



MAQ ADMINISTRACIÓN URBANAS, S.A.

Report on Review of Interim Financial Information

Financial Statements 30 June 2019

Report on Review of Interim Financial Information

To the Sole Administrator of MAQ ADMINISTRACIÓN URBANAS, S.A.

Introduction

We have reviewed the accompanying balance sheet of MAQ ADMINISTRACIÓN URBANAS, S.A. (the Company) as at 30 June 2019 and the related statements of income, changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (“Interim financial information”). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the application of the regulatory framework of financial information (identified in note 2 a) of the notes of the interim financial information). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Intermediate Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view the financial position of the entity as at 30 June 2019, and of its financial performance for the six-month period then ended in accordance with the application of the regulatory framework of financial information (identified in note 2 a) of the notes of the interim financial information).

Emphasis of matter paragraph

We draw attention to what is indicated in Note 1 of the notes of interim financial information, in which it is mentioned that the interim financial information has been prepared by the Sole Administrator of the Company in accordance with the application of the regulatory framework of financial information (identified in note 2 a) of the notes of the interim financial information, and that, consequently, when presenting summary information it does not include all the information required by complete financial statements, therefore, the aforementioned interim financial information must be read together with the annual accounts corresponding to the immediately preceding annual year. This question does not change our conclusion.

BDO Auditores, S.L.P.



José María Silva Alcaide
Partner- Director

28 July 2019

MAQ ADMINISTRACIÓN URBANAS, S.A.**BALANCE SHEET AT 30 JUNE 2019 AND 31 DECEMBER 2018**

(Euros)

ASSETS		30 June 2019	31 December 2018
NON-CURRENT ASSETS		6,572,005.17	2,786,631.52
Intangible assets		-	891.65
Other intangible assets		-	891.65
Property, plant and equipment	Note 4.a)	176,385.82	192,878.52
Technical installations and other tangible fixed assets		176,385.82	192,878.52
Investment property	Note 4.b)	6,207,771.09	2,418,110.05
Land		4,640,435.02	1,692,208.49
Buildings		1,567,336.07	725,901.56
Long term financial investments	Note 7	187,848.26	174,751.30
Other financial assets		187,848.26	174,751.30
CURRENT ASSETS		681,131.53	1,277,222.58
Trade and other receivables		95,168.29	53,960.50
Client receivables for sales and services	Note 7	8,335.54	9,397.53
Current tax assets	Note 11	16,021.10	44,562.97
Other receivables from Public Authorities	Note 11	70,811.65	-
Short term investments	Note 7	-	838,310.79
Equity instruments		-	197,923.08
Other financial assets		-	640,387.71
Cash and cash equivalents	Note 7	585,963.24	384,951.29
Cash and banks		585,963.24	384,951.29
TOTAL ASSETS		7,253,136.70	4,063,854.10

MAQ ADMINISTRACIÓN URBANAS, S.A.**BALANCE SHEET AT 30 JUNE 2019 AND 31 DECEMBER 2018**

(Euros)

EQUITY AND LIABILITIES		30 June 2019	31 December 2018
EQUITY		6,255,842.69	3,363,213.97
Equity		6,255,842.69	3,363,213.97
Capital	Note 8	5,810,369.00	2,010,369.00
Share Capital		5,810,369.00	2,010,369.00
Reserves		195,052.95	734,202.33
Legal and statutory	Note 8	132,080.46	70,216.20
Other Reserves		62,972.49	663,986.13
Financial period's earnings		250,420.74	618,642.64
NON-CURRENT LIABILITIES		629,581.76	601,813.86
Long-term debt	Note 10	220,248.26	173,813.86
Creditors for financial leases		-	(937.44)
Other financial liabilities		220,248.26	174,751.30
Long-term accruals	Note 3. h)	409,333.50	428,000.00
Long-term accruals		409,333.50	428,000.00
CURRENT LIABILITIES		367,712.25	98,826.27
Current liabilities	Note 10	8,806.61	13,152.48
Creditors for financial leases		8,806.62	13,152.49
Other financial liabilities		(0.01)	(0.01)
Trade and other payables		321,572.31	48,340.46
Sundry accounts payable	Note 10	19,945.36	(274.06)
Other accounts payable to Public Administration	Note 11	301,626.95	48,614.52
Short-term accruals	Note 3. h)	37,333.33	37,333.33
TOTAL EQUITY AND LIABILITIES		7,253,136.70	4,063,854.10

MAQ ADMINISTRACIÓN URBANAS, S.A.**PROFIT AND LOSS ACCOUNT AT 30 JUNE 2019 AND 31 DECEMBER 2018**

(Euros)

