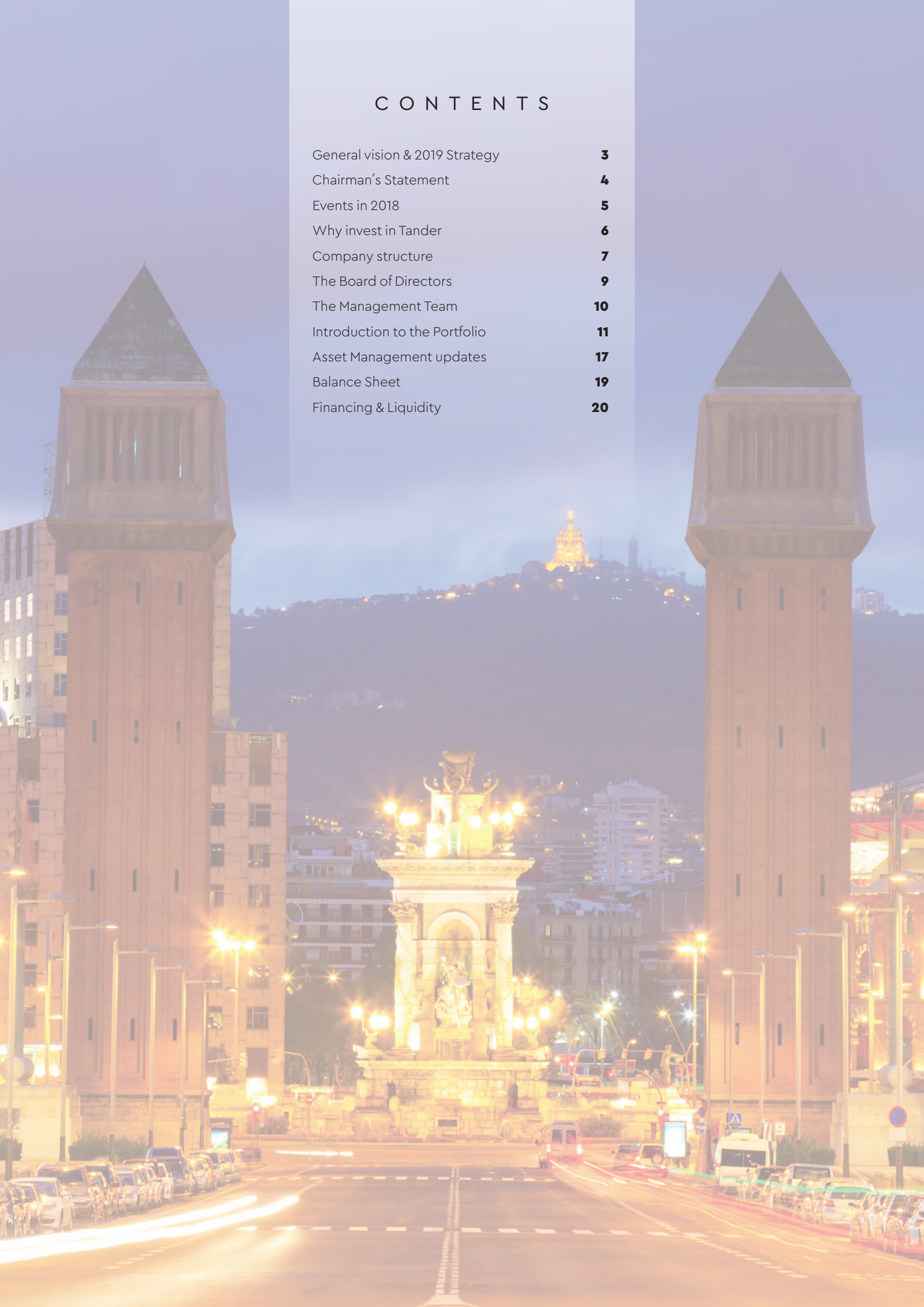


ANNUAL REPORT
2018



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GENERAL VISION & 2019 STRATEGY

We believe that the specialization in a real estate asset class along with a geographical diversification is an increasingly added value to SOCIMIS (REIT).

Our objectives for 2019 are aligned with this belief and we are heading in that direction. As we did in the past, we will continue our portfolio growth by strengthening our geographical expansion in the most consolidated commercial arteries of Spain's leading cities.

One of our new challenges for 2019 is to explore investment opportunities in other nearby countries, which follow a compatible regime with that of Spanish SOCIMIS. In this regard, Portugal, among other locations, is an interesting destination which complies with these requirements and where the increase in tourism during the past few years has significantly transformed main commercial streets, turning cities into highly sought-after destinations for expansion by some of the most prestigious brands.

