2018 and 2017 are as follows

	2018	2017
	%	%
Meridia Real Estate III Socimi, S.A.	77.60	77.67
Sucesores de W.Hoffmann, S.L.	9.54	22.33
DOF UK Meridia Holding IV Ltd	1.84	-
DOF UK Meridia Holding V Ltd	1.84	-
DREOF II UK Meridia Holding I Ltd	3.06	-
DREOF II UK Meridia Holding II Ltd	3.06	-
DREOF II UK Meridia Holding III Ltd	3.06	-
Total	100	100

(12) Financial Liabilities by Category

- (a) Classification of financial liabilities by category

A classification of financial liabilities by category and class is provided in Appendix II.

At 31 December 2018 and 2017 the carrying amount of financial liabilities does not differ significantly from their fair value.

(13) Payables and Trade Payables

- (a) Payables to Group companies, associates and related parties

Details of payables to Group companies, associates and related parties are as follows:

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Group				
Payables	-	-	-	5,390,000.00
Interest	-	-	-	77,106.67
Total	-	-	-	5,467,106.67

At 31 December 2017 current payables reflected a loan facility arranged with Meridia Real Estate III Socimi, S.A. on 1 April 2017, with a limit of 6,000,000.00 and accruing interest at a market rate of 4%. On 27 September 2018 the Company fully repaid the loan and interest.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(b) Payables

Details of payables are as follows:

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Unrelated parties				
Security and other deposits	-	-	5,000.00	-
Suppliers of fixed assets	-	1,082,772.14	-	13,949,253.36
Other financial liabilities	3,375,000.00	-	-	-
Total	3,375,000.00	1,082,772.14	5,000.00	13,949,253.36

At 31 December 2018 other non-current financial liabilities reflect a Euros 3,375,000 participating loan received from Periza Industries S.á.r.l on 8 March 2018. This loan falls due on 8 March 2033. The loan will be fully repaid either at the contract end date or on a prior date if any of the circumstances stipulated in the contract arise. This loan accrues interest at a rate of 8.4% on the Company's accumulated net profit at reporting date. At 31 December 2018 no interest has been accrued as the Company has incurred losses.

At 31 December 2017 security and other deposits reflected the amount of security deposits received from the lessees of the Company's properties (see note 9).

At 31 December 2017 current fixed asset suppliers reflected the amounts payable for the acquisition of the properties described in point 5, which have been fully paid in July and October 2018.

At 31 December 2018 current fixed asset suppliers include the adjusted purchase price of Euros 436,972.09 (see note 5 and 8) and the amounts payable to providers who are carrying out the works.

(c) Other information on payables

(i) Main characteristics of payables

The terms and conditions of loans and payables are shown in Appendix IV.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(d) Trade and other payables

Details of trade and other payables are as follows:

	Euros	
	2018	2017
	Current	Current
<i>Group</i>		
Meridia Real Estate III, SOCIMI, S.A.	58,193.44	69,587.10
<i>Related parties</i>		
Payables	5,133.99	16,698.12
<i>Unrelated parties</i>		
Payables	84,371.08	176,972.53
Public entities, other (note 15)	42,008.54	17,335.82
Advances	-	1,047.28
Total	189,707.05	281,640.85

(e) Classification by maturity

The classification of financial liabilities by maturity is shown in Appendix III.

(14) Average Supplier Payment Period. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July 2010

Details of the average supplier payment period are as follows:

	2018	2017
	Days	
Average supplier payment period	48.01	36.28
Transactions paid ratio	51.09	36.98
Transactions payable ratio	27.19	25.00
	Amount in Euros	Amount in Euros
Total payments made	2,089,705.45	847,067.76
Total payments outstanding	308,358.82	52,197.67

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(15) Taxation

Details of balances with public entities at 31 December 2018 and 2017 are as follows:

	Euros	
	2018	2017
	Current	Current
Assets		
Value added tax and similar taxes	485,835.38	188,980.95
Withholdings	-	1,047.28
	485,835.38	190,028.23
Liabilities		
Withholdings	42,008.54	17,335.82
	42,008.54	17,335.82

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Years open to inspection
Income tax	2016 - 2017
Value added tax	2016 - 2018
Personal income tax	2016 - 2018
Tax on Economic Activities	2016 - 2018

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Company's directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

(a) Income tax

A reconciliation of net income and expenses for the year with the tax loss is shown in Appendix V.

The relationship between the income tax expense/(income) and accounting profit/(loss) for the year is provided in Appendix VI.

