



# Annual Report 2013

[nplusone.com](http://nplusone.com)



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A few members of N+1's corporate finance team.  
From left to right: Guillermo Arbolí, Patricia Pascual Ramsay, Lorenzo Astolfi, Tülay Kaya and Wolfram Schmerl.





**N+1 at a  
glance**

# N+1 at a glance

## An independent partnership

N+1 is a partnership, which in our opinion is the ideal organisational model for ensuring the firm's independence, long-term sustainability as well as the highest standard of client service.

IN 2013

AGGREGATE INCOME OF  
€81.4mn

AND CONSOLIDATED NET PROFIT OF  
€10.3mn

## Specialised in investment banking and alternative asset management

The firm provides end-to-end investment banking services to companies and institutions and stands out for its international reach, sector specialisation and strategic focus on the middle market. N+1's asset management division specialises in the marketing and management of investment vehicles that invest directly in real assets.

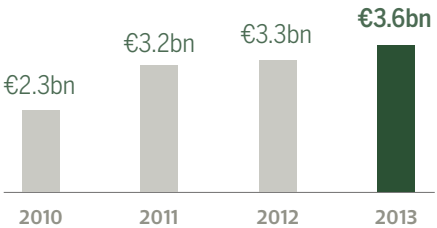
CORPORATE FINANCE

92

DEALS CLOSED  
IN 2013

ASSETS UNDER MANAGEMENT AT YEAR-END OF

€3.6bn



INVESTMENT BANKING

Corporate finance: M&A, debt advisory, ECM, credit portfolio advisory

Equities: research and brokerage

ASSET MANAGEMENT

Private equity

Activist funds

Renewable energies

Real estate

Debt

Distressed assets

WEALTH MANAGEMENT

Wealth management and private banking

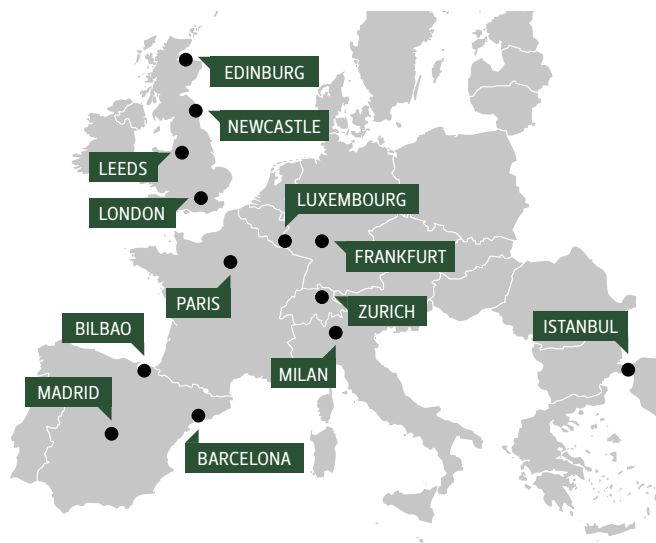
SICAV, funds and financial portfolio management and advisory

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## That combines its international reach with a solid local presence in 8 European countries

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We can only provide our services to the required standards of excellence by combining solid local footprints and know-how with international reach.



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## With a team made up of 305 professionals

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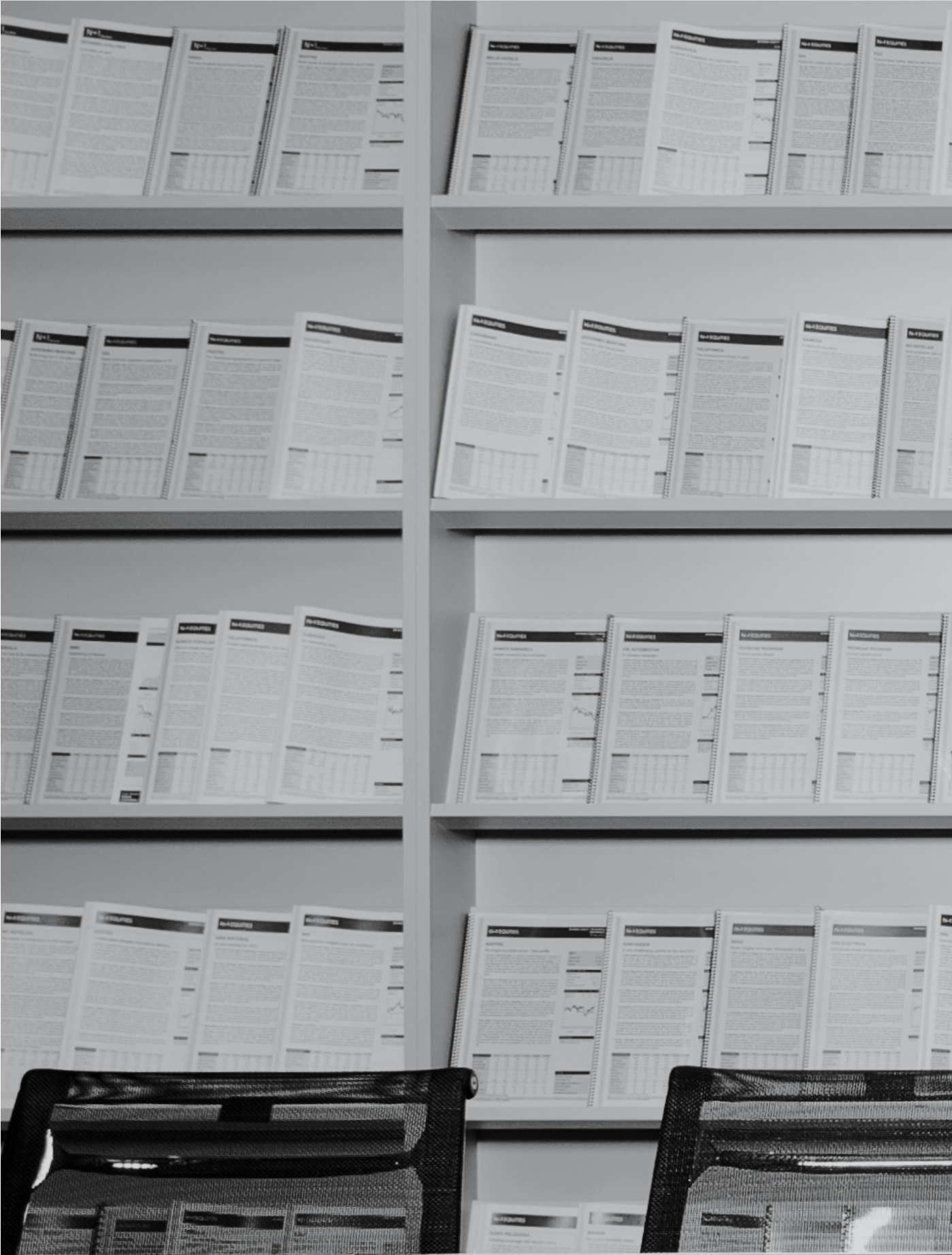
The N+1 business model is predicated solely and exclusively on the hard work, talent and knowledge of its professionals, consistent with our partnership model. We are debt-free. The group's €29.5 million of equity guarantees its independence.

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## And carries out its business activities under regulatory supervision

N+1 is supervised by the Spanish securities market regulator, the CNMV, in its capacity as a consolidated group of investment service providers; in the UK, N+1 Singer is regulated by the FCA, in its facet as provider of advisory, corporate broking and brokerage services.





N+1 Equities. "Morning Meeting" room (Madrid).