The close relationships we entertain with our current tenants, who operate within the fashion, cosmetics, phone and sport industry, is an intangible source of information that greatly complements our experience in the retail sector. This special network helps us in getting a better understanding of the changes that are currently taking place in consumer habits or anticipate the trends that are taking place in the retail industry, more specifically in areas where Tander has a presence or in the analysis of potential new investments. By understanding the retailers' needs, we are in a better position to match their requirements for expansion with our growth strategy.

These synergies are of great value and importance, as they help us to minimize risks in investing in new cities, granting Tander a competitive advantage against other investors of the sector.

Tander is therefore faithful to its initial investment strategy in being one of the main vehicles specializing in the acquisition of prime retail in high street locations and with the aim of being recognized by institutional and private investors as such. ■



CHAIRMAN'S STATEMENT

It is with great pride that I present our first annual report, sharing the most relevant aspects of what has happened during 2018, our first year as a Retail High Street SOCIMI.

I'd like to start by emphasizing the excellent work of our management team in 2018. Their dedication to consolidate our portfolio and continue implementing our investment strategy to target Prime Retail in high street location has led Tander in achieving great results.

So here are the highlights of our activities of the past year.

Our portfolio has expanded with the addition of two new retail assets, located in Bilbao and San Sebastian. These acquisitions, amounting to more than 9M€, have increased the market valuation of our portfolio to about 100M€. Aligned with our investment strategy, these new properties are located in the best arteries of Bilbao and San Sebastian and they enhance our presence in commercial hubs of geographically strategic capitals of Spain.

Other very significant achievements are the steady maintenance of the high occupancy of our portfolio, being 99% rented, as well as a 2-year increase in the average duration of mandatory periods in our lease agreements. These two aspects, once again, demonstrate the solidity and stability of our portfolio, and confirm that the investment decisions are still aligned with the demand of the operators competing for positioning themselves in our premises.



“
These results represent a growth of over 30% in the remuneration of our shareholders”

Furthermore, in 2018 we have consolidated our debt by contracting a new credit facility with ING with very advantageous terms and conditions. This financial transaction has enabled Tander to reduce and secure its financing costs for the next seven years as well as giving us liquidity for future acquisitions.

The company's financial results, compared to those obtained in 2017, also show a very positive outcome. Net revenues have grown by 18%, a figure much higher, than the modest increase of only 9% for structural and operational costs. The combination of both results has led to an increase in EBITDA of 19%. These results represent a growth of over 30% in the remuneration to our shareholders, who continue to rely on the professionalism and experience of the management team.

In Tander, we are very attentive to the new needs of retailers, who still believe in the importance of high street locations as a showcase of their products, though with adapted asset typologies, while rapid transformation currently occurs in the consumer sector, as a result of the introduction of different consumer habits.

The changes in retail activity which we are already witnessing in our 2019 pipeline represent the engines of a new era. While looking ahead and consistently adapting to the feedback of the market we aim to consistently grow our portfolio in order to position Tander as the benchmark investment vehicle for Prime retail assets.

Antoine Chawky
CEO

EVENTS



March 2018
Formal inauguration
to the Alternative Stock Market
in Spain (MAB), launched
in January 2018.

October 2018
CEOE Conference, Madrid
Managing Director, Sergi Mirapeix
presents Tander Inversiones to private
and institutional investors.



WHY INVEST IN TANDER

Director Expertise

+25 years
of experience
in the sector

Guaranteed profitability

Cash flow
visibility

Security against inflation

Contracts with
CPI review

Shareholder protection

Semi annual
audit

In-house management

Direct
engagement
with market
and tenants

Stability

Prime locations
maintain high
demands
throughout
negative cycles



Dividend distribution

Guaranteed
min. 80%
of Net Profits

Attractive taxation

Tax regime for
SOCIMIS (REIT)

Reliability

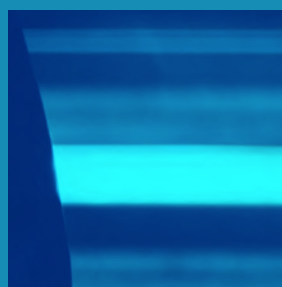
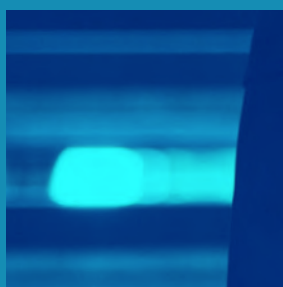
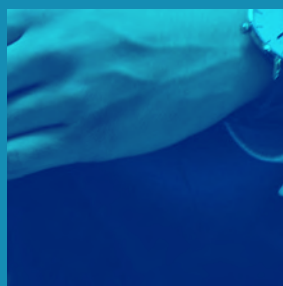
Very stable
High Street market

