Auditor's Report on Barings Core Spain Socimi, S.A.U.

(Together with the annual accounts and directors' report of Barings Core Spain Socimi, S.A.U. for the year ended 31 December 2022)

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

KPMG Auditores, S.L.
Pº. de la Castellana, 259 C.
28046 Madrid

Independent Auditor's Report on the Annual Accounts

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

To the Sole Shareholder of Barings Core Spain Socimi, S.A.U.

Opinion

We have audited the annual accounts of Barings Core Spain Socimi, S.A.U. (the "Company"), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Recoverable amount of investments in Group companies and associates (notes 4.3 and 6.3 to the annual accounts)

At 31 December 2022 the Company has recognised non-current investments in Group companies and associates in an amount of Euros 104,582,623.79 thousand. The recoverable amount of the investments in which there is objective evidence of impairment is determined by applying valuation techniques which often require the exercise of judgement by management and the Directors, as well as the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of these investments, we have considered their valuation to be a relevant aspect of our audit.

Our audit procedures included evaluating the design and implementation of the key controls put in place by Company management in relation to the process of estimating the recoverable amount of the investments in Group companies and associates, as well as assessing the criteria used by the Company's Directors and management to evaluate the evidence of impairment identified by the Company in these investments. Furthermore, we evaluated the methodology and assumptions used by Company management in estimating the recoverable amount of these investments, which take into account the unrealised gains from the real estate assets in the investees, with the involvement of our specialists. Moreover, we assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2022 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts, and assessing and reporting on whether the content and presentation of the directors’ report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2022 and the content and presentation of the report are in accordance with applicable legislation.

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

Directors' Responsibility for the Annual Accounts

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

In preparing the annual accounts, the Company's Directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated to the Directors of Barings Core Spain Socimi, S.A.U., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor’s report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors (“ROAC”) with No. S0702

(Signed on original in Spanish)

Francisco de la Iglesia
On the Spanish Official Register of Auditors (“ROAC”) with No. 2598

27 June 2023

BARINGS CORE SPAIN SOCIMI, S.A.U.
(Single Shareholder Company)

Annual Financial Statements corresponding
to the financial year ended 31 December 2022

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BARINGS CORE SPAIN SOCIMI, S.A.U.
Balance Sheet corresponding to the financial year closed at 31 December 2022

	ASSETS	NOTE	2022	2021
A)	NON-CURRENT ASSETS		104,946,416.67	112,252,183.99
III.	**Real estate investments**	5	**363,792.88**	**371,023.52**
1.	Land		38,536.82	38,536.82
2.	Buildings		325,256.06	332,486.70
IV.	**Non-current investments in group and associated companies**	6.1	**104,582,623.79**	**111,881,160.47**
1.	Equity instruments		104,582,623.79	104,881,160.47
2.	Credits to Group companies		-	7,000,000.00
B)	CURRENT ASSETS		6,834,419.34	27,744,262.82
III.	**Trade and other receivables**		**342,940.15**	**159,882.93**
1.	Clients through sales and services provided	6	219,080.68	13,684.81
5.	Current tax assets	10	70,071.43	76,013.47
6.	Other receivables from Public Authorities	10	53,788.04	70,184.65
V.	**Current financial investments**	6	**5,885,939.00**	**4,115,204.44**
2.	Credits to Group companies		5,885,939.00	4,115,204.44
VI.	**Short-term accruals**	6	**68,787.06**	**18,556.71**
VII.	**Cash and cash equivalents**	7	**536,753.13**	**23,450,618.74**
1.	Cash and banks		536,753.13	23,450,618.74
TOTAL ASSETS (A + B)			111,780,836.01	139,996,446.81

	NET EQUITY AND LIABILITIES	NOTE	2022	2021
A)	EQUITY		92,317,024.36	99,926,522.14
A-1)	**Shareholders' equity**		**92,317,024.36**	**99,926,522.14**
I.	**Capital**	9.1	**75,068,029.00**	**75,068,029.00**
1.	Issued capital		75,068,029.00	75,068,029.00
II.	**Share premium**	9.3	**17,029,584.75**	**17,029,584.75**
III.	**Reserves**	9.2	**1,962,277.56**	**239,579.53**
1.	Legal and statutory		1,981,897.94	259,199.91
2.	Other reserves		(19,620.38)	(19,620.38)
V.	**Profit/loss from previous financial years**		**(9,637,651.42)**	**(9,637,651.42)**
2.	(Accumulated losses)		(9,637,651.42)	(9,637,651.42)
VII.	**Profit (loss) for the year**	3	**7,894,784.47**	**17,226,980.28**
B)	NON-CURRENT LIABILITIES		19,387,299.39	39,386,482.09
II.	**Non-current borrowings**	8.1	**13,391.14**	**12,573.84**
5.	Other financial liabilities		13,391.14	12,573.84
III.	**Non-current borrowings from the group and associates**	8.1	**19,373,908.25**	**39,373,908.25**
C)	CURRENT LIABILITIES		76,512.26	683,442.58
IV.	**Short-term debts with group and associated companies**	8.2	**23,182.83**	**207,970.01**
V.	**Trade and other payables**		**53,329.43**	**475,472.57**
3.	Sundry creditors	8.2	49,778.81	472,935.43
6.	Other payables to Public Authorities	10	3,550.62	2,537.14
TOTAL EQUITY AND LIABILITIES (A + B + C)			111,780,836.01	139,996,446.81

The attached notes form an integral part of the financial statements for 2022.

BARINGS CORE SPAIN SOCIMI, S.A.U.
Profit and Loss Account for the financial year ended at 31 December 2022

		NOTE	2022	2021
A)	**CONTINUING OPERATIONS**			
1.	**Net turnover**	**11.1**	**5,726,262.90**	**23,564,233.25**
b)	Services rendered		5,726,262.90	23,564,233.25
7.	**Other operating costs**	**11.2**	**(396,743.15)**	**(686,460.26)**
a)	External services		(395,571.36)	(683,445.88)
b)	Taxes		(1,171.79)	(3,014.38)
8.	**Depreciation of fixed assets**	**5**	**(7,230.64)**	**(7,229.26)**
13.	**Other results**		**17,690.09**	**-**
A.1)	**OPERATING RESULT**		**5,339,979.20**	**22,870,543.73**
14.	**Financial revenues**		**262,028.17**	**341,133.34**
b)	Marketable securities and other financial instruments	11.3	262,028.17	341,133.34
b1)	*From group companies and associates*		*261,794.00*	*341,133.34*
b2)	*Third-party*		*234.17*	-
15.	**Financial expenses**	**11.4**	**(1,001,340.41)**	**(1,305,758.33)**
a)	For debts with group and associated companies		(935,195.43)	(1,285,582.75)
b)	Payables to third parties		(66,144.98)	(20,175.58)
18.	**Impairment and result through sales of financial instruments**	**6.1**	**3,294,117.51**	**(4,678,938.46)**
a)	Impairments and losses		3,701,463.32	(4,678,938.46)
b)	Results through disposals and others		(407,345.81)	-
A.2)	**FINANCIAL RESULT**		**2,554,805.27**	**(5,643,563.45)**
A.3)	**PRE-TAX RESULT**		**7,894,784.47**	**17,226,980.28**
A.5)	**PROFIT (LOSS) FOR THE YEAR**	10.1	**7,894,784.47**	**17,226,980.28**

The attached notes form an integral part of the financial statements for 2022.

BARINGS CORE SPAIN SOCIMI, S.A.U.
Statement of Revenues and Expenditure corresponding to the financial year ended 31 December 2022

		NOTE	2022	2021
A)	RESULT OF THE INCOME STATEMENT	10.1	7,894,784.47	17,226,980.28
Income and expenses directly attributed to net equity				
B)	TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		-	-
Transfers to the income statement				
C)	TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME AND EXPENSES		10.1	7,894,784.47	17,226,980.28

The attached notes form an integral part of the financial statements for 2022.

BARINGS CORE SPAIN SOCIMI, S.A.U.

Statement of Changes in Equity corresponding to the financial year ending 31 December 2022

		Authorised capital	Share premium	Reserves	Profit of last year	Profit (loss) for the year	TOTAL
A)	**BALANCE AT YEAR-END 2020**	**75,068,029.00**	**17,029,584.75**	**239,579.53**	**(2,625,578.02)**	**(7,012,073.40)**	**82,699,541.86**
B)	**ADJUSTED BALANCE, START OF 2021**	**75,068,029.00**	**17,029,584.75**	**239,579.53**	**(2,625,578.02)**	**(7,012,073.40)**	**82,699,541.86**
I.	Total recognised income and expenses	-	-	-	-	17,226,980.28	17,226,980.28
III.	Other changes in equity	-	-	-	(7,012,073.40)	7,012,073.40	-
C)	**BALANCE AT YEAR-END 2021**	**75,068,029.00**	**17,029,584.75**	**239,579.53**	**(9,637,651.42)**	**17,226,980.28**	**99,926,522.14**
D)	**ADJUSTED BALANCE, START OF 2022**	**75,068,029.00**	**17,029,584.75**	**239,579.53**	**(9,637,651.42)**	**17,226,980.28**	**99,926,522.14**
I.	Total recognised income and expenses	-	-	-	-	7,894,784.47	7,894,784.47
II.	Transactions with shareholders and owners	-	-	-	-	(15,504,282.25)	(15,504,282.25)
4.	*(-) Distribution of dividends*	-	-	-	-	*(15,504,282.25)*	*(15,504,282.25)*
III.	Other changes in equity	-	-	1,722,698.03	-	(1,722,698.03)	-
E)	**BALANCE AT CLOSE OF 2022 FINANCIAL YEAR**	**75,068,029.00**	**17,029,584.75**	**1,962,277.56**	**(9,637,651.42)**	**7,894,784.47**	**92,317,024.36**

The attached notes form an integral part of the financial statements for 2022.