PROFIT AND LOSS ACCOUNT	30 June 2019	31 December 2018
CONTINUED OPERATIONS		
Net turnover	645,724,46	1,168,338.01
Net sales	645,724,46	1,168,338.01
Staff expenses	(90,225.90)	(190,689.47)
Wages, salaries and similar	(73,343.30)	(151,132.49)
Social charges	(16,882.60)	(39,556.98)
Other operating expenses	(201,118.79)	(291,113.10)
Outsourced services	(188,680.70)	(267,433.87)
Taxes	(12,438.09)	(23,679.23)
Amortisation of fixed assets	Note 4	(33,131.68)
		(55,411.34)
Other earnings	(3,036.50)	10.45
OPERATING EARNINGS	318,211.59	631,134.55
Financial expenses	(80.98)	(2,841.24)
For debts with group and associated companies	(80.98)	(139.72)
For debts with third parties	-	(2,701.52)
Change in fair value of financial instruments	(63,043.20)	(317.33)
Trading portfolio and others	(63,043.20)	(317.33)
FINANCIAL EARNINGS	(63,124.18)	(3,158.57)
PRE-TAX EARNINGS	255,087.41	627,975.98
Profit tax	Note 11	(4,666.67)
		(9,333.34)
FINANCIAL PERIOD'S EARNINGS FROM CONTINUED OPERATIONS	250,420.74	618,642.64
FINANCIAL PERIOD'S EARNINGS	250,420.74	618,642.64

MAQ ADMINISTRACIÓN URBANAS, S.A.**STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2019 AND 31 DECEMBER 2018**

(Euros)

	Subscribed Capital	Reserves	Result for year	Adjustment for change in value	Total
AJUSTED BALANCE, START YEAR 2018	2,010,369.00	379,287.85	354,914.48	-	2,744,571.33
Total recognised income and expense	-	-	618,642.64	-	618,642.64
Other variations in equity	-	354,914.48	(354,914.48)	-	-
Application of previous year's result	-	354,914.48	(354,914.48)	-	-
BALANCE AT 2018 YEAR- END	2,010,369.00	734,202.33	618,642.64	-	3,363,213.97
Total recognised income and expense	-	-	250,420.74	-	250,420.74
Transactions with shareholders	3,800,000.00	(1,157,792.02)	-	-	2,642,207.98
Capital increases (Note 8)	3,800,000.00	-	-	-	3,800,000.00
Distribution of dividends (Note 8)	-	(1,157,792.02)	-	-	(1,157,792.02)
Other variations in equity	-	618,642.64	618,642.64)	-	-
Application of previous year's result	-	618,642.64	(618,642.64)	-	-
BALANCE AT JUNE 2019	5,810,369.00	195,052.95	250,420.74	-	6,255,842.69

MAQ ADMINISTRACIÓN URBANAS, S.A.

INTERIM FINANCIAL STATEMENTS 30 JUNE 2019

NOTE 1. NATURE AND PRINCIPAL ACTIVITIES

a) Nature and main activities

MAQ ADMINISTRACIÓN URBANAS, S.A. (hereinafter MAQAU or the Company) was incorporated as a limited liability company on 31 March 2014 as a limited company. On September 27, 2018, the agreements on the transformation of a limited company into SOCIMI, SOCIEDAD ANÓNIMA are published.

Its corporate purpose and activity consist of a) the acquisition and promotion of real estate of an urban nature for its lease (CNAE 6820). The promotion activity includes the rehabilitation of buildings under the terms established in Law 37/1992, of 28 December, of the Value Added Tax (VAT) or the rule that replaces it in the future, b) The holding of shares in the capital of other SOCIMIs or those of other entities resident or not in Spanish territory that have the same corporate purpose as those and which are subject to a regime similar to that established for SOCIMIs in terms of mandatory, legal or statutory policy for the distribution of benefits (CNAE 6420), c) The holding of shares in the capital of other entities, resident or not in Spanish territory, whose main corporate purpose is the acquisition of real estate of an urban nature for lease and that are subject to the same regime established for the SOCIMIs regarding the mandatory, legal or statutory policy, for the distribution of benefits and meet the investment requirements referred to in article 3 of the SOCIMIs Law (“Ley de SOCIMIS”) (CNAE 6420) d) The holding of shares or participations of Collective Investment Institutions regulated in Law 35/2003, of 4 November, of “*Instituciones de Inversión Colectiva*”, or the rule that replaces it in the future. (CNAE 6420).

Its main activity is the rental of real estate on its own.

It has its registered office in Malaga, Calle Marqués de Larios, nº5, CP 29015.

It is governed by its Statutes, the “*Ley de Sociedades de Capital*”, and especially Royal Decree 1514/2007, as amended by Royal Decree 1159/2010, approving the General Accounting Plan and complementary provisions of commercial legislation. The Company is also governed by Law 11/2009, of October 26, on “*Sociedades Anónimas Cotizadas de Inversión en el mercado inmobiliario*” law (“SOCIMIS law”).

The accounting year is comprised from January 1 to December 31 of the same year.

The Company Interim financial statements corresponds to the period of six months from 1 January to 30 June 2019. In the rest of the notes to this Interim Financial Statements, each time reference is made to the Interim financial period of six months ended on 30 June 2019, this will simply stated as “financial period 2019”.

b) SOCIMI Regimen

The Company is regulated by Law 11/2009, of October 26, modified by Law 16/2012, of December 27, which regulates Listed Public Investment Companies in the Real Estate Market ("LSOCIMI"). These companies have a special tax regime, having to comply, among others, with the following obligations:

1. **Obligation of the corporate purpose:** The company must have as main corporate purpose ownership of investment property of an urban nature for its lease, holding interests in other companies with a similar corporate purpose and with the same distribution of dividends, as well as Collective Investment Institutions.

2. **Investment Obligation:**

The company must invest 80% of the assets in investment property allocated to the lease, in land for the promotion of real estate that is destined for this purpose, provided that the promotion begins within three years after its acquisition and in participations in the capital of other entities with a corporate purpose similar to that of the SOCIMI.