# Introduction

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# Doubts and beliefs in business management

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*“The man feels that, if he only holds to his belief without wavering, it will be entirely satisfactory. Nor can it be denied that a steady and immovable faith yields great peace of mind”*

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Charles S. Peirce, *The fixation of belief*

**T**here are states of mind in which man could not survive. If those states were permanent, if there were no regulating mechanisms to limit or resolve them, or at least remove them temporarily from our physical and psychological experiences, human life would be extinguished after an interval of suffering. We cannot live with doubt, which is why we create beliefs; we cannot live with uncertainty, which is why we seek out truths; we cannot live without evaluating or assessing, which is why we make judgements; we cannot live without hope, which is why we imagine and design projects; we cannot, in short, live in permanent conflict, which is why we yearn for peace and balance. Each of these states produces discomfort, instability, unease and pain and is therefore undesirable. However each – and therein lies the grandeur of human life – is necessary. There would be no science without doubt, no progress without uncertainty and no creation, openness, socialisation or morality without conflict. All of this applies to business management just as it applies to life.

Crises are events that destabilise existing order. When they affect organisations such as companies, one of their most notable effects is the undermining of the beliefs around which daily tasks and corporate plans had been articulated. However, as for any individual, a company cannot live in a permanent state of doubt and indecision. It needs to build a new *modus operandi*, an arsenal of new beliefs that substitute the old ones in order to allay the misgivings and anguish caused by any state of doubt. Demolishing a belief and creating a new one can be particularly painful, among other things because it requires a lot of thought; ultimately, the sole aim of thinking is to produce beliefs. And it is no less painful to accept the fact that more often than we'd like to admit our beliefs or convictions fail to correspond with our actions. This lack of consistency is what psychologists term cognitive dissonance and it can only be addressed by either changing our beliefs or modifying our behaviour. The problem lies with the fact that individuals and companies tend not to acknowledge these dissonant states, preferring to justify their misguided behaviour or outdated beliefs *a posteriori*. And the reason why we all succumb to this is nothing other than a desire to preserve or not impair our self-esteem, whether at the individual or corporate level. In a nutshell, we willingly deceive ourselves. Self-deception or delusion is the surest ticket to business failure in the long run. When a company lacks the mechanisms for regulating its states of cognitive dissonance, its probability of survival drops, particularly if it is unable to react to external shocks such as those experienced during this protracted crisis. Indeed, many European companies have capitulated since 2008, more in the south than in the north,



and those that have found their way forward have been forced to restructure their principles, cultures, strategies, capital structures and management practices. If we want to overcome the crisis and reinforce ourselves on the back of it, we need to focus and concentrate our efforts in the following areas:

**SCALE** our advisory work and asset classes. Both are critical for profitability, good pay, job satisfaction for our professionals and goodwill enhancement for the group. We cannot do everything, we should concentrate in a scale of business in which we operate efficiently and create value for our clients. This scale is the mid-caps, mid-investors space.

**INTEGRATE** as much as possible the several units of the Group in order for it to become a company and not a holding. Sometimes growth, internationalization and talent attraction require the design and implementation of ownership structures which do not fully align economic and management interests in the long term. We should keep flexibility but integrate the minority interests that are already convinced and prepared to set up a combined and fully integrated group. This is now the case for the international corporate finance business (N+1 ICA), and should be also the case for the international real estate asset management platform already present in Germany, the UK, France, Spain and Turkey. On the other hand, the Group should provide efficient systems and a common culture to facilitate this integration. This increased integration should also help us realize more cross-fertilization between teams.

**RENEW** management and team members, also incorporating new talent from outside, to reinvigorate culture, organization and business. Our new shareholders' agreement has been reformulated in order to create partners' rotation, retain talent and goodwill, and separate ownership and management. This should drive us to a competitive firm in economic conditions for our people, but also a much more up or out oriented human resources policy. The generation in charge of the business has been together for more than 20 years. This cohesiveness has been critical for the success of the Group. However, the time has come to give room to an orderly replacement of key management bodies and a new generation taking over the final responsibility to lead business areas.

**INNOVATE** products, business areas and client coverage. Business has always meant "creative destruction", all the more so in the new dynamics of stop and go capitalism. During this crisis, and in the business segment in which we operate, we have been first movers in the internationalization of some businesses, promoting consolidation in others, offering the refinancing service to our corporate clients (we are now number five in Europe) and launching new activities or products such as the management and disinvestment of non-core assets of financial institutions. We should continue to look for an innovative attitude.

**FOCUS** on making the best use of time, on pursuing high quality business and on doing so efficiently. We cannot forget that our business is not guaranteed, that we fight to generate it every day, but let us do it consistently, i.e., taking into account our management capabilities, priorities and business goals.

**LEAD** our people to work in a company opened to them, intellectually challenging, morally solid, with achievable goals and fair and objective rewards. This is the best guaranty for our clients and the progress of the project we started in 2001.





German team of Corporate Finance





BUSINESS AREAS

# Investment Banking



# Investment Banking

In investment banking, one of the group's core businesses, N+1 has established itself as a benchmark advisor in the European mid-market.

To defend and enhance this position we have been moving in a dual direction in recent years: on the one hand, by building a fully European platform, which in our mind necessitates a presence on the ground (the group currently has local teams in seven countries, Germany, Spain, France, Italy, the UK, Turkey and Switzerland); and by widening our offer of specialist services in order to meet our clients' needs, on the other.

182  
Professionals

7  
European  
Countries

## TRACK RECORD

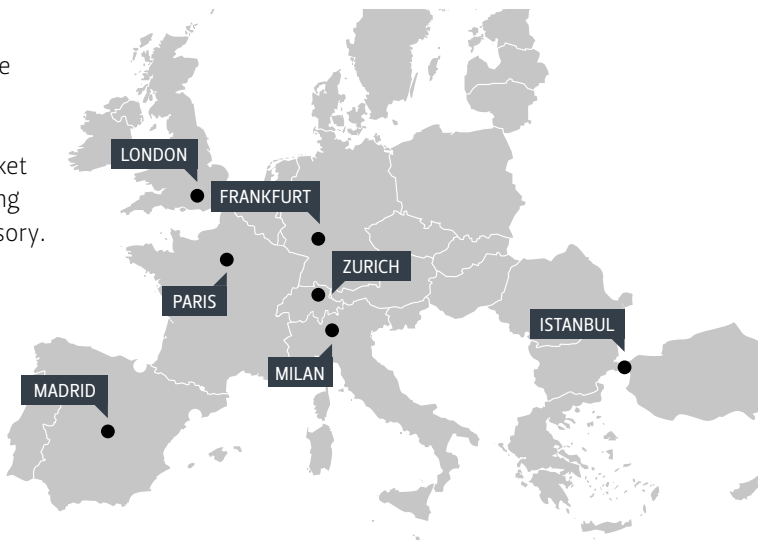
	2013	LAST 4 YEARS
<b>Total</b>	<b>110 transactions closed</b>	<b>355 transactions closed</b>
M&A	41 Transactions closed	132 transactions closed €16bn of transaction value
Debt Advisory	19 transactions closed €4bn associated debt	85 transactions closed €15bn of associated debt
Distressed portfolio advisory	9 distressed transactions	24 distressed transactions €12bn of transaction value
Capital Markets	€680mn raised for UK companies in UK capital markets	€6bn raised
Research	300 companies research in UK, Spain and Portugal	

# Value proposition for our clients

FULL RANGE OF INVESTMENT BANKING SERVICES	
Merger & Acquisitions	Credit portfolio advisory
Debt Advisory	Research
Capital Markets	Institutional sales and brokerage

## A EUROPEAN REACH COMBINED WITH A SOLID LOCAL PRESENCE

We can only provide our services to the required standards of excellence by combining solid local footprints and know-how with international reach, prerequisites in today’s market for correctly leveraging and providing corporate and capital markets advisory.



## DEEP SECTOR KNOW-HOW

Sector specialisation is vital to the provision of service in the middle market at standards of excellence and professionalism equivalent to those sought in large cap cross-border deals.

teams covering the following eight sectors: industrials, consumer goods & retail, construction & support services, healthcare, energy, real estate, financial institutions and technology & media.

N+1 articulates its investment banking teams around sector specialisation. It has pan-European

# M&A

A common feature of mid-market corporate transactions is their increasingly international profile. European companies are looking to increase their presence abroad, while international investors are beginning to spot attractively-valued investment opportunities in the mid-market.