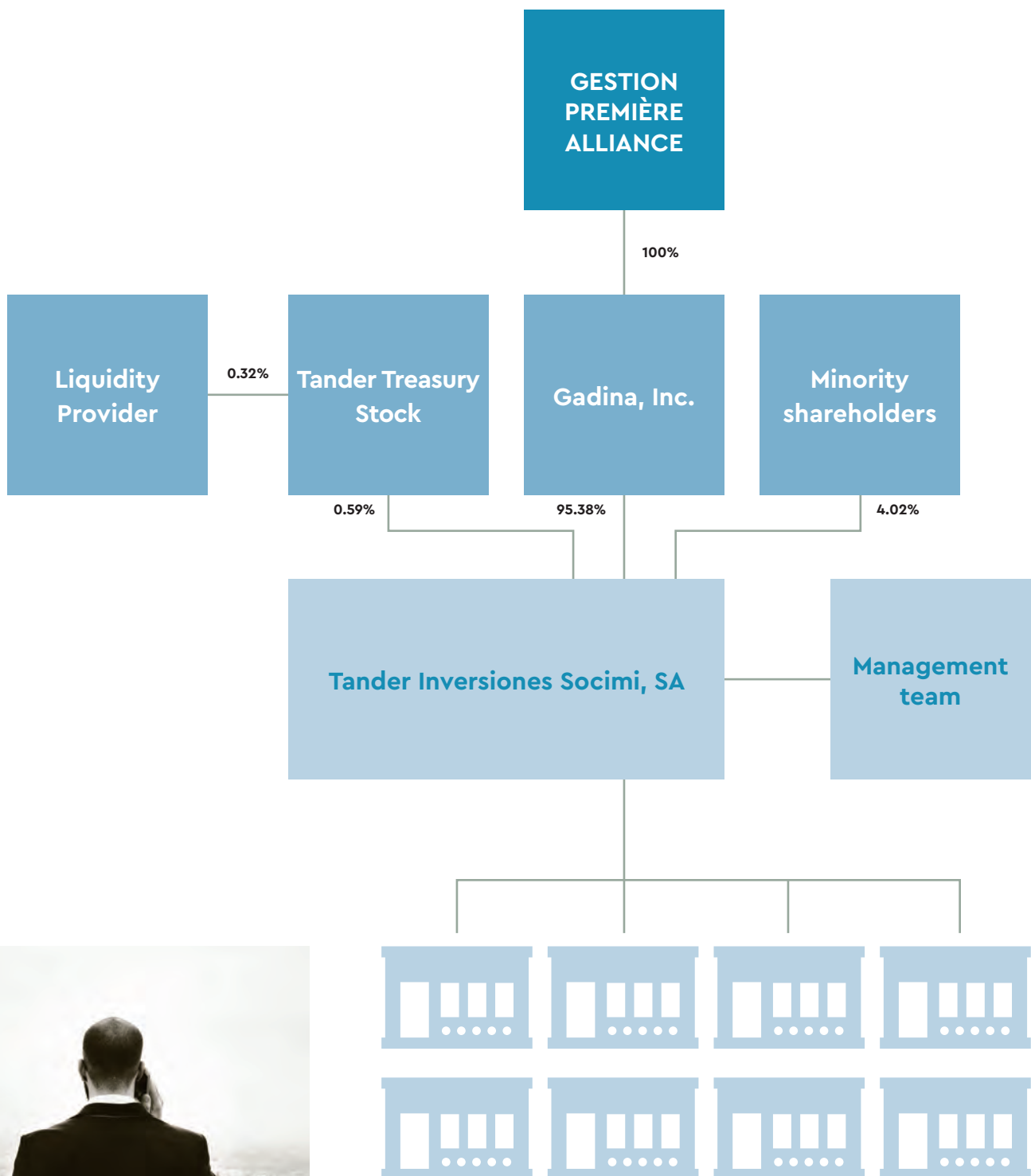
Low Risk

Prime assets with
long-term lease



COMPANY STRUCTURE







THE BOARD OF DIRECTORS

President
ANTOINE CHAWKY
General Manager
Première Alliance
Canada

**Secretary
(Non-Director)**
**JUAN JOSÉ
BERDULLAS**
Partner at Garrigues
Abogados

**Vice-Secretary
(Non-Director)**
DANIEL GONZÁLEZ
Partner at Garrigues
Abogados