Because the tax rate is zero, the Company has not recognised the tax effect of unused tax loss carryforwards as deferred tax assets, the amounts and reversal periods of which are as follows:

Year	Euros		Term
	2018	2017	
2016	(1,595.39)	(1,595.39)	Indefinite
2017	(542,648.37)	(542,648.37)	Indefinite
2018 (provisional)	(869,827.67)	-	Indefinite

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(16) Environmental Information

At 31 December 2018 and 2017 the Company had no significant assets for protecting or improving the environment, nor did it incur any expenses of an environmental nature during either year.

The directors of the Company do not consider that there are any significant contingencies relating to the protection and improvement of the environment. Therefore, at 31 December 2018 and 2017 it was not considered necessary to recognise a provision for liabilities and charges of this nature.

(17) Related Party and Group Balances and Transactions

(a) Balances with the Group and related parties

Related party balances are shown in note 13.

(b) Transactions with the shareholders and related parties

The Company's transactions with related parties are as follows:

	Euros		
	Shareholders	Related parties	Total
2018			
Expenses			
Services received	179,212.50	27,033.40	206,245.90
Interest	58,372.22	-	58,372.22
Total expense	237,584.72	27,033.40	264,618.12
	Euros		
	Shareholders	Related parties	Total
2017			
Expenses			
Services received	102,568.19	21,771.72	124,339.91
Interest	77,106.67	-	77,106.67
Total expense	179,674.86	21,771.72	201,446.58

In 2018 and 2017 transactions with Group companies and related parties are those arising from project management and from the financing obtained.

(c) Information on the Company's directors and senior management personnel

In 2018 and 2017 directors of the Company have not received any remuneration, nor have they received any loans or advances, nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors. The Company has no senior management personnel.

The Company did not pay any public liability insurance premiums for the directors in 2018 and 2017 for damage or loss caused by actions or omissions in the performance of their duties.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- (d) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

In 2018 and 2017 the directors of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

- (e) Conflicts of interest concerning the directors

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(18) Income and Expenses

- (a) Revenue

Details of revenues by category of activity and geographical market are as follows:

	Euros	
	2018	2017
	Domestic	Domestic
Lease income	24,804.00	5,512.00
	24,804.00	5,512.00

MRE-III-Proyecto Cinco, SOCIMI, S.A.'s revenues are mainly generated from the lease of buildings to third parties.

All services are provided in Spain.

- (b) Supplies and changes in inventories

At 31 December 2018 these entirely reflect costs capitalised in 2018 amounting to Euros 759,741.71 and recognised under inventories (see note 8). At 31 December 2017 no capitalised costs were recognised under inventories.

- (c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	Euros	
	2018	2017
Employee benefits expense		
Social Security payable by the Company	28,569.80	9,468.00
	28,569.80	9,468.00

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Notes to the Annual Accounts**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(d) External services

Details of external services are as follows:

	Euros	
	2018	2017
Independent professional services	370,273.88	129,218.68
Services rendered by Group companies	179,212.50	102,568.19
Other expenses	23,176.33	15,204.44
	572,662.71	246,991.31

(e) Employee Information

At 31 December 2018 and 2017 there are two employees (a female lawyer and male asset management director). At 31 December 2018 and 2017 the Company had no employees with a disability rating equal to or higher than 33%. The average headcount at 31 December 2018 is 2 (1.25 at 31 December 2017).

(19) Audit fees

The auditor of the Company's annual accounts, and other individuals and companies related to the auditor have accrued the following fees for professional services:

	Euros	
	2018	2017
Audit services	7,500.00	7,000.00

The amounts in the above table include the total fees for services rendered in 2017 and 2018, irrespective of the date of invoice.

(20) Legislative requirements arising from status as SOCIMI, Law 11/2009

In compliance with the reporting obligations set forth in article 11 of Law 11/2009 of 26 October 2009 governing SOCIMI, the following is indicated:

Observation requirement	2018 information
a) Reserves from years prior to the application of the tax regime set forth in this Law.	There are no reserves from years prior to the application of the tax regime set forth in this Law.
b) Reserves from years in which the tax regime set forth in this Law has been applied, differentiating between the portion that comes from income subject to a 0% or 19% tax rate, and those which, where applicable, have been taxed at the general tax rate.	There are no reserves in 2018 and 2017, during which the tax regime set forth by the aforementioned Law has been applied.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Notes to the Annual Accounts