BARINGS CORE SPAIN SOCIMI, S.A.U.

		NOTE	2022	2021
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.	**Profit/loss for the financial year before taxes**	**3.1**	**7,894,784.47**	**17,226,980.28**
2.	**Adjustments to result**		**(7,818,748.30)**	**(17,617,562.52)**
a)	Depreciation of fixed assets		7,230.64	7,229.26
b)	Valuation adjustments due to impairment	6.3	(3,701,463.32)	4,678,938.46
f)	Results through withdrawals and disposal of financial instruments		407,345.81	(18,150,536.04)
g)	Financial revenues	11.3	(262,028.17)	(5,458,952.53)
h)	Financial expenses	11.4	1,001,340.41	1,305,758.33
k)	Other income and expenses	6.3	(5,271,173.67)	-
3.	**Changes in working capital**		**(655,430.71)**	**853,729.98**
b)	Trade and other receivables		(183,057.22)	357,998.02
c)	Other current assets		(50,230.35)	64,220.88
d)	Trade and other payables		(422,143.14)	431,511.08
4.	**Other cash flows operating activities**		**4,531,861.43**	**4,103,313.67**
a)	Interest paid	11.4	(1,001,340.41)	(1,298,393.98)
b)	Collection of dividends	12.1	5,271,173.67	5,117,819.19
c)	Interest received	11.3	262,028.17	283,888.46
5.	**Cash flows from operating activities (+/-1 +/-2 +/-3 +/-4)**		**3,952,466.89**	**4,566,461.41**
B)	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
6.	**Payments due to investments**		**(6,293,284.81)**	**(3,314,105.85)**
a)	Group and associated companies		(6,293,284.81)	(3,314,105.85)
7.	**Receipts for divestitures**		**15,115,204.44**	**23,326,336.04**
a)	Group and associated companies		15,115,204.44	23,326,336.04
8.	**Cash flows from investing activities (6+7)**		**8,821,919.63**	**20,012,230.19**
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**			
10.	**Sums received and paid through financial liability instruments**		**(20,183,969.88)**	**(1,449,674.37)**
a)	Issuance of debts with special features		(183,969.88)	-
b)	Repayment and redemption of debts to group and associated companies		(20,000,000.00)	(1,449,674.37)
11.	**Dividend and interest on other equity instruments paid**		**(15,504,282.25)**	-
a)	Dividends		(15,504,282.25)	-
12.	**Cash flows from financing activities (+/-9 +/-10 -11)**		**(35,688,252.13)**	**(1,449,674.37)**
D)	**Effect of exchange rate fluctuations**		-	-
E)	**INCREASE/DECREASE (NET) IN CASH OR EQUIVALENT**		**(22,913,901.61)**	**23,129,017.23**
Cash or cash equivalents at the beginning of the financial year		7	23,450,618.74	321,601.51
Cash and equivalent assets at end of year		7	536,753.13	23,450,618.74

The attached notes form an integral part of the financial statements for 2022.

BARINGS CORE SPAIN SOCIMI, S.A.U.

1. Activity of the company

Barings Core Spain Socimi, S.A.U. (hereinafter, the Company) was incorporated in Spain in accordance with the Spanish Corporate Enterprises Act on 27 April 2016, under the name Manedulina S.L. via an instrument executed by the notary of Madrid Mr Andrés Domínguez Nafria under number 1349 of his protocol. Registered in the Commercial Registry of Madrid: Volume 34.730, Book 0, Sheet 141, Section 8, Page M-62664 Entry 1.

On 20 September 2016 the Company changed its name to Barings Core Spain S.L.U. and became a Public Limited Company on 26 December 2017. On 20 July 2018 the Company once again changed its corporate name to that which it currently holds, Barings Core Spain Socimi, S.A.U.

The Company's corporate address is at calle Serrano 41, 4º planta, 28001, Madrid.

The main lines of business of the Company, as set out in its corporate purpose, comprise:

a) The acquisition and development of real estate of an urban nature for lease.

b) The ownership of shareholdings in the capital of listed real estate investment trusts ("REITs") or in that of other non-resident entities in Spanish territory whose Articles of Association indicate the same corporate purpose as that of the Company and which are subject to a similar system with regard to the legal or statutory obligation or the distribution of profits.

c) The ownership of shareholdings in the capital of other entities, resident or non-resident, in Spanish territory, whose main corporate purpose is the acquisition of real estate of an urban nature for lease and which are subject to the same system established for the REITs in respect of the obligatory, legal or statutory policy relating to the distribution of profit and which fulfil the investment requirements referred to in article 3 of Law 11/2009 of 26 October regulating REITs ("Law 11/2009").

d) The ownership of shares or shareholdings in Real Estate Collective Investment Institutions governed by the Law 35/2003 of 4 November on Collective Investment Institutions.

e) In addition, the Company may carry out other ancillary activities, these being understood as those in which the total income represents less than twenty percent (20%) of the income of the Company during each tax period (comprising real estate transactions other than those detailed in the preceding sections consisting in the direct or indirect investment in real estate assets and their management).

The Company will be able to sell its assets according to the terms and conditions established in the Law governing REITs or any legislation that replace it.

All activities for which the law demands requirements that cannot be fulfilled by the Company are expressly excluded.

As described in Note 6.1, the Company holds stakes in dependent companies. As a consequence of which, the Company is the parent of a Corporate Group under the terms of the legislation in force. Consolidated annual accounts must be filed in accordance with generally accepted accounting standards and principles, to present a true and fair view of the financial position and the results of operations, changes in net equity, and cash flows of the Group. The information concerning stakes in group companies is presented in Notes 6.1 and 11.

The Directors of BARINGS CORE SPAIN SOCIMI, S.A.U. plan to formulate the consolidated annual accounts of BARINGS CORE SPAIN SOCIMI, S.A.U. and dependent companies for the financial year 2022 (27 June 2022), the consolidated annual financial statements of BARINGS CORE SPAIN SOCIMI, S.A.U. and dependent companies for the financial year 2021), revealing consolidated profits of 4,709,598.82 euros (15,776,554.92 euros in 2021) and consolidated net equity of 92,037,314.77 euros (102,682,158.19 in 2021).

The Parent Company transferred its registered office to calle Serrano 41, 41º planta, Madrid via an instrument executed on 20 June 2018.

The Sole Shareholder is Barings Core Fund Spain S.à.r.L. (Luxembourg) with a 100% stake, a Company that is validly incorporated and exists pursuant to the laws of the Grand Duchy of Luxembourg, incorporated before the Notary Public of Junglinster, Mr. Jean Seckler, with registered office at rue Eugéne Ruppert, L-2423 Luxembourg. The Sole Shareholder files the consolidated financial statements with the Commercial Registry of Luxembourg.

The Parent Company that prepares the consolidated financial statements of the Group, which include its financial investments in accordance with the provisions set forth in rules, is the company Barings European Core Property Fund SCSp SICAV-SIF, with registered office at 19 rue Eugene Ruppert L-2453, Luxembourg.

The operational currency of the Company is the euro. The figures included in the financial statements are expressed in euros, unless otherwise indicated.

The duration of the Company is indefinite and it began operations on the date of execution of the public deed of incorporation.

The Company closes its financial years on 31 December of each year.

1.1 SOCIMI scheme

On 27 September 2016, the Company submitted a request to the Spanish Tax Authority to incorporate the Company under the special taxation scheme for Listed Real Estate Investment Trusts, regulated by Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December which regulates Real Estate Investment Trusts.

Law 11/2009 establishes the following requirements in its article 3:

1. REITs must have at least 80% of the value of its assets in real estate of an urban nature for leasing, in land earmarked for real estate development provided that the development is initiated within a period of three years following acquisition and also in shareholdings in the capital or equity of other entities referred to in Article 2, section 1, of the aforesaid Law.

2. Similarly, after the maintenance period referred to in the following section has elapsed, at least 80% of the income for the tax period corresponding to each financial year, excluding that deriving from the transmission of shareholdings and real estate both subject to the fulfilment of the main corporate purpose, must originate from the leasing of real estate and dividends or shares in profits originating from said shareholdings.

   This percentage will be calculated based in the consolidated profit (loss) in the case that the Company is the parent of a Group according to the criteria laid down in Article 42 of the Commercial Code, regardless of the residency and the obligation to prepare consolidated financial statements. This group will be formed exclusively by the REITs and the remaining entities referred to in Article 2, section 1 of the regulating Law.

3. The real estate that forms the assets of the Company must be leased for at least 3 years. For the purposes of the calculation, the time that the real estate has been offered under lease will be included, up to a maximum of one year.

   The period will be calculated as follows:

a) In the case of real estate that forms part of the equity of the Company prior to its adhesion to the scheme, from the date of commencement of the tax period in which the special tax scheme established in this Law is applied, provided that on said date it is leased or offered under lease. To the contrary, it will be subject to the following point.

b) In the case of real estate subsequently developed or acquired by the Company, from the date they were leased or offered under lease for the first time.

c) In the case of shares or shareholdings in entities referred to in Article 2, section 1 of this Law, these must remain among the assets of the Company for at least 3 years counted from their acquisition or, where relevant, from the commencement of the first tax period in which the special tax scheme laid down in this law applies.

4. The required minimum capital is 5 million euros.

5. REITs are obligated to be listed on a regulated market or multilateral trading facility.

The application of the REITs scheme detailed above has been implemented since 2016 notwithstanding the fact that the Company does not fulfil all the requirements established by the legislation for its application, as the Company may opt for the application of the special tax scheme by virtue of the terms established in Article 8 of the Transitory Provision One of Law 11/2009, of 26 October, amended by Law 16/2012 of 27 December governing Real Estate Investment Trusts, even when these do not fulfil the requirements established therein, on the condition that such requirements are fulfilled within a period of two years following the date of the option to apply for said scheme.