This is the case of calculating the balance in the case of the dominant company of a group according to the criteria established in article 42 of the Commercial Code, with the independence of the residence and the obligation of Consolidated Annual Forms. This group will be automatically integrated by the company and the rest of the entities that refer to section 1 of article 2 of Law 11/2009.

There is the option of substituting the book value of the assets for their market value. Or treasury / credit rights derived from the transfer of said assets will be computed as long as the established reinvestment maximum periods are exceeded.

Likewise, 80% of their income must come from the income corresponding to (i) leasing of investment propose; and (ii) of the dividends from the participations. This percentage will be calculated on the balance sheet in the event that the Company is dominant in a group according to the criteria established in article 42 of the Commercial Code, regardless of the residence and the obligation to prepare Consolidated Annual Accounts. This group will be integrated exclusively by the SOCIMI and the other entities referred to in section 1 of article 2 of Law 11/2009.

The investment property must remain leased for at least three years (for the calculation, you can add up to one year of the period that has been offered in lease). The participations must remain in the asset for at least three years.

3. **Obligation of negotiations in the regulated market.** The companies must be admitted to a negotiation in a regulated Spanish market or in any other country where there is an exchange of tax information. The shares must be nominative.

4. Obligation to distribute results. The companies distributed as dividends, once the mercantile requirements have been met:
 - 100% of the profits from dividends or profit sharing distributed by the entities referred to in section 1 of article 2 of Law 11/2009.
 - At least 50% of the profits derived from the transfer of real estate and shares or participations referred to in section 1 of article 2 of Law 11/2009, made once the minimum holding periods have elapsed, subject to the fulfillment of its main corporate purpose. The rest of these benefits must be reinvested in other properties or participations affected by said object, within three years after the date of transmission.
 - At least 80% of the rest of the benefits obtained. When the distribution of dividends is made with a charge to reserves derived from profits of an exercise in which the special fiscal regime has been applied, its distribution shall be obligatorily adopted in the manner described above.
5. Information Obligation (see note 13): The SOCIMIs must include in the notes of their Annual Accounts the information required by the tax regulations that regulate the special regime of the SOCIMIs.
6. Minimum capital: The minimum share capital is set at 5 million euros.

The application of the special fiscal regime may be chosen in the terms established in Article 8 of the Law, even if the requirements stipulated in it are not met, provided that such requirements are met within two years following the date of the option to apply said regime.

NOTE 2. BASIS OF PRESENTATION

a) True and Fair View and Regulatory framework

The accompanying Interim financial statements financial for the financial period ended 30 June 2019 were prepared on the basis of the Company's accounting records and drawn up in compliance with the commercial legislation in force and the regulations set forth in the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, applying the amendments introduced under Royal Decree 1159/2010, of 17 September and Royal Decree 602/2016, of 2 December, with the aim of presenting a true and fair view of the Company's assets, financial situation and profits.

The interim financial information has been prepared by the Sole Administrator of the Company in accordance with the application of the regulatory framework of financial information mentioned in previous paragraph, and that, consequently, when presenting summary information it does not include all the information required by complete financial statements, therefore, the aforementioned interim financial information must be read together with the annual accounts corresponding to the immediately preceding annual year.

b) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Sole Administrator is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The main estimations made are as follow:

- The evaluation of possible losses due to impairment of certain assets (note 3).
- The useful life of tangible assets, intangible assets and real estate investments (note 3).
- Risks related to the adoption of the SOCIMI regime.

The Company is subject to the regime established in Law 11/2009, of October 26, which regulates Listed Investment Companies in the Real Estate Market (SOCIMI), which in practice means that under the fulfillment of certain requirements The company is subject to a tax rate in relation to Corporate Tax of 0%. The Sole Administrator of the Company monitors compliance with the requirements established in the legislation in order to keep the tax advantages established in it. In this sense, the estimate of the Sole Administrator is that these requirements will be met in the terms and deadlines set, not proceeding to record any type of result derived from the Corporation Tax.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

c) Comparative information

The information is not comparative, due to the balance at 30 June 2019 includes the profit and loss account corresponding to 6 months, from January 2019 to June 2019 and the balance of 31 December 2018 includes the full year 2018 (twelve months).

NOTE 3. RECOGNITION AND VALUATION STANDARDS

The main valuation standards used by the Company to prepare the Interim Financial Statements for the period of six months ended 30 June 2018, in accordance with the standards set forth in the General Accounting Plan, are as follows:

a) Intangible assets

As a general rule, intangible assets are initially valued at acquisition cost or production cost. It is subsequently valued at its cost reduced by the corresponding accumulated depreciation and, if applicable, by the impairment losses that it has experienced. These assets are depreciated over their useful lives.

Computer software

Licenses for computer software purchased from third parties are capitalized on the basis of the costs incurred in acquiring them.

Computer applications are depreciated on a straight-line basis over their useful life, within a maximum of 5 years.

b) Property, plant and equipment

The value of property, plant and equipment is the purchase price net of accumulated depreciation and any accumulated adjustments due to recognised impairment.