Against this backdrop, the strategy pursued by our M&A division can be broken down into the following three lines of initiative:

- ▶ Maintaining our strategic focus on the mid-cap segment, meaning companies with enterprise values of between €50 and €500 million.
- ▶ Consolidating the integration of our businesses across our multiple markets in order to reinforce our cross-border capabilities.
- ▶ Deepening our sector specialisation. To this end we cover eight sectors across our pan-European operations.

SECTOR SPECIALIZATION
Industrials
Consumer Goods & Retail
Support Services & Construction
Financial Institutions
Real Estate
Healthcare
Energy
TMT

## 2013 SELECTED TRANSACTIONS



Advisor to Sirma on the sale of a majority stake to Danone.



Advisor to Gilde Buy Out Partners on the sale of Hofmann Menü to Partners Group.



Advisor to the Defendi family on the sale of Defendi Italy to German trade buyer E.G.O. Blanc und Fischer.



Advisor to Turkish holding company Sanset on the acquisition of Pernigotti, an Italian chocolate manufacturer.



Advisor to Orey on the acquisition of the Inversis's institutional business.



Advisor to a group of saving banks on the sale of a 22.8% stake of Antolin to the majority shareholder.



Advisor to Marni's shareholders on the sale of a majority stake to Only the Brave.



## Toksöz acquisition of Pernigotti: a cross border M&A transaction

### THE TRANSACTION

In 2013 our Italian and Turkish teams<sup>(1)</sup> advised the Turkish group Sanset Food (Toksöz Group) on the purchase of Pernigotti, a leading Italian confectioner and chocolate maker founded in 1860.

### BIDDER AND TARGET

Toksöz Group is one of Turkey's most important corporate groups and is active in the pharmaceuticals, food and energy businesses. Toksöz Group's annual revenue is around €450 million. With €70 million of revenue, Sanset Food is a well-known chocolate producer with brands such as Tadelle, Sarelle, Gol, Gofy, Sagra and L'era Fresca. Sanovel, a Toksöz Group company, is one of the top 10 Turkish pharmaceutical players.

Pernigotti is a very well-known legacy Italian brand and one of the main domestic players in the ice-cream, baked goods and chocolate sectors. The company is engaged in the production and distribution of cream bases for ice cream, nougat, chocolates and Easter eggs at its plant in Novi Ligure and warehouse in Barbellotta, ranking #2 in both the nougat and Gianduia segments.



Francesco Moccagatta and Özkan Yavaşal

### VALUE ADDED

N+1's teams (both its Italian and Turkish teams) participated in the entire acquisition process:

- ▶ Analysing the target's economic and financial performance
- ▶ Coordinating and advising Sanset Food on the entire due diligence process
- ▶ Advising Sanset Food on the bidding process.

From our point of view, it provides a clear example of the importance of having solid local footprints and know-how combined with international reach in order to meet clients expectations in the mid-market.

(1) N+1 Syz and N+1 Daruma, respectively

# Debt Advisory

Against the backdrop of an extreme pan-European bank credit crunch, triggered by both economic and regulatory factors, our mid-market clients are asking for alternative ways to finance their operations.

In order to meet this growing need, we have increased the scope of our debt advisory solutions to include not only traditional financing and refinancing activity but also alternative fund-raising (from various institutional sources: insurers, pension funds and asset managers) and the provision of advice on how to optimally structure financing transactions.

19 transactions closed in 2013,  
with €4bn associated debt

## 2013 SELECTED TRANSACTIONS



Advisor to Deutsche Private Equity on raising the debt to fund the acquisition of ZellBios.



Advisor to Silverfleet on raising the debt to fund the acquisition of Competence Call Center.



Arrangement of a €56mn loan for the construction of a high-end commercial real estate development.



Arrangement of a €55mn loan for the acquisition of two ships.



Advisor to Equistone on the acquisition of Karl Eugen Fischer, raising the deal's debt financing.



Advisor to Vertix on the restructuring of its debt with six financial institutions.

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## Silverfleet's debt advisor on the acquisition of Competence Call Center AG: a challenge for our German team

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### THE TRANSACTION

N+1's Germany-based team acted as Silverfleet's debt advisor on the acquisition of Competence Call Center AG (CCC), assuming responsibility for all of the deal's financing-related activities, all of which within in an extremely demanding deadline.

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### BIDDER AND TARGET

Silverfleet Capital is an independent private equity firm owned by its partners which invests on behalf of a diversified group of international institutional investors (formerly known as PPM Capital) with offices in London, Munich and Paris. Silverfleet typically invests in international businesses with an enterprise value of between €75 and €250 million.

Founded in Austria in 1998, CCC is a high quality call center solutions provider with more than 4,500 employees. CCC currently operates out of 11 locations in 7 countries – Austria, France, Germany, Romania, Switzerland, Slovakia and Turkey – and has a market leading position in German-speaking Europe. CCC has a comprehensive service offering in 28 languages including incoming & outgoing calls, e-mail, fax and mail correspondence, live chat, social media and other digital services.

### VALUE ADDED

The process was a highly competitive auction marked by two leading contenders (one of them a strategic buyer) and an adverse financing environment due to the operating difficulties suffered by key German players in the target's industry.

As debt advisor, N+1 was responsible for all activities related to the deal's financing which included bank education, drafting and negotiation of term sheets, development of a sponsor case including a covenant model, and liaison with the lawyers on the SFA negotiations.

Two banks were mandated as lead arrangers and underwrote the €60 million transaction (€55mn term loans and €5mn RCF). Four further banks joined the syndicate. N+1 managed to organise a competitive process among potential banks within a very short period of time: 4 weeks from beginning to close.

# Capital Markets

## €680mn

raised in the UK capital markets  
in 2013

In an environment marked by substantially tighter access to financing than in the recent past, the ability to help our clients to tap the capital markets has become a critical component of our service suite.

Through our ECM teams in Spain and the UK, a service that complements the investment banking platform, N+1's clients are guaranteed access to the local capital markets and to the leading European and global institutional investors.

### 2013 SELECTED TRANSACTIONS



Block trade of 5.4% of  
BME (€122mn)

Advisor to the Spanish  
Central Bank



Placing  
raising €75mn

NOMAD and joint broker



Block trade of  
3.1% of NH Hoteles  
(€37mn)

Advisor to Ibercaja



Placing  
raising £42.3mn

NOMAD and joint broker



Strategic advisory on  
IAG's cash tender offer

Advisor to Vueling



Placing  
raising £105mn

NOMAD and joint broker



Placing  
raising £44mn

NOMAD and joint broker



Placing  
raising £20mn

Financial adviser, sponsor  
and joint broker

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## Weiss Korea Opportunity Fund: placing of £105 million and admission to float in the UK capital market.

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### THE TRANSACTION

In May 2013, Weiss Korea Opportunity Fund Ltd., a closed-ended investment company, raised gross proceeds of £105 million by means of a placing of ordinary shares. The placing, advised by N+1 Singer, was significantly over-subscribed to trading on AIM (Alternative Investment Market). N+1 Singer acted as sole financial adviser, nominated adviser and broker to the company.



### THE COMPANY

Weiss Korea Opportunity Fund's investment objective is to provide shareholders with an attractive return on their investments predominantly through long-term capital appreciation. Geographically focused on South Korean companies, it intends to invest primarily in listed preferred shares issued by companies incorporated in South Korea, which in many cases are currently trading at a discount to the corresponding common shares of the same companies.

### VALUE ADDED

N+1 Singer has proven to be one of the clear leaders in the UK small and mid cap industry. In 2013 it demonstrated its placing power by raising €680 million for its clients in 37 capital markets transactions. At the end of the year, by number of corporate clients (113), N+1 Singer was the #5 stockbroker in the UK.



# Credit Portfolio Advisory. Distressed and non-core assets.

In February 2014, N+1 launched a new activity to round out the range of products it offers its corporate and institutional clients, setting up a team of professionals specialised in the provision of advice on the acquisition and sale of non-core assets, mainly in the financial sector.