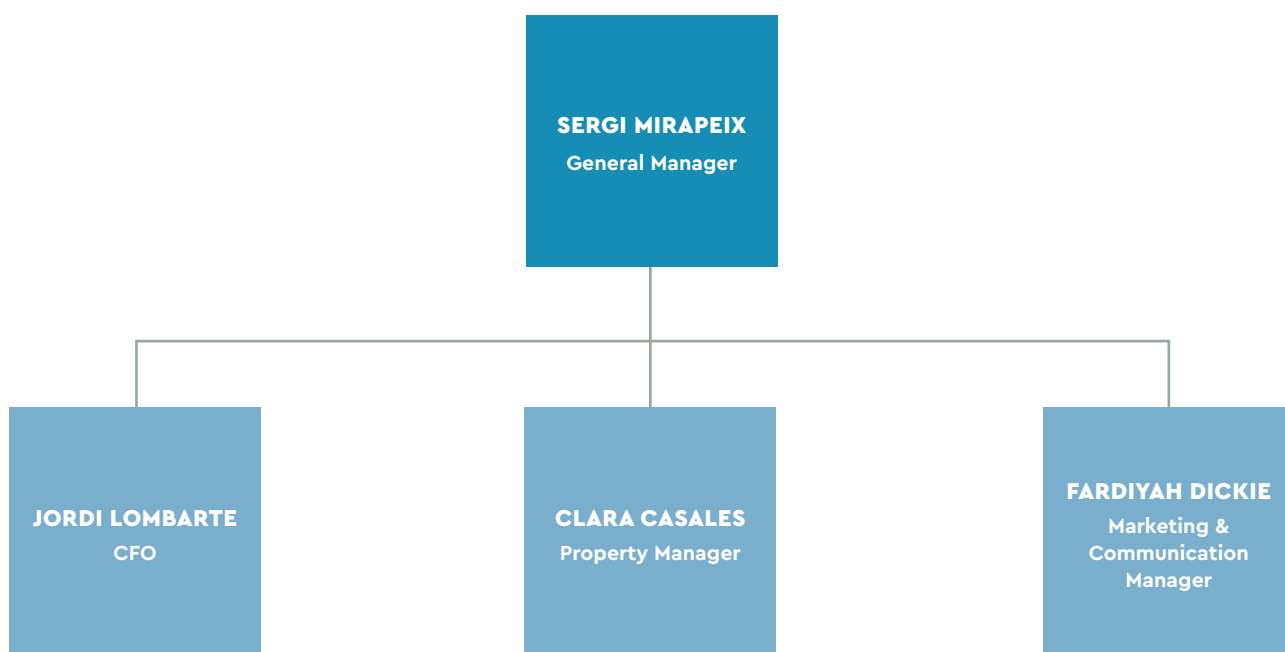
Director
ANDRE MÉA
General Manager
Première Alliance
Canada

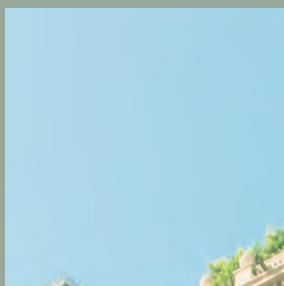
Director
DANIEL MAYANS
Managing Director
at FREO

Director
**PABLO GÓMEZ-
ALMANSA**
General Manager
Arcano Partners

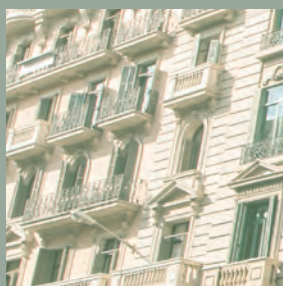
Director
MARIO A. CHISHOLM
General Manager
& Director Urban Input
AM & UNIQ Residential