Upkeep and maintenance expenses incurred in the financial year are charged to the Profit and Loss Account. The costs of renovating, expanding or improving property, plant and equipment are capitalised as an increase in the value of the pertinent asset if they represent an increase in the asset's capacity or productivity or a lengthening of its useful life, and the carrying amount of the items replaced is derecognised.

Property, plant and equipment, net of residual value, are depreciated by distributing the cost of the assets in question in a straight line over the years of estimated useful life during which the Company expects the assets to be in use, according to the following table:

	Estimated Years of Useful Life
Buildings	33.33 – 50
Machinery	8,33
Furniture	10.00
Transport elements	6
Other	5

Investments made by the Company in leased premises, which are not separable from the leased asset, are depreciated based on their useful life, which corresponds to the lower of the lease term, including the renewal period, when there is evidence to support that the same will occur, and the economic life of the asset.

The carrying amount of an item of property, plant or equipment is derecognised when the item is sold or otherwise disposed of or when no further future economic profits or returns are expected to be earned from its use, sale or disposal.

The profit or loss stemming from the derecognition of items of property, plant or equipment is calculated as the difference between the sum earned (if any) through its sale or disposal, net of any costs, and the carrying amount of the item. This profit or loss is registered on the Profit and Loss Account for the financial year of the sale or disposal.

At the close of the financial year, the Company examines property, plant and equipment and cash-generating units for signs of value impairment. If signs of impairment are found, the recoverable amounts are estimated and the necessary value adjustments are made.

An item of property, plant or equipment is understood to have a value impairment loss when its carrying amount exceeds its recoverable value, which is held to be its fair value minus its costs of sale or value in use, whichever is greater.

The calculation of the impairment of the items of property, plant and equipment is carried out individually by item. When it is not possible to estimate the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of fixed assets belongs is determined. If an impairment loss is recognized for a cash-generating unit that has assigned all or part of goodwill, the carrying amount of the goodwill corresponding to that unit is reduced first and, if the impairment exceeds the amount of this, secondly, the carrying amount of the remaining assets of the cash-generating unit is reduced in proportion to its carrying amount up to the limit of the greater of the following: its fair value less costs to sell, its value in use and zero.

Value adjustments due to impairment of property, plant and equipment and reversals when the circumstances warranting the adjustment cease to exist are recognised as expenses or revenue, respectively, on the Profit and Loss Account.

The Directors consider that the carrying amount of the assets does not exceed the recoverable value thereof.

c) Property investments

Lands which the Company has earmarked for generating income by leasing or which it holds for the purpose of obtaining capital gains through their future alienation, outside the ordinary course of its operations, are classified under the heading of Property Investments. The same standards apply to these assets as those set out in the previous section for Property, plant and equipment.

d) Leases and similar transactions

When the Company acts as a lessor

Income and expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Likewise, the acquisition cost of the leased asset is presented in the balance sheet according to its nature, increased by the amount of directly attributable contract costs, which are recognized as an expense in the term of the contract, applying the same criteria used for the contract. recognition of lease income.

Any collection or payment that could be made when contracting an operating lease will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

When the Company acts as a lessee

Expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Any collection or payment that could be made when contracting an operating lease, will be treated as a collection or advance payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

When the Company acts as a lessee

In financial leasing transactions in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet according to the nature of the asset object of the contract and, simultaneously, a liability for the same amount. Said amount shall be the lower of the fair value of the leased asset and the present value at the beginning of the lease of the agreed minimum amounts, including the purchase option, when there are no reasonable doubts about its exercise. Quotas of a contingent nature, the cost of the services and taxes applicable to the lessor will not be included in its calculation. The total financial burden of the contract is charged to the profit and loss account for the year in which it is accrued, applying the effective interest rate method. Quotas of a contingent nature are recognized as an expense in the year in which they are incurred.

In the financial leasing operations in which the Company acts as.

Assets recorded for this type of operation are amortized using criteria similar to those applied to all tangible assets, according to their nature.

e) Financial Instruments

The Company decides how to classify its financial assets at initial recognition, and it re-evaluates the initial classification at the close of each balance sheet when re-evaluation is permitted and appropriate.

The financial instruments used by the Company are classified for valuation purposes into one of the following categories:

1. Loans and receivables and accounts payable.

Loans and Receivables and Accounts Payable

Loans and Receivables

This category contains:

- a) Credits through trading transactions: financial assets originating from the sale of goods and provision of services through trade transactions and
- b) Credits through non-trading transactions: financial assets that are not equity instruments or derivatives and do not have a commercial nature, which shall provide specific or determinable returns and are not traded on an active market.

Debits and Accounts Payable

This category contains:

- a) Debits through trading transactions: financial liabilities originating from the purchase of goods and services through trading transactions and
- b) Debits through non-trading transactions: financial liabilities that are not derivative instruments and are not of a commercial nature.

Financial assets and liabilities included in this category are valued initially at their fair value, which is the transaction price; this is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Notwithstanding the explanations in the paragraph above, trade receivables and payables maturing in no more than one year and not bearing an interest rate set by contract; any advance payments or loans to staff, dividends receivable and capital calls on equity instruments expected to be received in the short term; and capital calls issued by third parties expected to be paid in the short term are valued at their par value when the effect of not updating the cash flows is not significant.

In subsequent valuations, both assets and liabilities are valued at their amortised cost. Accrued interest is recognised in the income statement at the effective interest rate. Nevertheless, payables and receivables maturing in no more than one year and valued initially at their par value continue to be valued at that amount save, in the case of receivables, when they have undergone impairment.