This specialisation is predicated on the valuation, structuring and sale of portfolios of different kinds: performing and non-performing loans (mortgages, secured and secured loans, consumer loans, etc.), real estate assets, invoices, collection claims, etc. Additionally, in the last few months the team has participated in different sales operations of real estate servicers. In the last two years, the teams has closed 30 deals with a face value of c. €15 billion.

The team began to operate in 2007, when it started to specialise in this advisory segment in order to cater to an emerging and growing gap in the market. However, the market did not fully develop until 2011 in the wake of the overhaul of the Spanish bank sector, new solvency requirements and the widespread deterioration of the Spanish economy.

With this effort, N+1 has widened the investment banking services that it currently offers. Synergies are particularly significant in the finance and real estate sectors, in which N+1 has dedicated teams. This offering rounds out the range of products it offers its corporate and institutional clients.

The team has closed more than 30 transactions with an aggregate face value over €15bn in the last 2 years.

NPLs	REOs	Platforms	SLAs	Others
Advisory on the sale of distressed portfolios including assets with or without warranties (secured or unsecured)	Advisory on the sale of the real estate owned (REOs) assets of financial institutions due to foreclosures	Advisory on the sale of platforms and debt collection of financial institutions' NPLs, REDs and REOs	Advisory on the sale of exclusive management of any type of service: debt collection, real estate management and documentary management	Valuation of different classes of assets, strategic analysis, advice with negotiations, etc.

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## Financial advisor to SAREB on the sale of Portfolio Dorian: successful transaction closed under extreme time pressure

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### THE TRANSACTION

SAREB, the acronym in Spanish for the name of the company set up to manage the Spanish bank system's toxic assets, is a private company. It was incorporated in November 2012 to help restore the Spanish financial sector to financial health, particularly the institutions that had been experiencing issues as a result of excessive exposure to the real estate sector.

SAREB has taken on the task of disposing of the financial assets – property development loans (REDs) and real estate assets (REOs) – acquired from the financial institutions that benefited from state aid. N+1 Corporate Finance Spain was selected as one of its appointed advisers for the sale of large portfolios.

On 22 November 2013, the N+1 Spanish-based real estate team launched the sale of Portfolio Dorian, a portfolio of real estate owned (REO) assets comprising subsidised residential properties. The transaction had to be closed within a very challenging deadline (year-end 2013).

### VALUE ADDED

The portfolio sold included seven buildings with 622 residential dwellings plus over 1,000 additional units (storage units, parking spaces, etc.), mainly located in Madrid.

As financial advisor, N+1 coordinated the entire sell-side process and advised SAREB on the organisation of an accelerated bid process, presenting the opportunity to potential buyers in both Spain and abroad. Portfolio Dorian was acquired by The Blackstone Group on 31 December 2013.

# Research and brokerage

Through two teams specialised in capital markets coverage (one based in the UK and the other in Spain), N+1 offers research (ongoing coverage of 300 companies), sales and equity and other product placement services to institutions, having raised over €10.8 billion for its clients in the last 10 years.

Between them, 64 professionals make up the two teams. The UK platform is operated under a full scope license, while the Spanish is structured as a sociedad de valores (broker-dealer). N+1's client proposition is predicated on three core values – independence, specialisation and access to the European capital markets.

## UNITED KINGDOM



N+1 Singer has an exceptional team of 25 dedicated analysts and support staff, providing detailed coverage on nearly 250 companies.

Its coverage of the UK Small & Mid Cap sector is one of the most comprehensive in the market and is distributed daily to over 1,000 investment professionals. Its sector teams are regularly recognised as leaders in their respective fields in independent surveys.

The N+1 Singer research model is based on strong company relationships, primary coverage and insightful analysis.

The team is drawn from a range of backgrounds and includes sector experts with careers spanning both investment banking and industry, CFA qualified professionals, and chartered accountants with extensive expertise in financial due diligence.

The sales team at N+1 Singer provides the essential link between company management and the investment market. It has excellent relationships with all the top UK and international fund managers, private client stock brokers, hedge funds and high net worth individuals.

## SPAIN



Three years on from its incorporation, N+1 Equities is already one of the reference research brokerage firms in Spain.

Leveraging values such as consistency, independence and proximity, the goal of this division of N+1 is to provide the international institutional investor community with fresh and valuable insight into the Spanish equity markets.

The team is comprised of 20 professionals, who analyse and issue recommendations on 53 listed Spanish and Portuguese companies, providing best-in-class corporate access.

N+1 Equities has an in-house trading team exclusively dedicated to serving its institutional clients in the most important EU equity markets.

N+1 Equities is an authorised and registered broker-dealer incorporated in Madrid (Spain) and supervised by the CNMV, Spain's securities market watchdog.

# N+1, one of Europe’s top ten brokers in 2013 according to the Wall Street Journal’s survey

N+1 Equities was ranked as one of the top 10 European brokers by the Wall Street Journal in 2013. The WSJ’s 2013 survey of Europe’s best analysts was conducted in 11 countries; more than 1,300 analysts at 110 firms were analysed.

## TOP 10 BROKERS (EUROPE-WIDE)

- 1. HSBC Securities
- 2. UBS
- 3. Deutsche Bank Research
- 4. Numis Securities
- =5. Peel Hunt LLP
- =5. Panmure Gordon
- 7. Commerzbank Corporates & Markets
- 8.Société Générale
- =9.Close Brothers Seydler
- =9. N+1 Equities

Source: Wall Street Journal



Three of N+1’s analysts were selected as top-three stock pickers in their respective industries:


<b>Fernando Lafuente</b> #1 in Utilities out of 55 analysts (N+1 Equities)	<b>James Tetley</b> #1 in Chemicals out of 38 analysts (N+1 Singer)	<b>Francisco Riquel</b> #2 in Banks out of 87 analysts (N+1 Equities)	<b>Fernando Lafuente</b> #3 in Oil & Gas out of 71 analysts (N+1 Equities)
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These awards confirm the wide recognition that both N+1 Singer and N+1 Equities, the only Spanish broker that appears in the Top 10, boast in Europe, as is evidenced by the numerous awards earned by both houses in recent years.



EQMC Management Team





BUSINESS AREAS

# Alternative Asset Management

# Alternative asset management

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Marketing and management of investment vehicles that invest directly in real assets

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Alternative asset management is, together with investment banking, one of N+1's core businesses. During the last few years, it has built a formidable direct alternative investment platform, specialised in promoting, developing and managing investment products that can be characterised as follow:

- ▶ Highly specialised in terms of both underlyings and the composition of the asset management teams.
- ▶ Direct investment in real underlying assets: unlisted companies, significant shareholdings in listed companies, renewable energy infrastructures, real estate investments and distressed assets.
- ▶ High value added, providing investors with an attractive trade-off between risk and expected returns.
- ▶ A European calling in terms of origination and investor profiles.

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€3,2bn  
of AuM

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Diversified investment **platform**  
**focused on 5 types of alternative**  
**asset classes**

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Expert local teams for every  
**asset class**

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Dedicated IR **team to optimally**  
**cater to investor needs**

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# Unique investment approach through different products

<b>PRIVATE EQUITY</b>	<b>ACTIVIST FUNDS</b>	<b>REAL ESTATE</b>
<ul style="list-style-type: none"><li>▶ Supporting the international expansion of Spanish and Portuguese mid-market companies.</li><li>▶ Two closed-end funds and one quoted vehicle (Dinamia).</li></ul>	<ul style="list-style-type: none"><li>▶ Active management of a concentrated portfolio of relevant minority interests in listed small &amp; mid cap stocks applying private equity technology.</li><li>▶ Funds: specialised Iberia &amp; pan-European funds</li></ul>	<ul style="list-style-type: none"><li>▶ Unique pan-European investment and asset management platform providing investor access to the main European real estate markets: Germany, UK, France and Spain</li></ul>
<b>INFRASTRUCTURE</b>	<b>DISTRESSED ASSETS</b>	
<ul style="list-style-type: none"><li>▶ Leading independent renewable energy player.</li><li>▶ Investments made to date in Spain, Germany, France, Poland, Canada and Mexico.</li></ul>	<ul style="list-style-type: none"><li>▶ Management and divestment of portfolios of private companies and investments in private equity funds on behalf of corporates and financial institutions.</li></ul>	

# Private equity

N+1 Mercapital is the undisputed leader of the Spanish private equity mid-market, with more than €1.1 billion of assets under management and a team of 15 investment professionals that currently manages a portfolio of 21 companies. Since its origins in 1985, N+1 Mercapital has invested in 108 transactions (and completed more than 83 add-ons) and has exited 87 of them.