THE MANAGEMENT TEAM





PORTFOLIO



PORTFOLIO



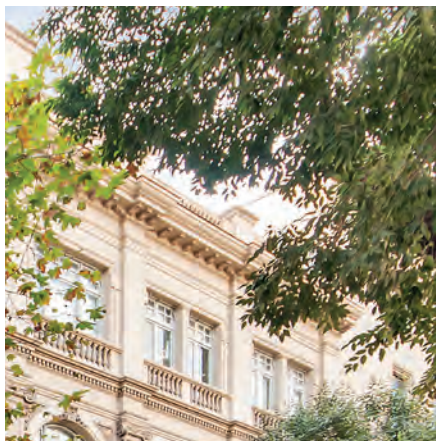
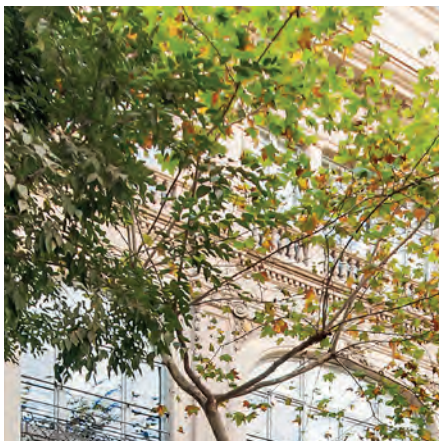
Highlights

	2017	2018
Net rental Income (M€)	3.2	4
NBV (M€)	59.1	68.1
WALB (yrs)	6.1	8.2
WALT (yrs)	13.9	16.6
Occupancy (%)	100	99
Total Area (m ²)	6,240	6,570

NBV: Net Book Value

WALB: Weighted Average Lease Break

WALT: Weighted Average Lease Term



Carrer de Casp 6-20,
Barcelona

3,467 m²



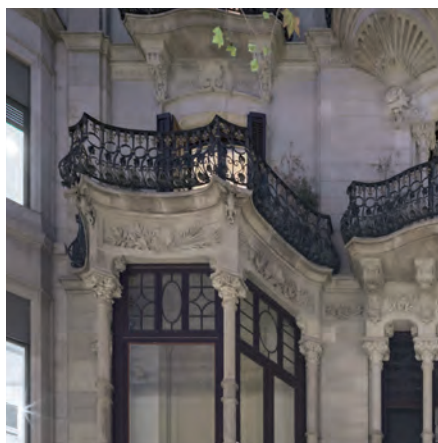
Via Laietana 47,
Barcelona

1,100 m²



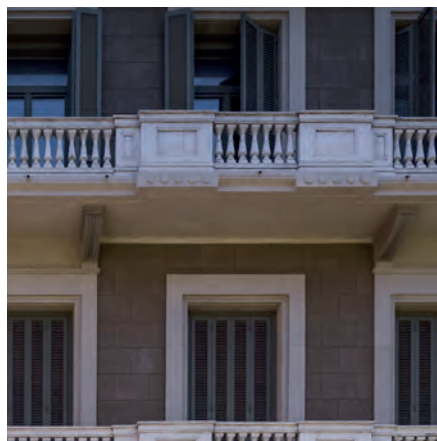
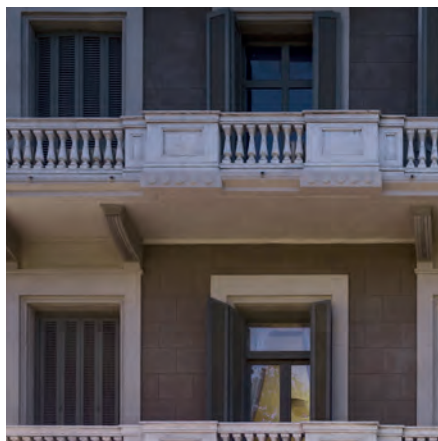
Passeig de Gràcia 27,
Barcelona