In accordance with the provisions set forth in article 6 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, the Company is obligated to distribute the profit obtained in the year in the form of dividends to its shareholders once the corresponding commercial obligations have been met, duly agreeing their distribution within the six months following the conclusion of each financial year, in the following manner:

a) 100% of the profit originating from the dividends or shares in profits distributed by the entities referred to in section 1 of article 2 of Law 11/2009.

b) At least 50% of the profits deriving from the transmission of real estate and shares or shareholdings referred to in section 1 of article 2 of Law 11/2009, after the periods referred to in section 3 of article 3 of this Law have elapsed, for the purposes of compliance with its main corporate purpose. The remainder of these profits must be reinvested in other real estate or shareholdings for the purposes of complying with said purpose within a period of three years counted from the date of transmission. Failing that, said profits must be distributed in full together with the profits, if any, generated from the year in which the reinvestment period finalises. If the elements object of the reinvestment are transferred before the holding period established in section 3 of article 3 of the above-mentioned Law, those profits must be distributed in full together with the profits, if any, generated from the year in which they are transferred.

c) This obligation of distribution does not extend, where applicable, to the portion of these profits taxable in financial years in which the company was not subject to tax under the special tax regime established in this Law.

d) At least 80% of the remainder of the profit obtained.

The dividend must be paid within the month following the date of the distribution agreement.

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These annual financial statements have been drawn up by Directors in accordance with the regulatory financial reporting framework applicable to the Company, as laid down in:

a) the Commercial Code and other commercial law.

b) Spanish General Chart of Accounts approved by Royal Decree 1514/2007, modified by Royal Decree 1159/2010, Royal Decree 602/2016 of 2 December 2016, and Royal Decree 1/2021, of 12 January 2021, and sectoral adaptations thereto.

c) The standards of mandatory compliance approved by the ICAC (Institute of Accounting and Accounts Auditing) in the development of the General Accounting Plan and its supplementary regulations, the standards of mandatory compliance approved by the Spanish National Securities Market Commission, where relevant, in the development of the main accounting standard to which it refers.

d) All other applicable Spanish accounting regulations.

2.2. True and fair view

The attached Annual Financial Statements were drawn up the basis of the accounting records of the Company, and were prepared in accordance with the corporate legislation in force and the regulations laid down in the General Accounting Plan, in order to present a true image of the equity and financial situation at 31 December 2022 and of the results of its operations, changes in net equity and cash flows corresponding to the financial year ended at said date.

On 30 March 2023 the Company Directors proceeded to formulate the annual accounts for the financial year 2022, which presented a profit of 10,823,219.49 euros. Subsequent to that date, it proved necessary to make an adjustment to the profit and loss account for the financial year 2022, as the company had registered a greater reversal of the impairment of real estate investments. On 22 June 2023, the Directors proceeded to reformulate these annual accounts because of the amendment to the profit, which ultimately amounted to 7,894,784.47 euros.

These Financial Statements, which have been prepared by the Governing Body of the Company and which will be submitted to the shareholders for approval, are expected to be approved without changes.

Meanwhile, the Financial Statements for the 2021 financial year were approved by the General Shareholders' Meeting on 27 June 2022.

2.3 Non-compulsory accounting principles applied

No non-mandatory accounting principles were applied. Additionally, the Governing Body has prepared these Financial Statements considering all the applicable compulsory accounting rules and principles that have a significant effect on said Financial Statements. There is no accounting principle that, being mandatory, has failed to be applied.

2.4 Critical measurement issues and estimation of uncertainty

To draw up the attached annual accounts, the estimations carried out by the Governing Body of the Company were used to value some of the assets, liabilities, income, expenses and commitments included therein.

These estimations have been carried out using the best available information at the year end. However, it is possible that events may take place in the future that make it necessary to modify them in the coming financial years, which would be performed prospectively.

The key circumstances regarding the future, as well as other relevant data concerning the estimation of uncertainty as at the year end date, which have a significant associated risk resulting in significant changes to the value of the assets and liabilities in the coming year, are as follows:

Impairment of real estate investments

The valuation of the real estate investments requires the performance of estimates with the aim of determining their recoverable value, for the purposes of evaluating a possible impairment, especially in case of real estate investments. In order to determine this recoverable value, the Directors of the Company have engaged independent expert, Jones Lang LaSalle Ltd., to carry out a valuation using the hard-core capitalisation valuation method in accordance with RICS Valuation - Global Standards 2017, which includes the International Valuation Standards (Note 5.2).

Impairment of real estate investments in group companies

In the case of investments and loans in group companies and equity instruments, once it is considered that there are signs of impairment, the calculation is determined as the result of comparing the book value of the investment against its recoverable value.

However, and in certain cases, unless there is better evidence of the recoverable amount of the investment, the investee's equity is taken into account in the estimation of the impairment of these types of assets, corrected by the net tacit capital gains existing on the value date.

2.5. Comparison of Information

The information contained in these explanatory notes regarding the financial year 2022 is presented for comparative purposes together with the information corresponding to the financial year 2021.

3. Allocation of the result

3.1 Profit (loss) for the year

At 31 December 2022, the Company registered a profit of 7,894,784.47 euros. The proposed distribution of the result for the financial year formulated by the Directors, to be referred for approval by the Sole Shareholder, is as follows:

Basis for distribution	Amount
Balance of the income statement...........	7,894,784.47
Total.......................................	**7,894,784.47**
Basis for distribution	**Amount**
To legal reserve....................................	789,478.45
To dividends.......................................	7,105,306.02
Total.......................................	**7,894,784.47**

The Company is obliged to allocate 10% of profits from the financial year to establish the legal reserve, until such time as this amounts to at least 20% of the capital stock. This reserve cannot be distributed to the Shareholder unless it exceeds the limit of 20%. Once the regulations set out by Law or the Articles of Association have been met, dividends charged to the financial year's profit or unrestricted reserves can only be distributed if the net equity is not lower than the social capital after the distribution. For these purposes, the profits directly imputed to the net equity may not be subject to direct or indirect distribution. Were losses to exist in previous financial years reducing the net equity of the Company to a level below the value of the capital stock, profits would be allocated to compensation for such losses.

At 31 December 2022, the legal reserve totalled 1,981,897.94 euros. Following distribution of the result for 2022, the legal reserve will be 2,771,376.39 euros. This amount would still not correspond to 20% of the share capital.

4. Registration and valuation standards

The main valuation standards used in the preparation of these financial statements for 2022, in accordance with the provisions set out in General Accounting Plan, are as follows:

4.1 Real estate investments

The Company classifies under this heading the real estate, including any in progress or under development, that are totally or partially destined to obtaining rents, capital gains or both, instead of for use in the production or supply of goods or services, or for the administrative purposes of the Company or their sale in the ordinary course of its operations.

The real estate that is under construction or development for future use as investment property, is classified as "Investment property - Investments in adaptation and advances" until they are finished. However, extension works or improvements to real estate investments are classified as real estate investments.

The assets included in real estate investments are initially measured at their acquisition cost or production cost. The acquisition cost includes the amount invoiced by the seller after deducting any discount, reduction or other similar items as well as the capitalised interest of the debits, plus the additional costs that are incurred until the assets are located for their approval and others directly attributable to the acquisition. After their initial recognition, the assets are depreciated and, where applicable, are subject to valuation adjustments due to impairment.

The advances on real estate investments are initially recognised at cost. In subsequent financial years and provided that the period between payment and the receipt of the asset is greater than one year, the advances accrue interest at the incremental rate of the supplier.

Assets fully or partially acquired in exchange for a contingent consideration include the best estimate of the current value of the aforementioned consideration in the acquisition price. The changes in the estimation of the contingent consideration are recognised as a valuation adjustment of the assets. If the changes are associated with variables such as interest rates or the CPI, these are considered an adjustment of the effective interest rate.

The depreciation of the elements of property, plant and equipment is carried out by spreading out their depreciable amount systematically over its useful life. For these purposes, the depreciable amount is understood to be the acquisition cost less its residual value. The Company determines the amortisation charge separately for each component with a significant cost out of the total cost of the element, and a different useful life from the rest of the element.

Real estate investments are subject to linear amortisation, applying annual amortisation percentages calculated in accordance with the years of estimated useful life of the respective assets, as detailed below:

	Depreciation method	Estimated years of useful life	Amortisation percentage
Buildings	Straight line	50	2%

4.1.1 *Impairment of real estate investments*

Whenever there are indications of loss of value of the property investments, the Company estimates, using the impairment loss test, the possible existence of losses in value which reduce the recoverable value of said assets, to an amount lower than their book value.

Recoverable value is determined as the higher amount between the fair value less sales cost and the value in use. In particular, for the totality of the real estate investments, the value in use is determined through the discount of future flows generated by the corresponding asset on the basis of the existing committed income and using the market discount rates.

When an impairment loss subsequently reverts, the book value of the asset is increased by the revised estimate of its recoverable amount, but in such a manner that the increased book value does not exceed the book value that would have been determined if no loss had been recognised due to impairment loss in previous financial years.

4.2.- Leases

Financial leasing

Leases are classified as financial leases as long as from their conditions it ensues that risks and benefits inherent to the ownership of the asset object of the contract are substantially transferred to the Lessee. All other leases are classified as operational leases.

At 31 December 2022 and 2021, the Company had no financial leases.

Operating leases

The assets leased to third parties under operating leases are presented in accordance with the nature of the leases resulting from the application of the accounting principles that are implemented in the section on real estate investments.

The revenue from operating leases, net of any incentives granted, are recognised as revenue on a straight line basis during the term of the lease, unless a different systematic distribution basis is more representative due to more adequately reflecting the temporary pattern of the consumption of the rewards derived from the use of the leased asset.

The initial direct costs of the lease are included in the book value of the leased asset and are recognised as an expense over the course of the lease by applying the same criteria as used in the recognition of revenues.