N+1 Mercapital currently manages three funds, two closed-end funds and Dinamia Capital Privado, Spain's pioneering listed private equity company, with a net asset value of close to €150 million. Current investors include some of the leading Spanish and international institutional investors, pension funds, insurance companies, funds of funds and financial institutions, among others.

108  
investments and 87 exits  
since 1985

## GEOGRAPHICAL AND SECTOR FOCUS

- ▶ Supporting the international expansion of mid-market Spanish and Portuguese companies.
- ▶ Investment in all sectors, except for financial institutions and real estate.
- ▶ Preference for fragmented and consolidating sectors.
- ▶ Markets with 'exportable' goods and services.

## DEAL TYPES

- ▶ Majority investments or investments with a controlled minority.
- ▶ Mainly substitution capital: MBOs, MBIs, LBOs, Spin-offs. Specialists in build-up investments.
- ▶ International expansion strategies:
  1. M&A-led growth
  2. exports of goods and services
  3. Establishment of direct presence (greenfield capex)
  4. joint ventures

## TARGET COMPANIES

- ▶ Companies with enterprise values ranging between €50 and €500 million.
- ▶ Equity invested: €25-75 million, additional capacity via co-investments.
- ▶ Leading companies in their respective markets or niches.



# TRYO: creating value in a private equity deal

“The commitment and support of shareholders is key to creating value at portfolio companies”

**THE DEAL**

Acquisition from Corporación IBV (BBVA - Iberdrola) of two companies (Rymsa and Teltronic) operating in the electronic components and equipment sector with the goal of creating a technology group focused on the professional telecommunications equipment sector.

The sellers considered both companies ‘non-core’ and their position was not to invest in growth .

**THE OPPORTUNITY**

After analysing the company, N+1 Mercapital identified several key differentiating factors that justified the investment, including: (i) a strong international presence; (ii) an excellent management team; (iii) distinguishable technology; (iv) brand recognition, and, most importantly (v) opportunities for both organic and M&A-led growth.

**VALUE ADDED**

With N+1 Mercapital’s direct support, Grupo TRYO has been able to:

- ▶ Strengthen and redesign its commercial structure to bolster international operations. Key achievements: first sales in US and the incorporation of several new subsidiaries (e.g., Peru, Malaysia and Mexico).
- ▶ Reinforce the company’s management at the institutional level, incorporating three reputed members (linked to N+1 Mercapital’s network) on the board.
- ▶ Close two acquisitions (Scati Labs & Mier Comunicaciones) which complement TRYO’s product portfolio and international presence.

**TRYO’S PERFORMANCE  
2011-13**

REVENUE  
+22%

EBITDA  
+25%

R&D  
+24%

HEADCOUNT  
+24%

# Activist funds

QMC’s investment strategy consists of the active management of a concentrated portfolio of relevant minority stakes in listed small & mid caps by applying proprietary know-how built up in private equity investing, where N+1 has an extensive track record. Although QMC’s asset managers do not participate directly in the day to day of the businesses, they support investees’ management teams with their growth strategies and other aspects related to shareholder value creation (typically by promoting corporate transactions, raising their profile, boosting financial health, etc.).

The QMC products are pan-European in scope and are specialised in listed companies with a market cap of under €1bn. The asset managers have been working together for many years, boast multidisciplinary skills and are supported by both a strong network of senior local advisors and N+1’s European platform.

QMC II Fund invests in Spanish and Portuguese companies with strong international exposure that have been over-penalised by investors due to their Spanish passports. The EQMC Fund combines a value/‘activist’ approach and is mainly focused on Germany, Scandinavia and the UK.

## QMC I & II IBERIAN FUNDS

€225mn invested and €73mn of capital gains since 2003

## EQMC EUROPEAN FUND

average annual return of 18% since 2010; 38% in 2013

### EQMC DEVELOPMENT CAPITAL FUND

- 1. AGR (NORWAY)
- 2. GRAMMER (GERMANY)
- 3. SPEEDY HIRE (UK)
- 4. WASHTEC (GERMANY)
- 5. SKW (GERMANY)
- 6. E2V (UK)
- 7. VITEC (UK)



### QMC II IBERIAN CAPITAL FUND



- 1. CIE
- 2. FLUIDRA
- 3. ADVEO
- 4. TUBOS REUNIDOS

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## QCM II fundraising process

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### THE CHALLENGE

2012 was a very difficult year for the Spanish and Portuguese financial markets. Stock prices (the IBEX Small Cap index) dropped another 24%, adding to the sharp correction sustained since 2007. Against this challenging backdrop, with equity market investors focusing far more on economic indicators and financial market tensions than on individual listed companies' performances, the QMC management team became firmly convinced there was a window of opportunity for replicating the strategy pursued with QMC I. In their view, there was a clear universe of undervalued companies with extremely limited exposure to Spain (domestic market or economic trends). These companies had been over-penalised by equity investors between 2008 and 2012 and were trading at historically-low multiples. The challenge was to convince investors of this opportunity.

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### FUNDRAISING

A few months later, on 19 July 2013, N+1 announced the launch of QMC II Iberian Capital Fund, FIL (QMC II), a €138 million closed-end fund. Its investment strategy emulates that of QMC I: it takes significant minority interests (5% - 20% of equity) in listed Spanish and Portuguese companies, with a market capitalisation of less than €1 billion (mid-caps), that present high organic and M&A-led growth prospects.

The QMC II fundraising process was successful not only in terms of the total capital commitments secured, but also in terms of investor diversification both geographically and by investor type.

- ▶ In terms of geographical diversification, 62% of QMC II's investors are foreign, and 38% are Spanish.
  - ▶ In terms of investor types, QMC II has achieved an ideal mix of institutional investors, which include family offices, pension funds and insurance companies. They all have long-term investment horizons and are looking for investments with an attractive risk/return profile suitable for their investment portfolios.
- 

### PERFORMANCE TO DATE

The fund's goal is to maximise investor returns by managing a concentrated portfolio of five to seven companies. To date, QMC II has invested 67% of committed capital (€92 million) in four investees (CIE Automotive, Fluidra, ADVEO Group International and Tubos Reunidos).

In its first five months of life, the fund accomplished a remarkable performance, both in absolute and relative terms, presenting investors which committed funds at the first close a return at year-end 2013 of 22-24%.

# Real estate investment management

With local teams in Frankfurt, London, Madrid and Paris, and a fund management entity in Luxembourg, N+1's real estate investment management team encompasses 38 professionals with an extensive track record in this segment and in-depth knowledge of each local market.

N+1 advises and deploys equity across the full range of real estate assets and value-creation strategies, depending on its clients' (institutional investors and family offices) risk-adjusted return requirements, through funds, club deals and separate accounts. As of 1 January 2014, N+1 managed €750 million of real estate assets.

## INVESTMENT MANAGEMENT

- ▶ Assistance in Real Estate investment strategy set-up.
- ▶ Implementation of devised strategies.
- ▶ Identification of potential investments.
- ▶ Negotiations with seller.
- ▶ Structuring & financing.
- ▶ External service providers management.
- ▶ Disinvestment proposals.
- ▶ Risk monitoring, reporting.
- ▶ Regular portfolio investment strategy review.