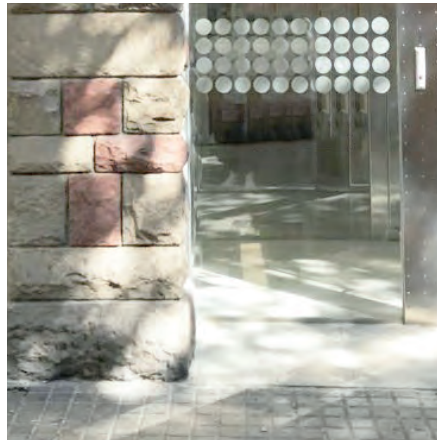
792 m²



Passeig de Gràcia 15,
Barcelona

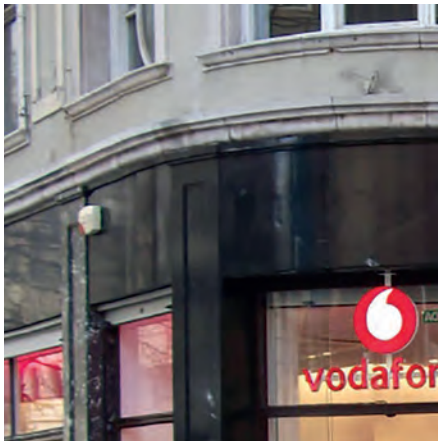
527 m²





Travessera
de Gràcia 171,
Barcelona

156 m²



Calvo Sotelo 14,
Santander

211 m²

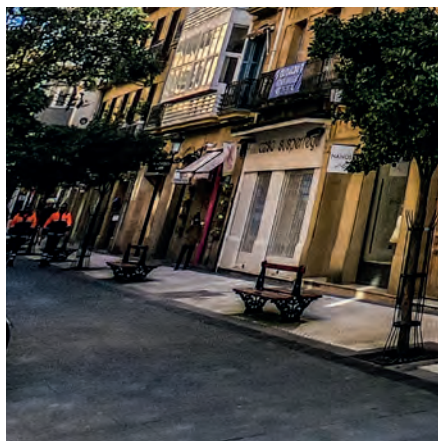
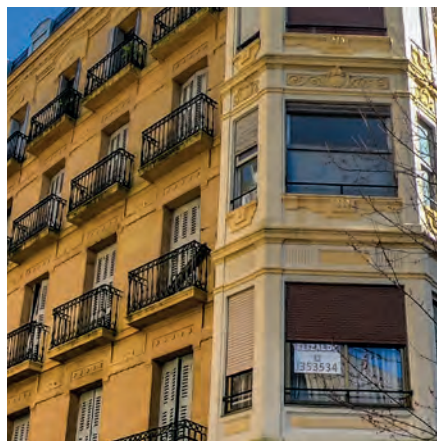
Gran Vía 6,
Bilbao

257 m²



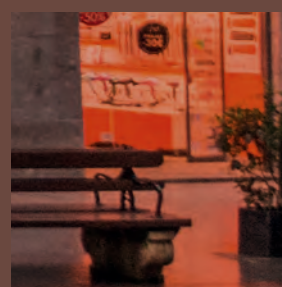
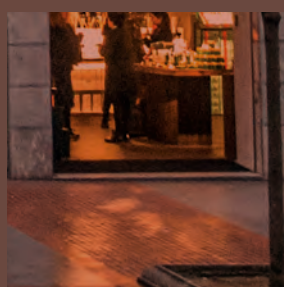
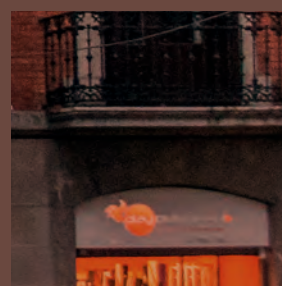
Arrasate 27,
San Sebastian

89 m²





ASSET MANAGEMENT UPDATES



New acquisitions



Bilbao – Gran Via 6



San Sebastian – Arrasate 27

Total investment
volume:
9.2M€

Property management



Incorporation of new tenant in Bilbao

Rituals opens its premium flagship store of northern Spain in our asset.

Lease renegotiations

- **Caspe:** raising mandatory period from 2023 to 2033.
- **PDG27:** increasing rent by 20%, raising mandatory period from 2018 to 2023.



FINANCIAL

Highlights

(in M€)	Dec 2017	Dec 2018
Net Rental Income	3.2	3.7
NAV	49.8	49.5
FMV	87.5	99.4
Net profit adjusted	1.3	1.8
Net profit	1.0	1.3

NOI: Net Operating Income

NAV: Net Asset Value

FMV: Fair Market Value

BALANCE SHEET

Assets

(in K€)	Dec 2017	Dec 2018
Non-current assets	59,701	68,742
Equipment & intangible assets	17	15
Investment property	59,137	68,121
Other non-current assets	547	611
Current assets	4,332	5,522
Trade and Other receivables	360	223
Short-term investments	1,270	–
Cash & banks accounts	2,702	5,299
TOTAL ASSETS	64,033	74,269

Equity & Liabilities

(in K€)	Dec 2017	Dec 2018
Net equity	25,282	25,120
Share capital	5,242	5,242
Share premium	18,688	18,688
Reserves	643	744
(Treasury shares)	(296)	(296)
Annual Profit & Loss	1,005	1,327
Dividend paid in advance	–	(585)
Non-current liabilities	38,202	48,671
Financial debt	14,530	47,846
Other non-current liabilities	770	825
Related parties financial debt	22,902	–
Current liabilities	549	478
Trade & other payables	549	487
TOTAL EQUITY & LIABILITIES	64,033	74,269

- **Non-current assets**

Incorporation of two new assets into the portfolio (Bilbao & San Sebastian).