At the close of the financial year, the necessary valuation adjustments are made if there is any objective evidence that a receivable has undergone impairment, i.e., if there is evidence of a reduction or delay in future cash flows estimated for the asset in question.

The impairment loss of loans and receivables is the difference between the carrying amount of loans and receivables and the current value of the future cash flows it is estimated the receivables will generate, discounted at the effective interest rate calculated at the time of their initial recognition.

The valuation allowance for impairment of debtors as of 30 June 2018 has been estimated based on the analysis of each of the individual outstanding balances receivable at that date.

Withdrawal of financial assets

A financial asset or part thereof is withdrawn when the contractual rights to the financial asset's cash flows have expired or been transferred and the risks and benefits inherent in ownership of the asset have been substantially transferred.

Withdrawal of financial liabilities

Financial liabilities are derecognised when the pertinent obligation is cancelled.

Deposits furnished

Deposits furnished as required by operating leases and for the rendering of services, the difference between their fair value and the amount disbursed are recorded as an early payment made on account of the lease or service. Current deposits furnished are valued at the sum disbursed. Deposits furnished on operating leases are measured at their fair value.

Deposits received

The deposits received for operating leases and services rendered, the difference between their fair value and the amount disbursed are recorded as an advance payment for the lease or provision of the service. In the case of short-term deposits, they are valued at the amount received.

f) Income tax

Income tax is recorded in the Profit and Loss Account or directly in Net equity, depending on where the gains or losses originating the tax are recorded. Income tax for each financial year includes both current tax and any deferred tax, if applicable.

Current taxes are the sum to be paid by the Company as a consequence of tax assessments. The differences between the carrying value of assets and liabilities and the tax base generate deferred tax asset or liability balances. These balances are calculated according to the taxation rates expected at the time of reversal and the form of recovery or payment reasonably anticipated for the asset or liability.

Changes in deferred tax assets or liabilities occurring during the financial year are recorded in the Profit and Loss Account or directly in Net equity, as appropriate.

Deferred tax assets are recognized only to the extent that it is probable that the company has future taxable income that allows the application of these assets.

At each balance sheet date, the book value of the deferred tax assets recorded is analyzed, and the necessary adjustments are made to the extent that there are doubts about their future tax recoverability. Likewise, at each closing, the deferred tax assets not recorded in the balance sheet are evaluated, and these are recognized to the extent that their recovery becomes probable with future tax benefits.

Regime of SOCIMI

By virtue of Law 11/2009, of 26 October, which regulates the Public Limited Companies of investment in the real estate market, the entities that opt for the application of the special fiscal regime foreseen in said Law will be taxed at a rate of 0% tax on Company Tax. In the case of generating negative tax bases, article 25 of the Consolidated Text of the Corporate Tax Law, approved by Royal Legislative Decree 4/2004, of 5 March, will not be applicable. Likewise, the system of deductions and bonuses established in Chapters II, III and IV of said norm will not be applicable. In everything else not foreseen in Law 11/2009, the provisions of the Consolidated Text of the Corporate Income Tax Law will be applicable.

The entity will be subject to a special tax of 19% on the total amount of the dividends or profit sharing distributed to shareholders whose shareholding in the company's capital is equal to or greater than 5%, when such dividends, at the headquarters of its partners, are exempt or taxed at a rate of less than 10%. Mentioned tax will be considered as a Tax on Companies contribution.

The application of the SOCIMI regime described above will be carried out during the year 2018, notwithstanding the fact that, during the year, the Company does not comply with all the requirements demanded by the standard for its application, since, by virtue of the Transitory Provision First of Law 11/2009 of the SOCIMI regime, the Company has a period of two years from the date of the option for the application of the regime to comply with all the requirements demanded by the standard.

That said, it is worth mentioning that on 25 September 2018, the Company adopted the decision to benefit from the regime regulated by law 11/2009, of October 26, which regulates the Listed Companies of Investment in the Market. Real estate ("SOCIMI") with effect from January 1, 2018. This placement was communicated to the State Agency of the Tax Administration in writing dated 28 September 2018.

g) Income and expenses

Income and expenses are booked on an accrual basis, i.e., when the real flow of goods and services they represent occurs, regardless of when the resulting monetary or financial flow occurs.

Income resulting from the sale of goods is measured at the fair value of the consideration arising from such, which has been or will be received, and which, unless there is evidence to the contrary, is the agreed price for said goods and services, after deducting: any discount amounts, price reductions or other similar items that the Company may grant, as well as the interest added to the nominal amounts of loans.

Rental income is recognized on a straight-line basis over the estimated period of the contract.

Income from services rendered is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the end of the financial year. Consequently, only revenue from the rendering of services is accounted for when each and all of the following conditions are met:

- a) The income amount can be reliably measured.
- b) The Company is likely to receive the benefits or economic yields deriving from the transaction.
- c) The degree of completion of the transaction, at the financial year-end date, can be reliably measured, and
- d) The costs already incurred in the provision, as well as those that remain to be incurred until completion, can be reliably valued.