Any payment received upon arrangement of an operational lease will be dealt with as an advance receipt attributed to results over the period of the lease, as the profits from the leased asset are transferred or received.

4.2.1 Bonds delivered

The Company receives the corresponding bonds from lessees. In accordance with the Law on Urban Leases, the Company is subject to the deposit arrangement system in the La Rioja Autonomous Community.

According to this system, the Company is not obliged to deposit the bonds received from its lessees with specific Official Institutions. In this manner, bonds received from lessees are recognised in the current or non-current liabilities of the balance sheet.

In respect of the bonds delivered for operating leases, the difference between the fair value and the amount paid will be considered as an advance payment or collection for the lease or the rendering of the service, which shall be recognised in the income statement during the term of the lease.

4.3 Financial instruments

(i) *Recognition and classification of financial instruments:*

Financial instruments are classified by the Company upon initial recognition as a financial asset, a financial liability or an equity instrument, according to economic basis of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

The company recognises a financial instrument when it becomes a compulsory part of a legal contract or business under the terms thereof, either as an issuer or as the holder or purchaser of the contract.

For valuation purposes, the Company classifies financial instruments in the categories of financial assets and liabilities at fair value with changes in the profit and loss account, distinguishing between those initially designated and those held for trading and those valued on a mandatory basis at fair value with changes in the profit and loss account; financial assets and liabilities are valued at amortised cost; financial assets valued at their fair with changes under net equity, distinguishing between equity instruments designated as such and all other financial assets; and financial assets valued at cost.

(ii) *Classification of financial assets:*

The Company classifies financial assets at amortised cost and at fair value with changes under net equity, except for designated equity instruments, in accordance with the business model and the characteristics of the contractual flows.

The Company classifies a financial asset as held for trading if:

- It originates, is acquired or issued or assumed primarily for the purpose of selling or repurchasing in the short term;

- At initial recognition it is part of a portfolio of financial instruments identified and managed together, with evidence of recent actions to obtain short-term gains;

- It is a derivative financial instrument, provided it is not a financial guarantee contract nor has it been designated as a hedging instrument; or

- This is an obligation to hand over financial assets provided to it.

The Company classifies a financial asset at amortised cost, even if it is listed for trading, if it is maintained within the context of a business model the purpose of which is to hold the investment to receive cash flows derived from performance of the contract and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only the payment of principal and interest on the amount of the principal pending.

The Company classifies a financial asset at fair value with changes under net equity if it is held within the context of a business model the purpose of which is achieved by obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise to cash flows on specified dates that are SPPI.

In any event, the Company classifies the following financial assets at cost:

a) Investments in the equity of group, multi-group and associate companies.

b) Other investments in equity instruments the fair value of which cannot be determined by reference to a price quoted on an active market for an identical instrument, or cannot reliably be estimated, as well as derivatives that have such investments as their underlying asset.

c) Those hybrid financial assets the fair value of which cannot be reliably estimated.

d) The contributions made as a consequence of a participation account agreement and the like.

e) Profit-participating loans the interest on which is contingent in nature, either because a fixed or variable interest rate dependent on fulfilment of an event at the borrower company is agreed, or otherwise because the interest is calculated solely with reference to the evolution of the business of the company in question.

f) Any other financial asset that it was initially appropriate to classify in the portfolio at fair value with changes in the income statement when it is not possible to obtain a reliable estimate of its fair value.

Financial assets and liabilities through contingent consideration arising in its donation are classified as financial assets and liabilities valued at fair value with changes in the profit and loss account.

(iii) Classification of financial liabilities:

The Company classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Company designates a financial liability at the initial moment, at fair value with changes to profit and loss, if doing so eliminates or significantly reduces any inconsistency or accounting asymmetry in the valuation or in the recognition that would otherwise arise.

The Company values financial liabilities at amortised cost, provided that in the light of the contractual conditions, reliable estimates can be made as to the cash flows.

The Company deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the fundamental responsibility contained in the liability, either as a result of court proceedings or by the creditor.

The Company recognises the difference between the book value of the financial liability or a part thereof that has been cancelled or assigned to a third party, and the consideration paid, charged or credited to the income statement.

In the case of capital increases through the offsetting of credits, the Company recognises the amount of the capital increase for the fair value of the effective contribution equivalent to the fair value of the credits, and the surplus or shortfall in the value of the financial liability with reference to the amount of the capital increase is recognised as a financial result derived from the cancellation of the financial liability.

(iv) Principles of compensation

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

(v) Classification

The financial assets and liabilities held by the Company correspond to financial assets and liabilities held for trading, loans and receivables, debts and payables, and investments in group companies.

a) Financial assets and liabilities at fair value with changes in the profit and loss account

The Company recognises financial assets and liabilities at fair value with changes in the profit and loss account initially at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as they are incurred.

The fair value of a financial instrument at the initial moment is typically the transaction price, unless this price contains elements other than the instrument, in which case the Company determines its fair value. If the Company determines that the fair value of an instrument is different from the transaction price, it registers the difference under the results, to the extent that the value was obtained by reference to a listed price on an active market or an identical asset or liability, or a valuation technique using only observable data was obtained. In all other cases, the Company recognises the difference under results, to the extent that it arises from a change in a factor which market participants would take into account when determining the price of the asset or liability.

Following initial recognition, they are recognised at their fair value, with variations being recorded in results. Variations in the fair value include the interest and dividend component. The fair value is not reduced by transaction costs which may be incurred as a result of possible sale or disposal by some other means.

b) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate is the discounted rate matching the book value of a financial instrument to the estimated cash flows over the course of the expected lifespan of the instrument, based on its contractual conditions and for financial assets. No consideration is given to future credit losses except for those acquired or originating from losses incurred, for which the effective interest rate is used, adjusted for the credit risk. In other words, taking into account credit losses incurred at the moment of acquisition or origin.

c) Financial assets at fair value with changes in the equity

Financial assets at fair value under equity are recognised initially at fair value plus transaction costs directly attributable to the purchase.

Subsequent to initial recognition, financial assets classified in this category are valued at fair value, recognising the loss or gain under revenues and expenses recognised in net equity, except for impairment losses and losses and gains through the exchange rate of debt instruments. The amounts recognised in net equity are recognised in results at the point at which the financial assets are withdrawn and, where applicable, for the impairment loss. Nonetheless, interest calculated by the effective interest rate method is recognised in results.

As previously indicated, the Company designates certain equity instruments as valued at fair value with changes under net equity. The initial valuation of these instruments includes the amount of pre-emptive subscription rights and similar rights acquired. Subsequent to initial recognition, equity instruments are measured at fair value, recognising the loss or gain under net equity. The amounts recognised in net equity are recognised in results at the point at which the financial assets are withdrawn and, where applicable, for the impairment loss.

d) Financial assets and liabilities valued at cost

Investments in equity instruments the fair value of which cannot be reliably estimated and the derivative instruments linked to them, and which must be settled through the handover of such non-listed equity instruments, are valued at cost. Nonetheless, if the Company can at any time access a reliable valuation of the financial asset or liability on a continuous basis, they are recognised at fair value at that time, registering the profits or losses in accordance with their classification.

The Company values investments included in this category at cost, equivalent to the fair value of the consideration given or received, plus or minus the transaction costs directly attributable to them, less, where applicable, the cumulative amount of impairment valuation adjustments. The initial valuation of equity instruments likewise includes the amount of preferential subscription rights and similar rights acquired.

Contributions made as a result of a shared account agreement or similar will be are valued at cost, increased or reduced in accordance with the respective profit or loss corresponding to the Company as a non-administrative stakeholder, less, as applicable, the cumulative sum of impairment value adjustments.

The Company values contributions received as the consequence of a shared account agreement or similar at cost, increased or reduced by the profit or loss, respectively, corresponding to non-manager participants.

The Company values profit-participating loans given at cost, equivalent to the fair value of the consideration given, plus the transaction costs directly attributable to them, and less, where applicable, the cumulative amount of value adjustments for impairment. If an irrevocable fixed interest rate is agreed in addition to contingent interest, the Company enters the former in the accounts as financial income on an accrual basis. The transaction costs are allocated to the income statement on straight-line basis throughout the life of the participative loan.

The Company values profit-participating loans received at cost, equivalent to the fair value of the consideration received, less transaction costs directly attributable to them. If an irrevocable fixed interest rate is agreed with the lender in addition to contingent interest, the former is entered in the accounts as financial income on an accrual basis. The transaction costs are allocated to the income statement on straight-line basis throughout the life of the participative loan.

e) Investments in group, associated and multigroup companies

Investments in group associated and multigroup companies are initially recognised at cost, equivalent to the fair value of the consideration handed over, including transaction costs incurred, and subsequently valued at cost, less the cumulative sum of impairment valuation corrections. Nonetheless, in acquisitions of investments in group companies that would not qualify as a business combination, the transaction costs are likewise included in their cost of acquisition. Investments in group companies acquired prior to 1 January 2010 include within the cost of acquisition the transactional costs incurred.

(vi) Reclassifications of financial instruments

The Company will reclassify financial assets when it changes the business model for management or when it meets or no longer meets the criteria to be classified as an investment in group, multi-group or associated companies or the fair value of an investment ceases or becomes reliable, except for equity instruments classified at fair value with changes in equity, which cannot be reclassified.

The Company does not reclassify financial liabilities.

If the Company reclassifies a financial asset from the amortised cost category to fair value with changes in the profit and loss account, it recognises the difference between the fair value and the book value in results. From this moment onwards, the Company does not separately register the interest from financial assets.

If the Company reclassifies a financial asset from the category of fair value with changes in the profit and loss account to amortised cost, the fair value at the date of reclassification is considered to be the new book value for the purposes of applying the effective interest rate method and registration of value adjustments for impairment.