- **Current assets**

Larger liquidity of the company as a result of the refinancing of global debt with ING and cancelling short-term investments with related parties

- **Non current liabilities**

Increase due to the refinancing of global debt with ING.

Profit & Loss

(in K€)	Dec 2017	Dec 2018
Net rental income	3,166	3,739
Other net income	104	153
Wages & salaries expenses	(300)	(306)
Overheads & administration expenses	(246)	(269)
EBITDA ¹	2,724	3,317
Amortization	(485)	(511)
EBIT ²	2,239	2,806
Net financial expenses	(959)	(995)
EBT ³	1,280	1,811
Exceptional items	(275)	(484)
Tax		
NET PROFIT	1,005	1,327

- Increase in rental income due to an increase in gross rental income in Paseo de Gracia 27, plus rents deriving from new acquisitions.

- Exceptional cost due to the cancellation of credit facilities initial cost in 2018 (after refinancing with ING) and the entrance cost to the MAB in 2017.

¹ Earnings before interest, tax, depreciation, amortization and exceptional items

² Earnings before interest, tax and exceptional items

³ Earnings before tax exceptional items

Dividend distribution

	Dec 2017	Dec 2018
Total number of shares	5,242,105	5,242,105
Share nominal Value (€/share)	1 €	1 €
Annual Net Profit (€)	1,004,594	1,327,518
Legal reserve provision (€)	(100,459)	(132,752)
Other reserves provision (€)	0	0
Distributable amount (€)	904,135	1,194,766
Dividend Distribution (€)	904,135	1,194,766
Dividends distributable /share (cent €)	17.2	22.8

FINANCING & LIQUIDITY

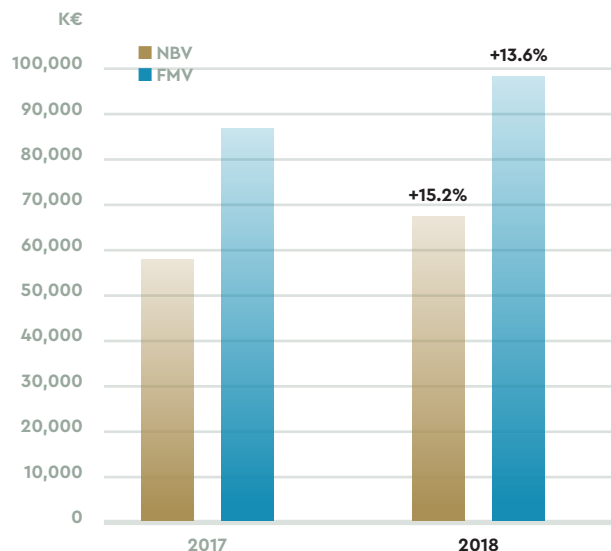
CURRENT INVESTMENTS

AND VALUE ADDED FOR SHAREHOLDERS:

At closing of year 2018, the company's portfolio has a NBV (Net Book Value) of 68,121 K€, and its FMV (Fair Market Value) has been valued at 99,438 K€ by independent experts.

Comparing these values to the end of 2017, the NBV and FMV have increased by 15.2% and 13.6% respectively, due to two new acquisitions carried out since. This minor increase of FMV is a result of these two recent acquisitions which were booked according to the market value, without taking any latent capital gain into consideration.

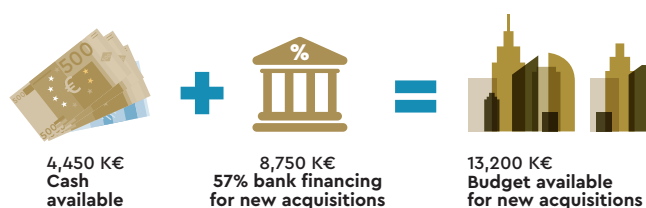
In addition to the portfolios increase in value, the shareholders have also benefited from a 100% distribution of all net profits, after reducing the provision of the corresponding legal reserve. This reserve increases the net equity value of the company.



CAPACITY FOR NEW ACQUISITIONS:

During the month of June 2018, the company has undergone a new financing agreement with ING, for a value of 54,275 K€, guaranteed for with the company's portfolio and substituting the previous existing financing (Bank & Internal Group loans). To the date, the company has disposed a total of 49,300 K€, leaving 4,975 K€ which can be used within June 2020.