The Company reviews and, if necessary, modifies the estimates of income receivable as the service is rendered.

h) Accruals

The company registers in this balance sheet item, the anticipated income derived from the billing for rentals to customers.

i) Transactions between related parties

In general, items subject to a related party transaction are initially accounted for at fair value. The subsequent evaluation is carried out in accordance with the provisions of the corresponding standards.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Note 4. A) Property, plant and equipment

The movement existed during the period ended 30 June 2019 and 31 December 2018 in the different accounts of property, plant and equipment and their corresponding accumulated depreciation were as follows (in euros):

30 June 2019

	Balances at 31.12.2018	Additions	Balances at 30.06.2019
Cost			
Technical installations and other property, plant and equipment	276,597.83	50.00	276,647.83
	276,597.83	50.00	276,647.83
Accumulated depreciation			
Technical installations and other property, plant and equipment	(83,719.31)	(16,542.70)	(100,262.01)
	(83,719.31)	(16,542.70)	(100,262.01)
Net book value	192,878.52	(16,492.70)	176,385.82

31 December 2018

	Balances at 31.12.2017	Additions	Balances at 31.12.2018
Cost			
Technical installations and other property, plant and equipment	189,642.34	86,955.49	276,597.83
	189,642.34	86,955.49	276,597.83
Accumulated depreciation			
Technical installations and other property, plant and equipment	(23,167.81)	(60,551.50)	(83,719.31)
	(23,167.81)	(60,551.50)	(83,719.31)
Net book value	166,474.53	26,403.99	192,878.52

As of 30 June 2019, fully amortized items amount to 2,242.33 euros (2018: 2,242.33 euros).

Note 4. B) Investment property

The movement existed during the period ended 30 June 2019 and 31 December 2018 in different accounts of Investment property accounts and their corresponding accumulated amortizations have been as follows (in euros):

Details and changes during the year ended 30 June 2019 are as follows (in euros):

	Balances at 31.12.18	Additions	Balances at 30.06.2019
Cost			
Land	1,692,208.49	2,948,226.53	6,302,026.42
Buildings	803,567.93	858,023.47	
	2,495,776.42	3,806,250.00	6,302,026.42
Accumulated depreciation			
Buildings	(77,666.37)	(16,588.96)	(94,225.33)
	(77,666.37)	(16,588.96)	(92,225.33)
Net book value	2,418,110.05	3,789,661.04	6,207,771.09

Details and changes during the year ended 31 December 2018 are as follows (in euros):

	Balances at 31.12.17	Additions	Balances at 31.12.18
Cost			
Land	1,692,208.49	-	1,692,208.49
Buildings	803,567.93	-	803,567.93
	2,495,776.42	-	2,495,776.42
Accumulated depreciation			
Buildings	(72,472.93)	(5,193.44)	(77,666.37)
	(72,472.93)	(5,193.44)	(77,666.37)
Net book value	2,423,303.49	(5,193.44)	2,418,110.05

The "Investment property" as of 30 June 2019 includes 3 properties for rent (see note 5) (2018: 2 properties).

No circumstance has occurred that has had an impact that has to do with the current period or future years that affect the costs of dismantling, retirement or rehabilitation, useful lives and methods of amortization.

No financial expenses have been capitalized.

No valuation adjustment has been made for fixed assets.

The additions to the investment property in 2019 correspond to the acquisition of the building located in the Alameda Principal on 4 June 2019, by an amount of 3,806,250 euros.

As of 30 June 2019, there are no fully amortized items.

NOTE 5. OPERATING LEASE AGREEMENTS

The operating lease charged against the 2019 results is 645,724.46 euros.

The amount of the minimum future charges corresponding to the most significant non-cancelable operating leases is detailed below:

	Euros	
	30.06.19	31.12.18
Up to 1 year	920,536.45	728,536.45
Between one and five years	3,060,702.53	3,019,745.81
More than five years	5,427,600.91	3,935,068.03
	9,408,839.89	7,683,350.29

NOTE 6. INFORMATION ON NATURE AND RISK LEVEL OF FINANCIAL INSTRUMENTS

The management of the Company's financial risks is centralized in the General Management, which has established the necessary mechanisms to control exposure to changes in interest rates and exchange rates, as well as credit and liquidity risks. The following are the main financial risks that impact the Company:

– Credit risk:

In general, the Company maintains its treasury and equivalent liquid assets in financial institutions with a high credit rating. Additionally, it should be noted that there is no significant concentration of credit risk with third parties.

– Liquidity risk:

In order to ensure liquidity and be able to meet all the payment commitments deriving from its activity, the Company has the treasury and the financial investments that show its balance sheet.

– Market risk (includes interest rate and other price risks):

Both the treasury and the financial debt of the Company are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. Changes in interest rates modify the fair value of those assets and liabilities that accrue a fixed interest rate as well as the future flows of the assets and liabilities referenced at a variable interest rate. The objective of interest rate risk management is to achieve a balance in the structure of the debt that minimizes the cost of debt over the multi-year horizon with reduced volatility in the Profit and Loss Account. Depending on the estimates of the Company and the objectives of the debt structure, hedging transactions can be carried out by contracting derivatives that mitigate these risks.

NOTE 7. FINANCIAL ASSETS**Long-term financial assets**

The detail of the long-term financial assets at the close at 30 June 2019 and 31 December 2018 is as follows (in euros):

Type Category	Credits, derivatives and others		Total	
	2019	2018	2019	2018
Long term deposits	187,848.26	174.751,30	187,848.26	174.751,30
	187,848.26	174.751,30	187,848.26	174.751,30

These amounts correspond to the bonds of the rental contracts in “Junta de Andalucía”.