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Observation requirement	2018 information
c) Dividends distributed with a charge to profits for each year in which the tax regime set forth by this Law has been applied, differentiating between the portion that comes from income subject to a 0% or 19% tax rate and those which, where applicable, have been taxed at the general tax rate.	The Company has incurred losses during 2016, 2017 and 2018. As a result no dividends have been or will be distributed and the information required regarding distribution of dividends as stipulated by article 11 of the aforementioned Law is not necessary.
d) In the event of dividends distributed with a charge to reserves, designation of the year from which the applied reserve originates and whether they have been taxed at a 0% or 19% tax rate or at the general tax rate.	
e) Dividend distribution agreement date referred to in sections c) and d) above.	
f) Acquisition date of the properties earmarked for lease and of shares in the capital of the entities to which article 2.1 of the above Law refers.	The Company's properties were acquired in July and August 2017 and one property was acquired in 2018.
g) Identification of the asset that qualifies as part of the 80% mentioned in article 3.1 of this Law	At 2018 reporting date, the assets computed within the 80% as described in article 4 of this Law are those relating to the development and construction of office buildings. The carrying amount of these assets at 2018 reporting date amounts to Euros 28,740,670.48. As mentioned in note 1, although this percentage is not met at 31 December 2018, the Company has a period of two years from the option date to apply this regime, as stipulated by applicable legislation. The Company expects to meet the requirements of the Law within the stipulated deadline, with regard to the investments it plans to make.
h) Reserves from years in which the special tax regime provided in this Law is applicable which have been applied in the tax period other than for the distribution thereof or to offset losses, identifying the year in which these reserves arise.	There are no reserves from years prior to the application of the tax regime set forth in this Law.

(21) Events After the Reporting Period

No significant events have occurred after the reporting period.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.
Classification of financial assets by maturity
for the year ended 31 December 2018

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros		
	2019	Less current portion	Total non- current
<i>Investments</i>			
Other financial assets	55,814.55	(55,814.55)	-
<i>Loans and receivables</i>			
Personnel	6,000.00	(6,000.00)	-
Total	61,814.55	(61,814.55)	-

MRE-III-PROYECTO CINCO, SOCIMI, S.A.
Classification of financial assets by maturity
for the year ended 31 December 2017

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros			
	2018	2019	Less current portion	Total non- current
<i>Investments</i>				
Security and other deposits	-	5,000.00	-	5,000.00
Other financial assets	3,252.55	-	(3,252.55)	-
<i>Loans and receivables</i>				
Personnel	6,000.00	-	(6,000.00)	-
Total	9,252.55	5,000.00	(9,252.55)	5,000.00

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Details of Financial Liabilities by Category
for the year ended 31 December 2018**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
2018				
<i>Debts and payables</i>				
Unrelated companies				
Payables	3,375,000.00	3,375,000.00	-	-
Suppliers of fixed assets	-	-	1,082,772.14	1,082,772.14
Trade and other payables				
Suppliers, Group companies and associates	-	-	63,327.43	63,327.43
Suppliers and trade payables	-	-	84,371.08	84,371.08
Total financial liabilities	3,375,000.00	3,375,000.00	1,230,470.65	1,230,470.65

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Details of Financial Liabilities by Category
for the year ended 31 December 2017**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
2017				
<i>Debts and payables</i>				
Group companies and associates				
Payables	-	-	5,390,000.00	5,390,000.00
Interest			77,106.67	77,106.67
Suppliers of fixed assets	-	-	13,949,253.36	13,949,253.36
Other financial liabilities	5,000.00	5,000.00	-	-
Trade and other payables				
Suppliers, Group companies and associates	-	-	69,587.10	69,587.10
Suppliers and trade payables	-	-	193,670.65	193,670.65
Advances from customers	-	-	1,047.28	1,047.28
Total financial liabilities	5,000.00	5,000.00	19,680,665.06	19,680,665.06

This appendix forms an integral part of note 12 to the annual accounts, in conjunction with which it should be read.

MRE-III-PROYECTO CINCO SOCIMI, S.A.
Classification of Financial Liabilities by Maturity
for the year ended 31 December 2018

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

2018	Euros			
	2019	Subsequent years	Less current portion	Total non-current
Unrelated companies Payables	-	3,375,000.00	-	3,375,000.00
Suppliers of fixed assets	1,082,772.14	-	(1,082,772.14)	-
Trade and other payables				
Suppliers, Group companies and associates	63,327.43	-	(63,327.43)	-
Suppliers and trade payables	84,371.08	-	(84,371.08)	-
Total financial liabilities	(1,230,470.65)	3,375,000.00	(1,230,470.65)	3,375,000.00

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.
Classification of Financial Liabilities by Maturity
for the year ended 31 December 2017