Additionally, in June 2018, the company shows a cash balance of 5,300 K€, which when allocating 850 K€ for the ordinary operating costs of the company, and adding the remaining 4,975 K€ from the financing agreement, would amount to a total of 13,000 K€ for new acquisitions, providing that ING finances up to 57% of the total investment.



LEVERAGE:

The average leverage over the portfolio has increased from 63% to 70% of the total NBV and from 43% to 48% of the portfolios FMV. This 48% ratio is within which is considered a healthy ratio in the real estate sector (up to 60%).

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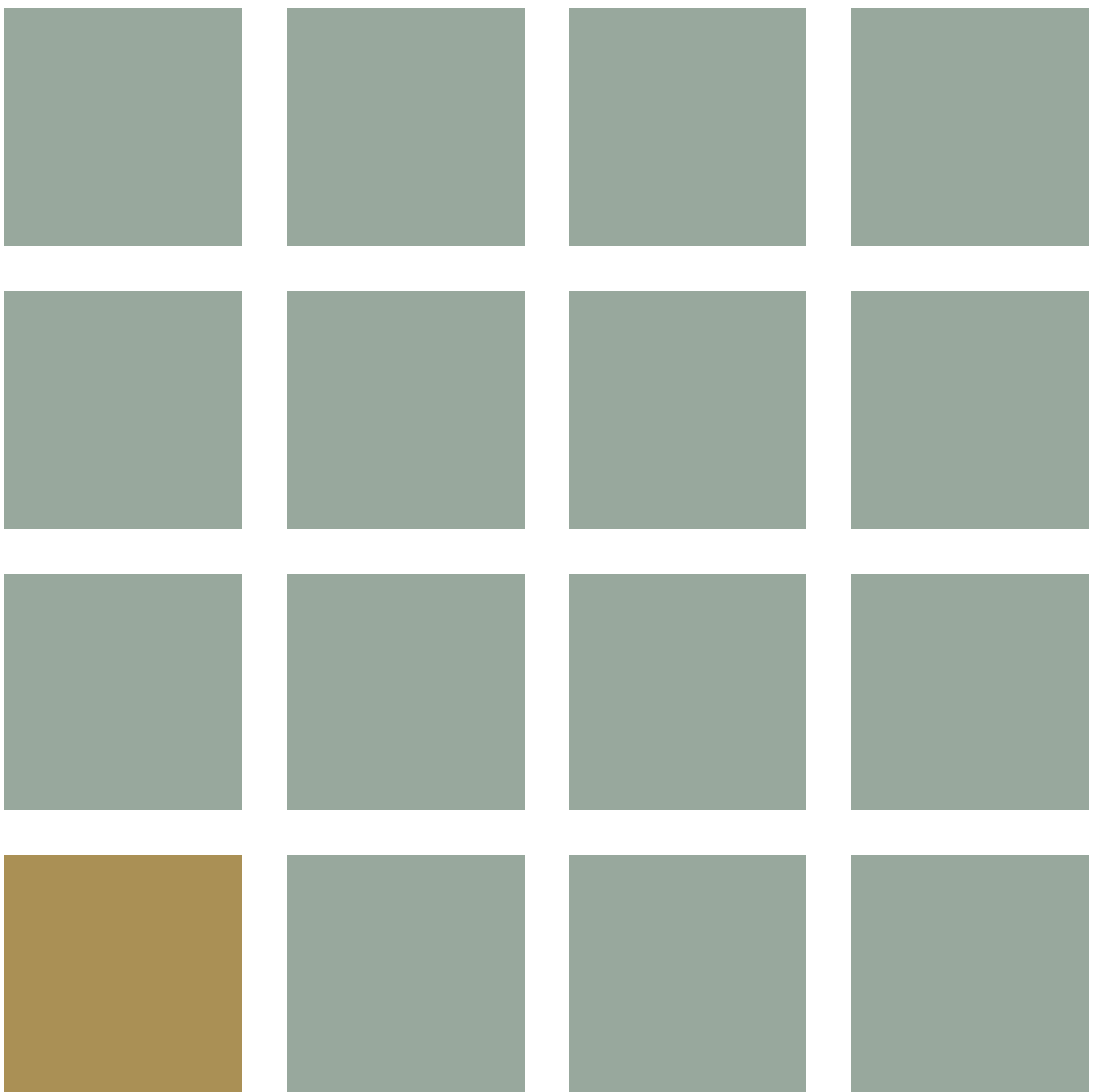
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