Short-term financial assets

The detail of the short-term financial assets at the close at 30 June 2019 and 31 December 2018 is as follows (in euros):

Category	Equity instruments		Credits, derivatives and others		Total	
	2019	2018	2019	2018	2019	2018
Loans and receivables account	-	-	8,335.54	9,397.53	8,335.54	9,397.53
Debts and others receivables accounts	-	-	8,335.54	9,397.53	8,335.54	9,397.53
Short-term financial investments	-	-	-	640,387.71	-	640,387.71
Other financial assets	-	-	-	640,387.71	-	640,387.71
Assets at fair value with changes in profit and loss:	-	197,923.08	585,963.24	384,951.29	585,963.24	582,874.37
Cash and other equivalent liquid assets		-	585,963.24	384,951.29	585,963.24	384,951.29
Maintained to negotiate	-	197,923.08	-	-	-	197,923.08
	-	197,923.08	594,298.78	1,034,736.53	594,298.78	232,659.61

Financial assets corresponded to investment fund, which is has been canceled on 30 June 2019 and generated a loss of 63,043.20 euros.

“Other financial assets” corresponded to the debt with the previous sole administrator that has been cancelled through a dividend distribution in 2019.

NOTE 8. CAPITAL AND RESERVES

The share capital as at 30 June 2019 is 5,810,369.00 euros (2018: 2.010.369,00 euro). It is divided into 5,810,369.00 nominative shares of 1.00 euro of par value each one of them numbered consecutively from 1 to 5,810,369.00, both included, belonging to a single class and series. All the shares are fully subscribed and paid and grant their holders the same rights.

At the Extraordinary General Shareholders' Meeting, on 4 June 2019, a share capital by 3,800,000.00 euro has been approved, through the issuance and circulation of new shares, each with a nominal value of 1 Euro. This capital increase has been subscribed and paid in full.

Reserves

According to the provisions of article 274 of the Capital Companies Act, a figure equal to 10% of the profit for the year will be allocated to the legal reserve until it reaches at least 20% of the share capital. As long as it does not exceed the indicated limit, it can only be used to offset losses in the event that there are no other reserves available for this purpose. The legal reserve amounts to an amount of 132,086.46 euros as of 30 June 2019 (2018: 70.216,20 euro).

The legal reserve can only be used to cover losses and would only be distributable in the event of liquidation of the Company.

The Voluntary Reserves are freely available.

Distribution of dividends

Once the attentions foreseen by the Law and Law 11/2009 have been covered, the distribution of dividends charged to the profit for the year, or to reserves of free disposal, will be made in accordance with the following rules:

- a) The General Meeting must necessarily agree on the distribution of one hundred percent (100%) of the profits derived from dividends or profit sharing distributed by the entities referred to in article 2 of the Bylaws.
- b) Likewise, it must agree on the distribution of at least fifty percent (50%) of the benefits derived from the transfer of real estate and shares or participations referred to in article 2 of these Bylaws, made once the terms have expired. referred to in section 3 of article 3 of Law 11/2009, subject to compliance with its main corporate purpose. The rest of these benefits must be reinvested in other properties or participations affected by the fulfillment of said object, within three (3) years after the date of transmission. Failing that, these benefits must be distributed in full along with the benefits, if any, that come from the year in which the reinvestment term ends.

If the elements subject to reinvestment are transferred before the previous maintenance period, those benefits must be distributed in full together with the benefits, if any, that come from the year in which they were transferred.

- c) The General Meeting will distribute among all the shareholders a minimum annual dividend of eighty percent (80%) of the remaining distributable profits of the Company, once the provisions of sections a) and b) above have been fulfilled. The General Meeting will resolve on the application of the result of the exercise and the distribution of the benefit in accordance with the provisions of the preceding paragraphs, within the first six (6) months of each year. Dividends will be distributed among the shareholders in the proportion corresponding to the capital they have disbursed, with payment being made on the date determined by the General Meeting itself within a maximum period of one (1) month from the date of the distribution agreement.

At 4 June 2019 the distribution of dividends were approved by the Shareholders General Meeting for the amount of 631,945.78euros.

At 30 June 2019 the distribution of dividends were approved by the Shareholders General Meeting for the amount of 525.846,24 euros.

NOTE 9. BALANCES AND TRANSACTIONS WITH GROUP COMPANIES

The detail of debit and credit balances with group companies and associates at balances at 30 June 2019 and 31 December 2018, are as follows

	Debtor Balances 30.06.19	Debtor Balances 31.12.18
Shareholders	-	640,387.71
	-	640,387.71

Operations with related parties

The main transactions carried out with group and other related parties during the years ended 30 June 2019 and 31 December 2018 are the following:

	Expenses periodo ended 30 June 2019	Expenses Year 2018
Other related parties	53,513.82	106,070.16
	53,513.82	106,070.16

The previous balances have their origin, basically, in salaries (not compensations as Administrator). In the opinion of the Sole Administrator these transactions are carried out under normal market conditions.

NOTE 10. LONG AND SHORT TERM FINANCIAL LIABILITIES

The detail of the long and short-term financial liabilities as of 30 June 2019 and 31 December 2018 are as follows.