If the Company reclassifies a financial asset from the amortised cost category to fair value with changes in net equity, it recognises the difference between the fair value and the carrying amount under net equity. The effective interest rate and the recording of impairment valuation corrections are not adjusted for reclassification. However, the accumulated amount of impairment valuation corrections is recorded against equity and disclosed in the notes.

If the Company reclassifies a financial asset from the fair value category with changes under net equity to amortised cost, it is reclassified at its fair value. The deferred amount under net equity is adjusted for the carrying amount of the asset. The effective interest rate and the recording of impairment valuation corrections are not adjusted for reclassification. However, the Company recognises at that time a cumulative impairment valuation correction separate from the gross amount of the financial asset.

If the Company reclassifies a financial asset from the category of fair value with changes in the profit and loss account to fair value with changes in net equity, the effective interest rate and the value adjustments for impairment are determined at the reclassification date for the fair value at that time. Equity instruments cannot be reclassified.

If the Company reclassifies a financial assets from the category of fair value with changes in net equity to fair value with changes in the profit and loss account, the amount deferred under equity is reclassified to results. From this moment onwards, the Company does not separately register the interest from financial assets.

When the investment in the equity of a group, multi-group or associate company is no longer classified as such, the financial investment held in that company is reclassified to the category of financial assets at fair value with changes in the profit and loss account, provided that the fair value of the shares can be reliably estimated, unless the Company designates the investment at fair value with changes under net equity. In this case, its fair value is determined at the date of reclassification, recognising any gain or loss arising, as the difference between the carrying amount of the asset prior to reclassification and the fair value under profit or loss, unless the Company opts for designation, in which case, the difference is recognised in equity. The same applies to investments in other equity instruments that can be reliably revalued.

If the Company maintains a prior investment predating the classification of an investment in group, multi-group or associate companies, it considers the cost of that investment to be the book value at that time. Where applicable, the amounts deferred under net equity remain tied to the investment, with the aforementioned criteria being applied.

In the event that the fair value of an equity instrument is no longer reliable, its fair value at the date of reclassification becomes its new book value, and the aforementioned criteria are applied.

(vii) *<u>Interest and dividends</u>*

The interest from financial assets accrued after the acquisition is recognised by the Company as revenues in the profit and loss account.

The Company recognises the interest on financial assets valued at amortised cost by using the effective interest rate method, and the dividends when the right of the Company to receive them is declared.

Upon initial measurement of financial assets, the Company separately recognises explicit accrued and not yet due at that time, in accordance with the maturity date, in addition to the amount of dividends declared by the pertinent body at the acquisition date. As a result, said amounts are not recognised as income in the profit and loss account.

If the dividends distributed unequivocally, from results generated prior to the date of acquisition, because the amounts distributed are greater than the profits generated by the investee or any investee by the latter since the acquisition, they reduce the book value of the investment. This criterion is applied independently of the valuation criterion for equity instruments, and as a result, for equity instruments valued at fair value, the investment value is likewise reduced, recognising the subsequent increase in value in the profit and loss account or under net equity, in accordance with the classification of the instruments.

(viii) *Withdrawal of financial assets*

Financial assets are deregistered from the accounts when the rights to receive cash flows connected therewith have matured or been transferred, and the Company has substantially transferred the risks and benefits derived from ownership thereof. Likewise, the deregistration of financial assets in those circumstances where the Company retains the contractual rights to receive the cash flows occurs only once contractual obligations have been assumed that determine the payment of such flows to one or more recipients, and the following requirements are fulfilled:

- Payment of the cash flows is conditional on prior collection;
- The Company cannot proceed to sell or pledge the financial asset; and
- The cash flows collected in the name of the ultimate recipients are transferred without significant delay, and the Company is not in a position to reinvest the cash flows. This criterion does not apply to investments in cash or cash equivalents made by the Company during the liquidation. Between the date of collection and the date of transfer agreed with the ultimate recipients, wherever the interest accruing is attributed to the ultimate recipients.

In those cases where the Company assigns a financial asset in its entirety, but retains the right to administer the financial asset in exchange for a commission, an asset or liability corresponding to the provision of the service is recognised. If the consideration received is lower than the expenses to be incurred as a consequence of performance of the service, a liability is recognised for an amount equivalent to the obligations entered into, valued at their fair value. If the consideration for the service is greater than that which would apply from application of appropriate remuneration, an asset is recognised for the administration fees.

In those transactions where the Company registers the withdrawal of a financial asset in its entirety, the financial assets obtained or the financial liabilities, including the liabilities corresponding to administration services incurred, are registered at their fair value.

In transactions in which the partial withdrawal of a financial asset is registered, the book value of the complete financial asset is assigned to the part sold and to the part maintained, including assets corresponding to administration services, in proportion to the relative fair value of each of them.

Derecognition of a financial asset as a whole entails the recognition of results based on the difference between its carrying value and the sum of the consideration received, net of transaction expenses, including assets obtained or liabilities assumed. Likewise, deferred amounts under net equity are reclassified, where applicable, to the profit and loss account.

The recognition criteria for the withdrawal of financial assets in operations in which the Company neither substantially transfers nor retains the risks and benefits inherent in ownership thereof are based on the analysis of the degree of control maintained. As a result:

- If the Company has not retained control, the financial asset is withdrawn, with separate recognition as assets or liabilities of any rights or obligations created or retained as a result of the transfer.

- If control was retained, the financial asset continues to be recognised on the basis of the Company's ongoing commitment, with an associated liability being recorded. The ongoing commitment to the financial asset is determined for the amount of exposure to changes in the value of the asset. The asset and the associated reliability of value in accordance with the rights and obligations recognised by the Company. The associated liability is recognised such that the book value of the asset and the associated liability is equal to the amortised cost of the rights and obligations retained by the Company, and the asset is valued at amortised cost, or the fair value of the rights and obligations maintained by the Company, if the asset is valued at fair value. The Company continues to recognise the revenue is derived from the assets to the extent of its ongoing commitment, and the expenses derived from the associated liability. Changes in the fair value of the asset under the associated liability are recognised consistently under the results for net equity, in accordance with the general recognition criteria set out above, and are not to be offset.

Those transactions in which the Company substantially retains all risks and benefits inherent in ownership of an assigned financial asset are recorded through recognition in the liability accounts of the consideration received. The transaction expenses are recognised in the results, employing the effective interest rate method.

The Company applies the weighted average cost criterion to value and withdraw the cost of equity or debt instruments belonging to uniform portfolios that also have the same rights.

(ix) *Impairment losses of financial assets*

A financial asset or group of assets is impaired, and an impairment loss generated, if there is objective evidence of the impairment as a result of one or more events occurring following initial recognition of the asset, and where the event or events causing the loss has an impact on estimates of future cash flows from the asset or group of financial assets which can be reliably estimated.

The Company follows the criteria of recognising the appropriate valuation adjustments due to the impairment of loans and other receivables and debt instruments when there is a reduction or delay in the estimated future cash flows caused by the insolvency of the debtor.

Similarly, in the case of equity instruments, impairment exists when there is a lack of recoverability of the book value of the asset due to a prolonged or significant decline in its fair value.

- *Value impairment of financial assets valued at amortised cost*

  The amount of the value impairment loss from financial assets valued at the amortised cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows, excluding future credit losses not incurred and discounted at the original effective interest rate of the asset. For variable interest rate financial assets, the effective interest rate corresponding to the valuation date in accordance with the contractual conditions is employed. However, the Company uses their market value, provided this is sufficiently reliable to consider it representative of the value that could be recovered.

  The recognised impairment loss is charged to results and is reversible in subsequent financial years if the reduction can be objectively linked to an event following recognition. Nonetheless, loss reversal is limited to the amortised cost the assets would have had if the value impairment loss had not been recorded.

  The Company directly reduces the carrying amount of a financial asset when it has no reasonable expectation of recovery in whole or in part.

- *Impairment of investments in group, associate and multi-group companies and equity instruments are valued at cost*

  The calculation of the impairment is determined as the result of the comparison of the fair value of the investment with its recoverable value, understood as the greater of the value in use or the fair value less costs to sell.

  In previous financial years the impairment reversals are recognised, to the extent that there is an increase in the recoverable amount, up to the limit of the book value that the investment would have had if an impairment had not been recognised.

  The loss or reversal of the impairment is recognised in the income statement.

Nonetheless, in the event of an investment prior to classification as a group, multi-group or associate company, or at cost, and if before this classification valuation adjustments were made and imputed directly to the net equity as a result of that investment, the Company maintains these adjustments after the classification up until disposal or withdrawal of the investment, at which point they will be registered in the profit and loss account, or until any of the following circumstances occur:

a) In the case of prior value adjustments because of increases in value, the impairment value adjustments will be registered against the net equity entry recording the value adjustments previously applied, up to the amount thereof, with any surplus being registered in the profit and loss account. The impairment value adjustment directly imputed under net equity is not reversed.

b) In the case of prior value adjustments because of reductions in value, if the recoverable amount is subsequently greater than the book value of the investments, the latter is increased up to the limit of the stated value reduction, against the entry recording the prior value adjustments, from which point the new amount arising is considered to be the cost of the investment. However, if there is objective evidence of impairment in the value of the investment, the cumulative losses recorded directly under the equity are recognised in the profit and loss account.

(x) Withdrawals and changes in financial liabilities

The Company deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the main responsibility contained in the liability, either as a result of court proceedings or by the creditor.

The exchange of debt instruments between the Company and the counterpart or substantial modifications in the liabilities initially recognised, are entered in the accounts as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions.

The Company considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid, net of any commission received, and employing the original effective interest rate to perform the discounting, is less than 10% different from the present discounted value of the cash flows which still remain from the original financial liability.