## ASSET MANAGEMENT

- ▶ Value creation/protection strategies proposal.
- ▶ Implementation of validated value creation strategies.
- ▶ Legal structures management.
- ▶ External service providers management: property managers, technical managers, accountants, banks, etc.
- ▶ Financing follow-up.
- ▶ Disinvestment process management.
- ▶ Risk monitoring, reporting.
- ▶ Regular value creation/protection strategies reassessment.



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## Astra Tower (Hamburg, Germany): an exemplary value-adding transaction

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### THE ASSET

Stretching 68 metres high, the Astra Tower is one of the tallest buildings in Hamburg (Germany) and a landmark punctuating the new “Hafen-Krone” skyline. Astra Tower comprises 11,563m<sup>2</sup> of Grade A office space over 17 floors, with 184 indoor parking spaces. It was built in 2008 to the highest office building standards.

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### VALUE ADDED: AN OFF-MARKET ACQUISITION...

Astra Tower was acquired from one of the MSREF funds in a ‘off market’ deal in March 2011 following a four-month exclusivity period. The asset was acquired on highly attractive terms due to the structural vacancy of the property (c.40%).

The acquisition was structured as a joint investment between Alpina II fund and one of its main investors, using a 85-15% equity split.

### ...ACTIVE ASSET MANAGEMENT...

During the two-and-a-half year long investment in Astra, the Alpina team was able to let the 60% of vacant space at the time of acquisition to a diversified range of tenants, creating a truly prime core product in one of the most sought after office locations in Europe.

### ...AND A SUCCESSFUL SALE

In September 2013, Alpina closed the sale of the building to Deka (the largest real estate fund manager in Germany), generated a net IRR of 19% and an exit multiple of 1.53x

Alternative asset management

# Renewable energies

N+1 is one of the leading European firms focused on the energy sector. We provide investors with energy opportunities and a full range of services under a turnkey approach. N+1 Energy Asset Management has managed, during the last six years, one of the largest renewable energy funds, Eolia Renovables.

N+1 has made 33 investments in different projects located in Spain, Mexico, Germany, France, Poland and Canada, with a total installed capacity of more than 1,200 MW.

Our investments are made at the late development phase, with a preferred exit at the 'ready to build' or commissioning stage. We approach each project as a turnkey project, providing all the services necessary to develop, build and operate energy projects with a view to maximising our investors' returns.

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## €1,2bn

deployed in 33 investments

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## 589 MW

divested with a compounded shareholder IRR of 26% and a cash-on-cash multiple of 1.82x

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### EOLIA RENOVABLES



Eolia Renovables is one of Spain's leading independent investors specialised in assets that generate power from renewable sources. Since its incorporation, Eolia Renovables has cemented a portfolio of wind and solar power projects with installed net capacity of 586,3 MW. These metrics rank Eolia as the leading independent power generator in Spain (meaning entities not related to any power or construction group) and the #6 player overall.

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## Divestment of Eolia's wind portfolio

### Assets in Mexico, Germany, France, Canada and Poland

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#### THE TRANSACTION

In 2013 Eolia Renovables sold its wind portfolio in Germany (76.5 MW) to Allianz Capital Partners (the private equity unit of Allianz Group). With this transaction, N+1 completed the sale of Eolia Renovables' international wind portfolio. This process, which has entailed the sale of 525 MW of assets in Mexico, Germany, France, Canada and Poland, the company has raised total cash of €114 million, delivering an IRR of 25.0% and a cash-on-cash multiple of over 2.0x.

#### VALUE ADDED

The energy asset management team's unique combination of technical and financial know-how enables it to make investments at the late phase of the development process, guaranteeing investors the best positions in the energy value chain.





# Distressed assets

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The team is made up of professionals with expertise in private equity and corporate finance.

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In 2013 N+1 started a new asset management and advisory activity consisting of the management and divestment of portfolios of private companies and investments in private equity funds on behalf of financial entities and institutional investors.

N+1's active management role includes representing these entities on their investees' boards of directors and investment committees, preparing follow-on reports and valuations, coordinating legal reviews and organising sale processes.

On the disposal front, N+1 has expertise leading not only competitive processes but also minority sales by structuring exit agreements with majority shareholders and rolling up minority shareholders into meaningful positions.

## N+1'S CLIENTS BENEFIT FROM THIS SERVICE

- ▶ Freeing up resources to focus on core activities.
  - ▶ Access to an independent opinion (especially valuable for entities that have been taken over).
  - ▶ Speeding up the sale process with the help of an expert and dedicated team.
  - ▶ Access to reliable and updated portfolio monitoring reports.
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## Bankia engages N+1 to advise it on the sale of part of its portfolio of unlisted equity investments and private equity funds.

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In July 2013, Bankia (Spain's fourth largest banking group) hired N+1 to advise it on the sale of a portfolio of close to 100 equity investments in companies in the manufacturing and services industries and private equity funds. The portfolio spans enterprises that operate in a broad range of sectors including the healthcare, energy, food, infrastructure, retail, leisure, tourism and real estate industries and also encompasses investments held by Bankia in private equity funds and private equity management companies. The investees are small and medium sized enterprises and private equity funds of varying kinds.

Bankia and N+1's aim is to complete the sale of these investments over the course of the disposal period agreed by the bank with the European authorities, namely by 2016. The undertakings assumed by the bank include the disposal of assets deemed non-core, which includes the orderly exit from its equity investments.

The mandate awarded by Bankia to N+1 was designed so that the disposal process generates as much value as possible for the entity. In all asset sales, Bankia seeks to ensure equal information, free competition among bidders and transparency.

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### THE TRANSACTION

After analysing Bankia's private equity portfolio and obtaining feedback from the most relevant international secondary investors, the team designed a competitive bidding process contacting more than 40 institutional investors. Finally, an agreement was reached with an institutional investor. The deal – which included more than 30 stakes in private equity funds – closed at the end of 2013 and generated a positive impact on Bankia's capital, while substantially reducing outstanding capital calls.

### VALUE ADDED

The team successfully designed the transaction by leveraging investor appetite for specific investments in order to implement a competitive process for the entire portfolio. The team's deep know-how with respect to: (i) the Spanish private equity market and (ii) the active players in the secondary European market was key to this deal's successful outcome.





BUSINESS AREAS

# Wealth Advisory



# Wealth advisory

N+1 provides private banking and wealth management services in Spain through its alliance with Switzerland’s Syz & Co. With offices in Madrid, Barcelona and Bilbao, this 30-strong team advises high net worth individuals (> €1 million).

The Spanish financial system paradigm generates important niches for specialisation , throwing up opportunities for creating value for clients by aligning both parties’ interests. N+1 Syz is a fine example of this business model: personalised service; team track record; utmost dedication guaranteed by the limited number of clients allocated to each professional; ongoing search for the finest talent (in-house or external); and lack of conflicts of interest.

SERVICES	
▶ Investment strategy	
▶ Integral wealth coverage	
▶ Wealth & tax advisory	
▶ Global reporting	
▶ Training	
▶ Web services	

## Joint Venture

with Swiss group Banque Syz and a team of professionals with a solid track record in private banking in Spain.

30

professionals with over 20 years of experience in the industry.

## 3 offices

Madrid, Barcelona & Bilbao

€0.9bn

of AuM as of December 2013

# Key values

INDEPENDENCE	COMMITMENT	RESULTS ORIENTATION
<ul style="list-style-type: none"><li>▶ Lack of conflicts of interest</li><li>▶ Price transparency</li><li>▶ Client focus</li><li>▶ Specialisation and service</li></ul>	<ul style="list-style-type: none"><li>▶ Partnership model: involvement and dedication</li><li>▶ Long term relationships with our clients built on trust</li><li>▶ Strength of partners</li></ul>	<ul style="list-style-type: none"><li>▶ Management oriented towards the private investor:<ul style="list-style-type: none"><li>Capital preservation</li><li>Optimal risk-return trade-off</li><li>Active &amp; flexible management</li><li>Wide range of underlying assets in portfolios</li><li>Search for the best managers</li></ul></li><li>▶ Professional management:<ul style="list-style-type: none"><li>Global management capabilities</li><li>Tailored advice through local teams</li></ul></li></ul>



N+1 Syz Management Company team

PETIT PALACE  
*hoteles*  
HIGH TECH

N+1



FUNDACIÓN  
KHANIMAMBO



FUNDACIÓN  
KHANIMAMBO





en memoria de Roque

¡AÚPA!