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

2017	Euros			
	2018	2019	Less current portion	Total non-current
Group companies and associates				
Payables	5,390,000.00	-	(5,390,000.00)	-
Interest	77,106.67	-	(77,106.67)	-
Suppliers of fixed assets	13,949,253.36	-	(13,949,253.36)	-
Other financial liabilities	-	5,000.00	-	5,000.00
Trade and other payables				
Suppliers, Group companies and associates	69,587.10	-	(69,587.10)	-
Suppliers and trade payables	193,670.65	-	(193,670.65)	-
Advances from customers	1,047.28	-	(1,047.28)	-
Total financial liabilities	19,680,665.06	5,000.00	(19,680,665.06)	5,000.00

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Main characteristics of payables
for the year ended 31 December 2018**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Type	Currency	Nominal rate	Effective interest rate	Maturity	Euros	
					Nominal amount	Carrying amount
					Current	Non-current
<u>Unrelated parties</u>						
Periza Industries S.A.R.L.	Euros	8.4%	-	2033	3,375,000.00	3,375,000.00
Total					3,375,000.00	- 3,375,000.00

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Main characteristics of payables
for the year ended 31 December 2017**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Type	Currency	Nominal rate	Effective interest rate	Maturity	Euros		
					Nominal amount	Carrying amount	
					Current	Non-current	
<u>Group</u>							
Meridia Real Estate III, SOCIMI, S.A. Interest	Euros	Market rates	4.06%	2018	6,000,000.00	5,390,000.00	-
					-	77,106.67	-
Total					6,000,000.00	5,467,106.67	-

MRE-III-PROYECTO CINCO, SOCIMI, S.A.
Reconciliation between net income and expense with the tax loss
for the year ended 31 December 2018

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

2018	Euros			
	Income statement			Total
	Increases	Decreases	Net	
Income and expenses for the period	-	-	(869,827.67)	(869,828.31)
Income tax	-	-	-	-
Profit before income tax	-	-	(869,827.67)	(869,828.31)
Taxable income/(Tax loss)	-	-	(869,827.67)	(869,828.31)

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Reconciliation between net income and expense with the tax loss
for the year ended 31 December 2017**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros			
	Income statement			Total
	Increases	Decreases	Net	
2017				
Income and expenses for the period	-	-	(542,648.37)	(542,648.37)
Income tax			-	-
Profit before income tax	-	-	(542,648.37)	(542,648.37)
Taxable income/(Tax loss)	-	-	(542,648.37)	(542,648.37)

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Relationship between the Income Tax Expense/(Income) and Profit/(Loss)
for the year ended 31 December 2018**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros	
	Gains and losses	Total
Income and expenses for the period before tax	(869,827.67)	(869,827.67)
Income tax (0%)	-	-
Income tax expense	-	-

MRE-III-PROYECTO CINCO, SOCIMI, S.A.**Relationship between the Income Tax Expense/(Income) and Profit/(Loss)
for the year ended 31 December 2017**

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Euros	
	Gains and losses	Total
Income and expenses for the period before tax	(542,648.37)	(542,648.37)
Income tax (0%)	-	-
Income tax expense	-	-

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

Directors' Report

2017

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

In compliance with Article 262 of Royal Legislative Decree 1/2010 of 2 July 2010, which approves the Revised Spanish Companies Act, we state the following:

1. Business performance and situation of the Company

The Company was incorporated on 9 August 2016, having started its real estate development activity. It incurred losses during the year due to costs that could not be capitalised.

2. Research and development

No research or development costs were incurred during 2018 or 2017.

3. Own shares

The Company held no own shares and carried out no transactions with own shares during 2018 and 2017.

4. Financial risk management policies and objectives

The Company's activities are exposed to various financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. Where considered appropriate, the Company uses derivatives to hedge certain risks.

Risks are managed by the Risk Management Unit in accordance with policies approved by the shareholders. This department identifies, evaluates and mitigates financial risks in close collaboration with the Company's operational units. The shareholders issue global risk management policies, as well as policies for specific issues such as interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

5. Derivative financial instruments

During 2018 the Company did not contract any derivative financial instruments.

6. Average supplier payment period

At 31 December 2018 the average supplier payment period is 48.01 days.

7. Significant events after the reporting period

No significant events have occurred after the reporting period.

MRE-III-PROYECTO CINCO, SOCIMI, S.A.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

On 29 March 2019, pursuant to the requirements of article 253.2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the board of directors of MRE-III- Proyecto Cinco, SOCIMI, S.A. authorised for issue the annual accounts and directors' report for the period from 1 January 2018 to 31 December 2018. The annual accounts comprise the documents that precede this certification.

Signed:

Mr. Javier Faus Santasusana

Mr. Juan Barba Silbela

Mr. Adalberto Cordoncillo Antón