If the exchange is registered as a cancellation of the original financial liability, the costs or commissions a recognised in the profit and loss account, forming a part of the result thereof. Otherwise, cost or commissions adjust the book value of the liability and are amortised by means of the amortised cost method throughout the remaining lifespan of the modified liability. In this latter case, a new effective interest rate is determined on the date of modification, which matches the present value of the flows payable under the new conditions, to the book value of the financial liability at that date.

The Company recognises the difference between the book value of the financial liability or the part thereof which has been settled or transferred to a third party and the consideration paid, including any transferred asset other than the cash or liability assumed, charged or credited to the income statement. If the Company hands over non-monetary assets in payment of the debt, it recognises as an operating result the difference between the fair value thereof and their book value, and the difference between the value of the debt settled and the fair value of the assets, as a financial result. If the Company hands over inventories, the corresponding sale transaction is recognised for their fair value, with a variation in inventories for their book value.

(xi) Sureties and deposits

Deposits or sureties lodged or received to guarantee certain obligations are valued at the sum actually paid over, which is not significantly different from their fair value.

(xii) Fair value

The fair value is the sum for which an asset could be exchanged or a liability settled, between interested and duly informed parties, undertaking a transaction under conditions of mutual independence.

In general, in the valuation of financial instruments valued at their fair value, the Company calculates this by reference to a reliable market value, the listed price on an active market representing the best reference for this fair value. For those instruments with regard to which there is no active market, the fair value is, as applicable, obtained by means of the application of valuation techniques and models.

It is assumed that the book value of credits and debits based on trade operations is an approximation of the fair value.

(xiii) Financial derivatives

Derivative financial instruments are initially recognised in accordance with the criteria set out above for financial assets and liabilities.

Derivative financial instruments that do not fulfil the criteria for hedge accounting are classified and valued as financial assets or liabilities at fair value with changes in results.

The derivative financial instruments, that fulfil the criteria of hedge accounting, shall be initially recognised by their fair value, plus, where applicable, the transaction costs that are directly attributable to their contracting or minus, where applicable, the transaction costs that are directly attributable to their issue. Notwithstanding the transactions costs, they are subsequently recognised in results, to the extent that they do not form part of the effective hedge variation.

Hedging operation accounting applies only if there is an economic relationship between the item hedged and the hedging instrument. Credit risk does not exert a dominant effect over the changes in value resulting from this economic relationship and the hedging ratio of the hedging relationship is the same as that resulting from the amount of the item hedged that the Company genuinely uses to hedge that amount of the item hedged. Nonetheless, this designation must not reflect an imbalance between the weightings of the item hedged and of the hedging instrument generating a lack of hedging effectiveness, irrespective of whether or not it is recognised or could give rise to an accounting result contrary to the purpose of the hedge accounting.

4.3 Cash and cash equivalents

Cash and other equivalent liquid assets are included in cash held and sight bank deposits and credit institutions. This item also covers other highly liquid short-term investments provided that they can easily be converted into specific sums of cash and are subject to insignificant exchange rate risk. For these purposes investments maturing less than three months from the date of acquisition are included.

The Company sets out in the statement of cash flows the payments and collections derived from high-rotation financial assets and liabilities on the basis of the net amount. For these purposes the rotation period is considered high if the period between the date of acquisition and maturity exceeds six months.

4.4 Foreign currency transactions

Transactions in foreign currencies are recognised at their equivalent value in euros using the exchange rates in effect on the dates they are carried out.

The monetary assets and liabilities in foreign currency are converted at the exchange rate in effect on the balance sheet date.

The exchange rate differences, both positive and negative, arising during this process, as well as those arising in the cancellation of balances arising from transactions in foreign currency, are recognised in the income statement as income or expense, where relevant, at the moment of its realisation.

The non-monetary assets and liabilities measured at fair value and denominated in a foreign currency are converted according to the prevailing rates on the date their fair value is determined.

The resulting gains or losses are recognised in equity or profit and loss according to the same criteria as that used to recognise changes in fair value.

4.5 Income tax

The income tax expense or revenue consists of both the current tax and the deferred tax.

The current income tax assets or liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, using the legislation and tax rates in force or approved and pending publication on the year-end date.

Current or deferred Corporation Tax is recognised in the results, unless arising from an economic event or transaction recognised in the same financial year or another different year against the net worth or from a combination of businesses.

4.5.1 Recognition of deferred tax liabilities

The Company recognises the deferred tax liabilities in all cases, unless they arise from the initial recognition of the goodwill or an asset or liability in a transaction that is not a business combination and that neither affects accounting result nor taxable income at the time of the transaction.

4.5.2 Recognition of deferred tax assets

The Company recognises deferred tax assets provided that it is likely that there will be sufficient future taxable gains for the compensation thereof, or if the tax legislation allows for the possibility of the future conversion of deferred tax assets into a credit enforceable against the Public Authority.

The Company recognises the conversion of a deferred tax asset into an account receivable against the Public Authorities, when required under current tax law. For these purposes, the derecognition of deferred tax assets is recognised against the deferred corporate income tax expense and the receivable credited to current corporate income tax. Likewise, the Company recognises the swap of a deferred tax asset due to government debt securities, when their ownership is acquired.

The Company recognises the payment obligation derived from the equity provision as an operating cost with credit to the debts with the Public Authorities when it is accrued according to the Corporate Income Tax Law.

Unless evidence otherwise, it is not considered probable that the Company has future taxable profits when it anticipates that its future recovery will occur in a period greater than ten years from the year-end date, whatever the nature of the deferred tax asset or if it relates to credits derived from deductions and other tax advantages pending tax application to insufficient tax due, when with the activity or the yield obtained that causes the right to deduction or discount having occurred, there are reasonable doubts over the compliance with the requirements to make them effective.

The company only recognises the deferred tax assets derived from compensable tax orders, to the extent that it is probable future taxable profits are going to be obtained that allow compensating them within a period no greater than that established in the applicable tax legislation with the maximum limit of ten years, unless there is evidence that it is probable that it is recovered in a greater period, when the tax legislation so allows compensation limits in a greater period or does not establish time limits for their compensation.

Meanwhile, it is considered likely that the Company will have sufficient taxable gains to recover the deferred tax assets, provided that there are temporary taxable differences of a sufficient amount, connected with the same tax authority and with regard to the same taxpayer, the reversion of which is expected in the same tax year in which the deductible temporary differences are expected to revert, or in those tax years in which a tax loss arising through a deductible temporary difference can be compensated for through previous or subsequent gains.

The Company recognises the deferred tax assets that have not been subject to recognition due to exceeding the ten years starting from the year-end-date or when there are temporary tax differences in sufficient amount.

In order to determine the future taxable profits, the Company takes into consideration the tax planning opportunities, provided that they have the intention of adopting them or it is probable that they are going to be adopted.

4.5.3 Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the financial years when the assets are expected to be realised or the liabilities paid, based on the regulations and rates in force or approved and pending publication and following consideration of the tax consequences which will be derived from the manner in which the Company expects to recover the assets or settle the liabilities. For these purposes, the Company considered the deduction due to the reversal of temporary measures implemented in transitional provision thirty-seven of Corporation Tax Act 27/2014 of 27 November, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations applied in 2013 and 2014.

4.5.4 Offsetting and classification

Deferred tax assets and liabilities are recognised in the statement of financial position under non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

4.5.5 Special SOCIMI Regime

The Special SOCIMI Regime is an optional regime for REITs in Spain governed by Act 11/2009, of 26 October 2009, amended by Act 16/2012. The option must be adopted by the General Shareholders' Meeting and must be communicated to the local office of the Tax Authority of the tax domicile of the entity, at least three months prior to the conclusion of the tax period. If performed before this deadline, the tax scheme will be applied to the tax period that finalises after said communication and in those following that conclude prior to the communication of the withdrawal from the scheme.

It is not compatible with any of the special schemes provided for in Title VII of the Consolidated Text of the Corporate Income Tax Law (TRLIS), except:

- Mergers, spin-offs, contributions of assets and swaps.
- International tax transparency
- Financial leasing

The tax scheme applicable to these entities takes into account the following considerations:

1. The entities that opt for the application of the special tax scheme provided for in Law 11/2009, will be governed by that laid down by the TRLIS, notwithstanding the special provisions laid down by this Law:

   - Corporate Income Tax rate: 0%.
   - There will be no application either of the offsetting of retained losses (Article 25 TRLIS) in the event that they are generated when subject to a tax rate of 0%, neither are the tax deductions or credits established in Chapters II, III and IV of Title VI of the TRLIS.

     Similarly, it must make any adjustment and pay tax in accordance with the general scheme for Corporate Income Tax in the case of non-compliance with the minimum period of three years (Art. 3.3 of Law 11/2009) or paying tax under a different scheme within Corporate Income Tax before completing the minimum period of three years.

2. The entity is subject to a special tax rate, it will be considered Corporate Income Tax due:

   - 19% of the amount paid in dividends or shares in profits distributed to the shareholders when the stake in the entity's share capital is equal to or greater than 5% and said dividends, at the headquarters of its shareholders are exempt, or are subject to a tax rate of less than 10%.
   - No application: when the shareholder receiving the dividend is an entity subject to this law (REITs).
   - Accrual: day of the resolution to distribute profits.
   - Self-assessment and payment: within two months from the accrual date.

3. The special tax rate will not be applicable when the dividend or shares in profits are received by non-resident entities referred to in Art. 2.1.b) of this Law, with regard to those shareholders with a stake of 5% or more in the share capital of those and which are subject to a tax rate of at least 10%.

4. In any event, tax withholding will be applied to these dividends or shares in profits received by corporate income tax, non-resident income tax (with and without permanent

establishment) and Spanish income tax payers, to whom the tax scheme provided for in Art. 10.1 of Law 11/2009 applies.