FUNDACIÓN  
KHANIMAMBO

# Corporate Social Responsibility





# Corporate Social Responsibility

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We believe that corporate citizenship is not solely incumbent upon N+1 as a firm, but also on all the agents involved in our business operations

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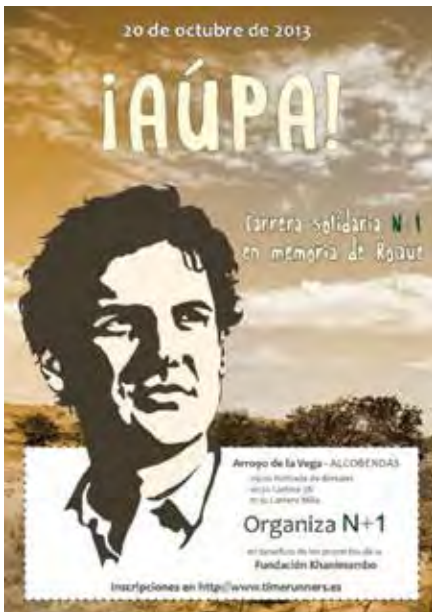
N+1 understands corporate responsibility as the range of initiatives that make a positive contribution to all its stakeholders. On this basis, we believe that corporate citizenship is not solely incumbent upon N+1 as a firm, but also on all the agents involved in our business operations that accordingly benefit from joint participation in activities intended to give back to society.

N+1's commitment to society is diverse and all-encompassing. Diverse, in that it not only focuses on activities that foster commitment to our values, but also on those that involve our professionals on a voluntary basis; and all-encompassing in that we engage all the entities close to N+1 in its daily business operations in our search for enhanced social wellbeing. By joining forces in this way, we can achieve higher goals.

To this end, we prioritise corporate responsibility initiatives that commit and engage not only the firm, but also all our employees and their families, our clients, suppliers and other partners.

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## Roque Memorial Charity Run 2013



Spearheaded by the CSR team, N+1 held the Roque (former N+1 professional) Memorial Charity Run on 20 October in Madrid. With more than 500 runners, the participants included not only numerous N+1 professionals but also former employees, customers and suppliers.

The money raised was donated to Khamambo, an African Foundation whose goal is to provide the children of Praia de Xai-Xai (Mozambique) and neighbouring areas with the means to improve their situation.

# Creation of the ‘N+1 Forest’

This project consists of the gradual creation (over three years) of a forest stretching close to two hectares: the N+1 Forest.

This is an ecological restoration and naturalisation project for an area of non-productive and deforested agricultural land. The ultimate goals are increased biodiversity and the provision of services and virtues (landscape, aesthetic) and social benefits (education and environmental awareness) to the community.

The forest is being created at a site close to a wind farm operated by N+1’s renewable energy management team in the town of Nambroca, Toledo (Spain) and is part of the so-called ‘compulsory countervailing environmental measures’. The forest is being built under a corporate volunteering scheme: the N+1 employees and their families, as well as the Group’s clients and friends, that volunteer are responsible for planting the trees and installing the nesting boxes.



To help them in this task, they receive training, management, supervision and support from monitors specialised in the restoration of eco-systems. These monitors come from Fundación FIRE, a non-profit private entity devoted to the restoration and preservation of ecosystems. They transfer their academic know-how to real-life, high-impact projects (e.g., carbon capture and storage, biodiversity protection, etc.).

Since 2012, when the first phase of the plantation program took place, N+1’s employees and their relatives have taken part in a gratifying environmental awareness initiative, planting 2.0 hectares.

The forest is being created at a site close to a wind farm operated by N+1’s renewable energy management team







# 2013 Annual Report



## Utilities

DATE: Nov 3rd 4th  
ATTENDEE: FL + ET

Client	Rate	Comment
DEXA		
Alliance Global Investors		
Union Investment		
DWS		
R&V Versicherung		
Frankfurt Trust		
Metzler		
Deutsche Postbank		
HBC Truckaus		
Lepus Alpha		
Chem Capital		
Aequitas		
MLAG		
Lazard		
Oppenheim		

Client	Invited	Resp	Comment
CSAM			
CS PI			
UBS AM			
UBS WM			
Vontobel			
IB AM			
Swiss & Global			
Sarasin			
Swisscanto			
MGROB			
RBS Coutts			
Schroder			
ZKB			
SAM			

SCHEDULE MUMBAI	Client	Address
9:15-10:15		
11:40-12:40 Flight		
13:45-15:00		
15:00-16:15	to Frankfurt	
16:15-17:15	DEXA Workshop Matters	
17:30-18:30		
20:40-21:55 Flight	DWS	
	To Zurich	

SCHEDULE ZURICH	Client	Address
Friday Nov 4th		
8:00-9:30		
9:30-11:00		
11:00-12:30		
12:30-14:00		
14:00-15:30		
15:30-17:00		
19:05-21:05		
	Flight to Madrid	



## **Consolidated financial statements of N mas Uno IGB, S.A. and the Companies comprising the n+1 Group for the year ended 31 December 2013.**

There follows, for informational purposes, a copy of the Group Directors' Report, the consolidated balance sheet at 31 December 2013 and the consolidated income statement for the year then ended.

The full text of the audit report, together with the financial statements and management report, can be downloaded from the Group's corporate website ([www.nplusone.com](http://www.nplusone.com)). In this way, we are joining the growing leagues of companies that are trying to protect the environment by publishing their corporate information in electronic format only.

The N+1 Group's financial statements and the explanatory notes were audited by Deloitte. In its opinion, the 2013 financial statements give a true and fair view, in all material respects, of the consolidated financial position of N Más Uno IGB, S.A. and its subsidiaries at 31 December 2013 and of its financial performance during the year then ended, and contain the required information necessary for their adequate interpretation and comprehension, in conformity with the generally accepted accounting principles prevailing in Spain.

# Consolidated Directors' Report for the year ended 31 December 2013

## PERFORMANCE IN 2013

N Más Uno IBG, S.A. was incorporated on 1 February 2001 as the parent of the N+1 Group. The Group initially comprises several companies engaged in the provision of financial advisory services to institutional and business clients, advisory and management services to private equity firms and wealth advisory services.

Subsequently, the Group has grown to include other activities, such as the management of collective investment undertakings, corporate advisory services for capital market transactions and the management of real estate investments and renewable energy infrastructure projects.

In 2013 the Group continued with its strategy of internationalising its business activities.

Below is a description, by major business area, of the N+1 Group's activities in 2013:

### Asset management

The merger between N+1 Private Equity and Mercapital, which has given rise to the leading private equity platform in Spain, closed in April 2013. The main transactions closed by this enlarged platform in 2013 included investments in two companies with a global footprint and international growth plans (Portugal's Probos, a manufacturer of thermoplastic edge bands for the furniture industry, and Spanish electronic lock maker Salto) and the sale of its investments in Arsys (at an exit multiple of 1.5x) and Mivisa (2.3x), the latter subject to approval by the European anti-trust authorities.

As for the specialist funds, in July 2014 the Group announced the launch of QMC's second fund, raising €150 million for investing in mid-cap listed Spanish, and possibly Portuguese, companies. The fund has already made its first four investments, specifically in Adveo, Fluidra, CIE Automotive and Tubos Reunidos. The EQMC fund (which targets listed companies in the main European markets) generated a return of 38.3% in 2013.

Real estate asset management: the Germany-based team (PlusAlpina) sold two investments for a combined €98 million, implying IRRs of 24% and 10%, respectively, and invested an aggregate €55 million in three new commercial properties (office and retail spaces) for its accounts under management.

The UK-based team (Trinova) sold an investment in an office building in London, generating an IRR of 20%, and invested a total of €72 million in three properties, two of which in London and one in Birmingham, thereby kicking off its activity in the regional markets.