30 June 2019

	Debts with credit entities and financial leasing		Derivates and others		Total	
	Long term	Short term	Long term	Short term	Long term	Short term
Debit and accounts payable						
Creditors by finance lease	-	8,806.62	-	-	-	8,806.62
Deposits and deposits received	-	-	220,248.26	(0.01)	220,248.26	-
Debitors and other accounts payable	-	-	-	19,945.36	-	19,945.36
	-	8,806.62	220,248.26	19,945.35	220,248.26	28,751.98

31 December 2018

	Debts with credit entities and financial leasing		Derivates and others		Total	
	Long term	Short term	Long term	Short term	Long term	Short term
Debit and accounts payable						
Creditors by finance lease	(937.44)	13,152.49	-	-	(937.44)	13,152.49
Deposits and deposits received	-	-	174,751.30	(0.01)	174,751.30	(0.01)
Debitors and other accounts payable	-	-	-	(274.06)	-	(274.06)
	(937.44)	13,152.49	174,751.30	(274.07)	173,813.86	12,878.42

NOTE 11. CURRENT BALANCES WITH PUBLIC ADMINISTRATIONS AND FISCAL SITUATION

Current balances with Public Administrations

The composition of the balances with "Public Administrations" as of 30 June 2019 and 31 December 2018 are as follows:

30 June 2019

	Debit Balances	Credit Balances
VAT	25,641.58	67,807.40
Withholdings	16,021.10	231,426.84
Social Security	-	2,392.71
	41,662.68	301,626.95

31 December 2018

	Debit Balances	Credit Balances
VAT	-	32,718.29
Withholdings	44,562.97	10,453.35
Social Security	-	5,442.88
	44,562.97	48,614.52

Reconciliation accounting result and taxable base

Corporation Tax is calculated based on the economic or accounting result, obtained by the application of generally accepted accounting principles, which does not necessarily have to coincide with the fiscal result, understood as the Taxable Base of the Tax.

Having opted for the tax regime of SOCIMIs, the applicable rate would be 0%. However, in accordance with the provisions of article 12 of Law 11/2009, tax adjustments pending to be included in the tax base before the application of the SOCIMI regime are taxed at the general rate (25%): tax expense of 4,666.67 euros in 2019 (2018: 9,333.34 euros).

Exercises pending verification and inspection actions

According to current legislation, taxes can not be considered definitive until they have been inspected by the tax authorities or the statute of limitations of four years has expired. At the end of the 2018 fiscal year, the Company is open to inspection by the tax authorities for the last four years in relation to the main taxes applicable to it. The Sole Administrator of the Company considers that the liquidations of the aforementioned taxes have been adequately practiced, so that, even in case of discrepancies in the current regulatory interpretation due to the fiscal treatment granted to the operations, the resulting liabilities, in Should they materialize, they would not significantly affect the accompanying annual accounts.

As indicated in note 1, on 27 September 2018, the agreements on the transformation of a limited partnership into SOCIMI, SOCIEDAD ANÓNIMA are published. The General Shareholders' Meeting approved on 25 September 2018, that the Company will benefit from the tax regime of listed publicly traded companies in the real estate market (SOCIMI) in accordance with the provisions of art. 8 and following of the Law 11/2009, of October 26, regulator of the Listed Public Limited Companies Investment in the Real Estate Market (SOCIMI). The information required regarding the "Information Requirements derived from the condition of SOCIMI, Law 11/2009, is detailed in note 16 of these attached annual accounts.

NOTE 12. SUBSEQUENT EVENTS

Subsequent to the closing of the period ended 30 June 2019, no additional events or circumstances have occurred that could affect the presentation of these annual accounts.

NOTE 13. "INFORMATIVE REQUIREMENTS DERIVED FROM THE CONDITION OF SOCIMI, LAW 11/2009"

The amount of the Reserves from previous years to the application of the fiscal regime established by the Law of SOCIMIS amount to 102,256.55 euros.

As of 30 June 2019, reserves from fiscal years in which the tax regime established in this Law has been applied amounts 92,796.40 euros.

As of 30 June 2019 dividends distributed with a charge to benefits for years in which the tax regime established in the SOCIMIS Law amounts 525,846.24 euro.

As of 31 December 2018, dividends have not been distributed with a charge to reserves.

As of 30 June 2019 the properties for rent indicated in notes 4 and 5 acquired in 2014 and 2019, account for the 80 percent referred to in section 1 of article 3 of the SOCIMIS Law

As of 30 June 2019, there are no reserves from years in which the special tax regime established in this Law has been applicable, which have been arranged in the tax period, other than for distribution or to offset losses.

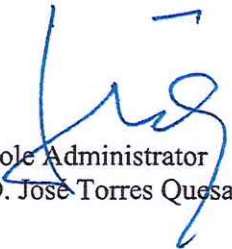
MAQ ADMINISTRACIÓN URBANAS, S.A.

PREPARATION OF INTERIM FINANCIAL STATEMENTS

30 JUNE 2019

The Sole Administrator of MAQ ADMINISTRACIÓN URBANAS, S.A. has prepared the Interim Financial Statements for the period of six months ended 30 June 2019.

Málaga, 27 de July de 2019



Sole Administrator
D. José Torres Quesada

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