Aside from these considerations, the Company must fulfil various requirements as described below:

1. *Corporate Purpose*

Their main corporate purpose must be:

a) The acquisition and development of real estate of an urban nature for lease.

b) The ownership of shareholdings in the capital of other REITs or in that of other non-resident entities in Spanish territory with the same corporate purpose as these or which are subject to a similar system with regard the distribution of profits.

c) The ownership of shareholdings in the capital of other entities resident or non-resident in Spanish territory, whose main corporate purpose is the acquisition of real estate of an urban nature for its lease (these cannot have shareholding in the capital of other entities) and which are subject to the same system relating to the distribution of profit and investment. The entirety of its capital must belong to other REITs or non-resident entities referred to in the point above.

d) The ownership of shares or shareholdings in Real Estate Collective Investment Institutions governed by the Law 35/2003 of 4 November, on CIIs.

They may execute other ancillary activities (those that represent less than 20% of the income of the company in each tax period).

2. *Investment*

a) They must invest at least 80% of the value of the assets in:

- Real estate of an urban nature for leasing;
- in land earmarked for real estate development provided that the development is initiated within a period of three years following acquisition;
- shareholdings in the capital or equity of other entities that have the same corporate purpose as the REIT.

b) Similarly, they must invest 80% of the income (excluding that deriving from the transfer of shareholdings and real estate both subject to the to the fulfilment of its main corporate purpose, once the maintenance period has elapsed), which must originate from:

- The leasing of real estate for the purpose of complying with its main corporate purpose with persons or entities that do not form a group irrespective of the residency, and/or

- dividends or shares in profits derived from stakes associated with performance of its primary corporate purpose.

3. *Minimum period of ownership or maintenance*

Meanwhile, with regard to the lock-in period, both the real estate properties comprising the assets and the shares or stakes in the capital must be held for at least three years.

In the case of real estate assets, this includes the time when they were offered for lease, up to a maximum of one year.

4. *Obligation to be listed*

The shares of the REIT must be admitted to trading on a Spanish regulated market or multilateral trading facility or in any other member State of the European Union or the European Economic Area or on a regulated market of any other country where there is an effective uninterrupted exchange of taxation information for the duration of the tax period.

5. *Commercial Requirements*

- The minimum Share Capital is 5 million euros;
- There can be only one class of shares.
- When opting for this system, the term "SOCIMI S.A." must be included in the name, or without abbreviations.

6. *Application of Results*

Once they have fulfilled their corresponding commercial obligations, they will be obligated to distribute dividends and the profit obtained during the period in the following manner:

- 100% of the profit originating from the dividends or shares in profits distributed by the entities whose main corporate purpose is that established in this Law.
- 50% of the profit deriving from the transfer of real estate and shares or shareholdings after the maintenance periods have elapsed, for the purposes of compliance with its main corporate purpose. The remainder of these profits must be reinvested in other real estate or shareholdings subject to the period of three years since transfer.
- 80% of the remainder of the profit obtained.

Similarly, it is necessary to take into account the following considerations:

- The dividend must be paid the month following the date of the distribution agreement;

- The legal reserve cannot exceed 20% of the share capital;
- The articles of association cannot establish any other reserve of an unavailable nature other than the legal reserve.

Since 27 September 2016, the Company has adhered to this REIT special tax regime, whereby it is subject to a Corporate Income Tax rate of 0%.

Notwithstanding, the Company is subject to a special tax rate of 19% of the amount paid in dividends or shares in profits distributed to the shareholders whose stake in the entity's share capital is equal to or greater than 5% and when said dividends are received by the shareholders, they are either exempt or subject to a tax rate of less than 10%.

4.6. Revenues and expenses

The Company recognises the revenue derived from a contract when control over the services committed to is transferred to the client (in other words the performance of obligation(s)).

For each identified obligation to be performed, the Company determines at the start of the contract if the commitment entered into is fulfilled over time or at a specific moment.

In the case of contractual obligations that are fulfilled at a determined time, the income deriving from their execution are recognised on said date.

Ordinary revenues derived from services provided are valued for the monetary amount or, where applicable, the fair value of the consideration, received or expected to be received. The consideration is the price agreed for the assets to transfer to the customer, deducting: the amount of any discount, reduction in the price or other similar items that the Company may grant, as well as the interests incorporated in the nominal of the credits.

The income deriving from the rendering of services is recognised by taking into account the degree of performance at the year-end when the amount of the revenue, the degree of performance, the costs already incurred and those to be incurred can be reliably measured and it is probable that the economic benefits deriving from the rendering of the service will be received. In the case of the provision of services where the final result cannot be reliably estimated, revenue is recognised only up to the limit of the recognised recoverable costs.

The interest received on financial assets is acknowledged in accordance with the effective rate of interest and the dividends, when the right of the shareholder to receive dividends is declared. In any event, interest and dividends on financial assets accrued subsequent to the time of acquisition are recognised as revenue in the income statement.

4.7 Provisions and contingent liabilities

Provisions for litigation are recognised when the Company has a present obligation, either legal or implicit, as a result of past events, where it is deemed probable that this will involve the need for outgoing resources for settlement, and the amount can be estimated in a reliable manner.

Provisions are valued at the current value of the disbursements which are expected to be required in order to settle the obligation, using a pre-tax rate which reflects the opinions of the current market as to the temporary value of money and the specific risks of the obligation. Adjustments in the provision based on any updates are recognised as a financial expense as they gradually accrue.

Provisions maturing in one year or less, the financial effect of which is immaterial, are not discounted. Where it is expected that part of the payout required in order to settle the provision will be reimbursed by a third party, the reimbursement is recognised as a separate asset, wherever it is practically certain that it will be received.

A contingent liability is a potential obligation arising from past events, the materialisation of which is dependent on the occurrence or non-occurrence of one or more future events beyond the Company's control. These contingent liabilities are not recognised in the accounting.

At 31 December 2022 there were no provisions for litigation, nor were there any known possible contingent liabilities.

4.8 Classification of assets and liabilities as either current or non-current

Assets and liabilities are presented in the balance sheet classified as current and non-current. To such end, the assets and liabilities are classified as current when they are related to the normal operating cycle of the Company and are expected to be sold, consumed, performed or settled within the course thereof; they are different to the above and their maturity, disposal or performance are expected to take place within a maximum period of one year; they are held for trading purposes or treated as cash and other equivalent liquid assets the use of which is not restricted by a period exceeding one year. Otherwise, they are classified as non-current assets and liabilities.

The normal operating cycle is less than one year for all activities.

4.9 Transactions with related parties

The Company undertakes all operations with related companies at market values. Additionally, the transfer prices are appropriately supported, therefore the Governing Body of the Company considers that there are no significant risks due to this aspect which may give rise to considerable liabilities in the future.

5. Real estate investments

The composition of the accounts included in real estate investments is as follows:

2022	Investments in land and natural assets	Investments in constructions	Total
Cost			
Initial Balance	38,536.82	361,463.18	400,000.00
Closing balance	38,536.82	361,463.18	400,000.00
Accumulated depreciation			
Initial Balance		(28,976.48)	(28,976.48)
Provisions/ Reversals		(7,230.64)	(7,230.64)
Closing balance		(36,207.12)	(36,207.12)
Net value	**38,536.82**	**325,256.06**	**363,792.88**

2021	Investments in land and natural assets	Investments in constructions	Total
Cost			
Initial Balance	38,536.82	361,463.18	400,000.00
Closing balance	38,536.82	361,463.18	400,000.00
Accumulated depreciation			
Initial Balance		(21,747.22)	(21,747.22)
Provisions/ Reversals		(7,229.26)	(7,229.26)
Closing balance		(28,976.48)	(28,976.48)
Net value	**38,536.82**	**332,486.70**	**371,023.52**

(a) Fully depreciated assets

As at 31 December 2022 and 2021, there were no property, plant and equipment elements in use that were fully depreciated.

(b) Insurance

It is the Company's policy to arrange all the insurance policies that it deems appropriate to cover any risks that may affect the real estate investments. The Company has arranged various insurance policies to cover the risks to which the real estate investments are subject. The cover they provide is deemed sufficient.

(c) Income and expenditure generated by the real estate investments

The income and expenditure generated by the real estate investments Is as follows:

Description	2022	2021
Revenue from rented properties (Notes 5.1 and 11.1)	90,554.57	76,182.15
Revenues through expenses passed on to tenants (Notes 5.1 and 11.1)	10,041.11	9,321.85
Total	**100,595.68**	**85,504.00**

The situation of properties outlined in lease at the close of 2022 is as follows:

Commercial buildings	No. Properties	Leased Properties	Pending lease
Commercial premises	1	1	0

Commercial buildings	Total M^2	M^2 leased	M^2 Pending lease
Commercial premises	513	513	0

1.1 Operating leases

The property leased is located in the Autonomous Region of Rioja, specifically at the CC BERCEO shopping centre, located at the address Calle Lérida 2, Logroño. The Company's revenues correspond in the main to properties which are operated on a lease basis, currently being leased to the company Burger King Spain, S.L.

The future minimum collections from operating leases are as follows:

Assets	Total minimum future collections	Present value, expected minimum collections			Contingent payments recognised
		1 year	1 - 5 years	More than 5 years	
Burger King - Logroño shopping centre	84,926.61	84,926.61	339,706.44	1,015,923.15	0.00

1.2 Determination of the value in use of the commercial premises

According to the valuation held by the Company, drawn up by independent experts at 31 December 2022, the market value of the commercial premises, namely 1,398,678.00 euros, is greater than the net book value of 363,792.88 euros, and no impairment valuation adjustment has therefore been registered.

The grounds for valuation used for leased real estate assets is that of the capitalisation of revenue using the Discounted Cash Flow Method with a Multiplying Factor. The following steps were used in obtaining the fair value of the real estate:

- Determine the flows of income and expenditure deriving from the real estate rental business.
- Obtaining the flow of net operating income before tax, amortisation and debt service.
- Updating of said net income using a discount rate appropriate to the nature of the discounted flows.
- Obtain a terminal value (TV) determined by the perpetual capitalisation of the last flow of net income (market yield), less the sales costs, and discounting the net operating income from the discount rate.