As of today, the property portfolio under management – between funds and specific mandates – comprises eight assets in the UK and 18 in Germany with an aggregate value of €740 million.

As for the management of renewable energy assets, the installed net capacity of Eolia Renovables rose to 586.3 MW; in 2013 it generated 1,276 TWh of wind energy (growth of 20% over 2012 when not all the facilities were up and running for the full year) and 116.3 GWh of solar energy. These metrics rank Eolia as the leading independent power generator in Spain (meaning entities not related to any power or construction group) and the #6 player overall.

### **Investment banking**

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The investment banking division – with teams in Spain, the United Kingdom, Italy, Germany, France and Turkey – completed 92 transactions in 2013: 32 M&A transactions, 41 capital market transactions and 19 debt refinancing processes. In March 2013, N+1 initiated its German corporate finance business through its subsidiary N+1 Deutschland GmbH with twelve professionals, who in their first twelve months managed to complete six transactions.

One of the Group's key growth drivers last year was the considerable momentum generated by N+1 Singer in the UK capital markets. The team, made up of 95 professionals, raised €696 million for its clients. By number of corporate clients (113), N+1 Singer is the #5 stockbroker in the UK and #4 in the AIM (Alternative Investment Market).

In Spain, mirroring the broader market trends, the Group's busiest segments were the financial and real estate sectors (Best M&A Advisor 2013 according to Euromoney); N+1 has dedicated banking teams in both these segments. The Spanish division was bolstered in the first quarter of 2014 by the addition of a team specialised in valuation advisory services, structuring transactions and the sale of portfolios of loans, properties, credit claims, receivables, etc.

Analysis and institutional sales: N+1 Equities provided research services to 53 listed Spanish and Portuguese companies and delivered growth of 68% in the amount of brokerage fees it earned with respect to the previous year.

### **Wealth management advisory and private banking**

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N+1 Syz – the Spanish private banking business developed in partnership with the Swiss banking group Syz&Co – continued its strong growth in 2013, attracting a net new assets of €141 million.

# N Más Uno IBG, A.A. and Companies composing the N+1 Group

## Consolidated income statements for the years ended 31 december 2013 and 2012

	2013	2012
INTEREST AND SIMILAR INCOME	32	41
INTEREST EXPENSE AND SIMILAR CHARGES	(5)	(2)
<b>NET INTEREST INCOME</b>	<b>27</b>	<b>39</b>
INCOME FROM EQUITY INSTRUMENTS	9	60
SHARE OF RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	1.763	(510)
FEE AND COMMISSION INCOME	44.070	45.406
FEE AND COMMISSION EXPENSE	(931)	(672)
GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES (net):		
Held for trading	-	-
Other financial instruments at fair value through profit or loss	19	-
Financial instruments not measured at fair value through profit or loss	-	-
Other	-	-
EXCHANGE DIFFERENCES (net)	(28)	14
OTHER OPERATING INCOME	-	-
OTHER OPERATING EXPENSES	(20)	(20)
<b>GROSS INCOME</b>	<b>44.909</b>	<b>44.317</b>
STAFF COSTS	(19.534)	(19.173)
GENERAL EXPENSES	(10.334)	(9.237)
DEPRECIATION AND AMORTISATION CHARGE	(493)	(362)
PROVISIONS (net)	-	-
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (net):		
Loans and receivables	(440)	(72)
Other financial instruments not measured at fair value through profit or loss	(68)	(570)
<b>PROFIT FROM OPERATIONS</b>	<b>14.040</b>	<b>14.903</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (net):		
Tangible assets	-	-
Intangible assets	-	-
Remainder	-	-
GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	-	(139)
GAINS ON BARGAIN PURCHASES ARISING ON BUSINESS COMBINATIONS	-	-
GAINS (LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	-	-
<b>PROFIT BEFORE TAX</b>	<b>14.040</b>	<b>14.764</b>
INCOME TAX	(3.719)	(4.677)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>10.321</b>	<b>10.087</b>
PROFIT/LOSS FROM DISCONTINUED OPERATIONS (net)	-	-
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>10.321</b>	<b>10.087</b>
PROFIT ATTRIBUTABLE TO THE PARENT	8.338	9.997
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1.983	90
<b>EARNINGS PER SHARE (Euros)</b>		
Basic	58,61	69,76
Diluted	62,67	75,15



N Más Uno IBG, S.A. and companies composing the N+1 Group

## Consolidated balance sheets at 31 december 2013 and 2012

<b>ASSETS</b>	<b>31/12/13</b>	<b>31/12/12</b>
CASH	74	157
FINANCIAL ASSETS HELD FOR TRADING:		
Debt instruments	-	-
Equity instruments	-	-
Trading derivatives	-	-
Other financial assets	-	-
Memorandum item: Loaned or advanced as collateral	-	-
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Debt instruments	-	-
Other equity instruments	-	-
Other financial assets	-	-
Memorandum item: Loaned or advanced as collateral	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS:		
Debt instruments	251	
Other equity instruments	4.598	1.166
Memorandum item: Loaned or advanced as collateral	-	-
LOANS AND RECEIVABLES:		
Loans and advances to financial intermediaries	18.907	20.547
Loans and advances to individuals	11.565	7.129
Other financial assets	-	-
HELD-TO-MATURITY INVESTMENTS	-	-
Memorandum item: Loaned or advanced as collateral	-	-
HEDGING DERIVATIVES	-	-
NON-CURRENT ASSETS HELD FOR SALE:		
Debt instruments	-	-
Equity instruments	-	-
Tangible assets	-	-
Other	-	-
INVESTMENTS:		
Jointly controlled entities	-	-
Associates	8.650	7.170
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-
TANGIBLE ASSETS:		
Property, plant and equipment for own use	1.902	1.036
Investment property	-	-
INTANGIBLE ASSETS:		
Goodwill	3.532	2.999
Other intangible assets	96	258
TAX ASSETS:		
Current	-	-
Deferred	94	12
OTHER ASSETS	863	763
<b>TOTAL ASSETS</b>	<b>50.532</b>	<b>41.237</b>

<b>EQUITY AND LIABILITIES</b>	<b>31/12/13</b>	<b>31/12/12</b>
<b>LIABILITIES</b>		
FINANCIAL LIABILITIES HELD FOR TRADING	–	–
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	–	–
FINANCIAL LIABILITIES AT AMORTISED COST:		
Payable to financial intermediaries	1.135	1.497
Payable to individuals		
Borrowings and subordinated liabilities	–	–
Other financial liabilities	–	–
HEDGING DERIVATIVES	–	–
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	–	–
PROVISIONS:		
Provisions for pensions and similar obligations	–	–
Provisions for taxes	–	–
Other provisions	–	–
TAX LIABILITIES:		
Current	448	1.037
Deferred	764	746
OTHER LIABILITIES	8.865	9.125
<b>TOTAL LIABILITIES</b>	<b>11.212</b>	<b>12.405</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>35.305</b>	<b>27.373</b>
SHARE CAPITAL		
Registered	287	287
Less: Uncalled capital		
SHARE PREMIUM	24.139	24.139
RESERVES	2.919	546
OTHER EQUITY INSTRUMENTS	(32)	(54)
Less: Treasury shares	(346)	(99)
PROFIT FOR THE YEAR	8.338	9.997
Less: Dividends and remuneration	–	(7.443)
<b>VALUATION ADJUSTMENTS</b>	<b>45</b>	<b>(104)</b>
Available-for-sale financial assets	33	(29)
Cash flow hedges		
Hedges of net investments in foreign operations		
Exchange differences	12	112
Entities accounted for using the equity method	–	(187)
Other valuation adjustments	–	–
<b>EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>35.350</b>	<b>27.269</b>
NON-CONTROLLING INTERESTS (+/-)	3.970	1.563
<b>TOTAL EQUITY</b>	<b>39.320</b>	<b>28.832</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>50.532</b>	<b>41.237</b>