6. Financial assets

The detail of financial assets to 31 December 2022 and 2021 is as follows:

Classes / Categories	Non-current				Total	
	Equity instruments		Loans, Derivatives and Others			
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Financial assets at cost Equity instruments	104,582,623.79	104,881,160.47	-	-	104,582,6237.79	104,881,160.47
Financial assets at amortised cost Credits to Group companies	-	-	-	7,000,000.00	-	7,000,000.00
Total	**104,582,623.79**	**104,881,160.47**	**-**	**7,000,000.00**	**104,582,623.79**	**111,881,160.47**

Classes / Categories	Current		Total	
	Loans, Derivatives and Others			
	2022	**2021**	**2022**	**2021**
Financial assets at amortised cost				
Investments in group and associate companies (Note 12)	5,885,939.00	4,115,204.44	5,885,939.00	4,115,204.44
Trade payables (Note 12)	219,080.68	13,684.81	219,080.68	13,684.81
Clients through sales and services provided	-	*505.15*	-	*505.15*
Customers, Group companies and associates	*219,080.68*	*13,179.66*	*219,080.68*	*13,179.66*
Total	**6,105,019.68**	**4,128,889.25**	**6,105,019.68**	**4,128,889.25**

6.1 Detail of Financial Assets by Maturity

The detail of the financial assets by maturity at 31 December 2022 and 2021 is as follows:

2022 Financial Year

	2023	2024	2025	2026	2027 and following	Less current part	Total non-current
Equity	-	-	-	-	104,582,623.79	-	104,582,623.79

Instruments							
Credits to Group companies	5,885,939.00					5,885,939.00	
Trade and other receivables							
Clients, group companies	219,080.68	-	-	-	-	219,080.68	-
Total	**6,105,019.68**	**-**	**-**	**-**	**104,582,623.79**	**6,105,019.68**	**104,582,623.79**

2021 Financial Year

	2022	2023	2024	2025	2026 and following	Less current part	Total non-current
Equity Instruments	-	-	-	-	104,881,160.47	-	104,881,160.47
Credits to Group companies	4,115,204.44	-	-	-	7,000,000.00	4,115,204.44	7,000,000.00
Trade and other receivables							
Clients through sales and services provided	505.15	-	-	-	-	505.15	-
Clients, group companies	13,179.66	-	-	-	-	13,179.66	-
Total	**4,128,889.25**	**-**	**-**	**-**	**111,881,160.47**	**4,128,889.25**	**111,881,160.47**

6.2. Non-current and current credits to group companies

On 19 December 2019, the Company granted a loan to its investee Barings Core Crossroads, S.L. in the amount of 7,000,000.00 euros, maturing in 15 years, with an annual interest rate of 4%. On 6 September 2022, the investee paid the entire principle of the loan, 7,000,000.00 euros, plus the interest accruing up to that date: 213,570.00 euros.

The current amount recorded in the 2021 financial year for the caption "*Investments in group and associate companies*" corresponds in the main to the balance drawn down under the credit current account that the Company has in place with the group company Barings Core Property Fund Topco, SCA for an amount of 4,000,000.00 euros. The agreed interest rate is 3.20%, with interest calculated quarterly on the basis of 360 days. Interest will be payable at the end of the loan. On 17 July 2022, Barings Core Property Fund Topco, SCA paid the entire balance drawn down, 4,000,000.00 euros, plus the interest accruing up to that date: 126,927.33 euros.

The Company transferred an amount of cash to its investee Barings Core Logroño, S.L, in 2022, totalling 5,885,939.00 euros, to be applied to a capital increase with a share premium for the same amount. This operation was ultimately not approved. After the close of the 2022 financial year, Barings Core Spain Socimi, S.A.U. recovered this entire amount from Barings Core Logroño, S.L.

6.3. Group companies, jointly controlled entities and associates

The detail of "Investments in group companies" at 31 December 2022 is as follows:

2022 Financial Year

Subsidiaries	Euros						Direct Stake	Net book value
	Subscribed capital	Share premium	Reserves	Profit (loss) for the year	Other equity items	Net Equity		
Barings Core Madrid, S.L.	1,003,000.00	6,778,562.75	(44,125.27)	2,720,722.90	(6,183,094.22)	4,275,066.16	100%	4,275,066.16
Barings Core Toledo, S.L.	1,272,371.00	9,224,341.15	(16,220.11)	788,299.78	(269,343.26)	10,999,448.56	100%	10,496,712.15
Barings Core Logroño, S.L.	698,098.00	17,683,250.30	233,647.90	3,423,636.13	(628,381.04)	20,942,955.49	100%	59,595,683.99
Barings Core Logroño, PFS S.L.	143,804.00	1,267,236.00	(2,202.12)	(2,100,042.96)	(596,466.25)	(1,287,671.33)	100%	-
Barings Core Algete, S.L.	9,115,230.00	3,106,585.00	33,352.66	426,189.15	-	12,681,356.81	100%	12,223,815.00
Barings Core Crossroads, S.L.	13,107,710.00	556,382.00	828,771.25	2,026,597.72	(1,083,595.43)	15,435,865.54	100%	14,610,197.85
Barings Core M50, S.L.	4,252,245.00	-	3,442.17	(674,570.49)	(208,744.60)	3,372,372.08	100%	3,381,148.64
TOTAL	**29,592,458.00**	**38,616,357.20**	**569,370.68**	**6,610,832.23**	**(8,969,624.80)**	**66,419,393.31**		**104,582,623.79**

Subsidiaries	Corporate address	Main activity
Barings Core Madrid, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Toledo, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Logroño, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Logroño PFS S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core M50, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Crossroads	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Algete, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties

2021 Financial Year

Subsidiaries	Euros						Direct Stake	Net book valu
	Subscribed capital	Share premium	Reserves	Profit (loss) for the year	Other equity items	Net Equity		
Barings Core Madrid, S.L.	1,003,000.00	6,778,562.75	(6,951.27)	(5,662,681.96)	(520,412.26)	1,591,517.26	100%	1,590,316.0
Barings Core Toledo, S.L.	1,272,371.00	9,224,341.15	(4,572.76)	790,145.34	(269,343.26)	11,012,941.47	100%	10,496,712.0
Barings Core Plaza, S.L. (*)	635,080.00	4,538,720.00	114,914.71	281,411.61	-	5,570,126.32	0%	0.0
Barings Core Logroño, S.L.	698,098.00	17,683,250.30	141,303.75	2,335,918.42	(532,922.69)	20,325,647.78	100%	56,961,374.0
Barings Core Logroño, PFS S.L.	143,804.00	1,267,236.00	(2,202.12)	(122,794.92)	(473,671.33)	812,371.63	100%	744,500.0
Barings Core Algete, S.L.	9,115,230.00	3,106,585.00	33,755.65	276,450.09	-	12,532,020.74	100%	12,223,815.0
Barings Core Crossroads, S.L.	13,107,710.00	4,556,382.00	660,468.91	2,007,103.43	(1,083,595.43)	19,248,068.91	100%	18,610,198.0
Barings Core M50, S.L.	4,252,245.00	-	(488.42)	187,695.86	(208,744.60)	4,230,707.84	100%	4,254,245.0
TOTAL	**30,227,538.00**	**47,155,077.20**	**936,228.45**	**93,247.87**	**(3,088,689.57)**	**75,323,401.95**		**104,881,160.0**

(*) On 18 October 2021 the company Barings Core Plaza, S.L. was sold to a third party, and as a result the dependent companies at 31 December 2021 are as follows:

Subsidiaries	Corporate address	Main activity
Barings Core Madrid, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Toledo, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Logroño, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Logroño, PFS S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core M50, S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Crossroads S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties
Barings Core Algete S.L.	Madrid, Spain	CNAE (Spanish Economic Activity Code) 6820 - Rental of Properties

<u>Depreciation of investments in group companies - Equity instruments</u>

The details of the cumulative impairment at 31 December 2022 and 2021 under Equity instruments of group and associate companies, is as follows:

Subsidiaries	2022	2021
Barings Core Madrid, S.L.	(3,876,496.59)	(6,561,245.49)
Barings Core Logroño, S.L.	-	(2,634,310.40)
Barings Core M50, S.L.	(873,096.36)	-
Barings Core Logroño PFS S.L.	(1,413,040.00)	(668,540.38)
Total cumulative impairment	**(6,162,632.95)**	**(9,864,096.27)**

The detail of the movement under the impairment in Equity instruments of group and associate companies in the profit and loss account for 2022 and 2021 is as follows:

Revenue/ (expense)	2022	2021
Barings Core Madrid, S.L.	2,684,748.90	(5,653,881.99)
Barings Core Logroño, S.L.	2,634,310.40	1,165,610.46
Barings Core Logroño PFS, S.L.	(744,499.62)	(190,666.93)
Barings Core M50, S.L.	(873,096.36)	-
Total	**3,701,463.32**	**(4,678,938.46)**

The detail of dividends received from investees is as follows:

Dividends distributed to the Company	2022	2021
Barings Core Plaza, S.L.	0.00	395,545.81
Barings Core Logroño, S.L.	2,335,918.42	1,940,979.99
Barings Core Algete, S.L.	248,805.08	137,187.54
Barings Core Crossroads, S.L.	1,806,393.09	2,644,105.85
Barings Core Madrid, S.L.	0.00	0.00
Barings Core Toledo, S.L.	711,130.81	0.00
Barings Core M50, S.L.	168,926.27	0.00
Barings Core Logroño PFS, S.L.	0.00	0.00
Total (Note 11.1)	**5,271,173.67**	**5,117,819.19**

2022 Financial Year

On 14 July 2022 the Company proceeded to acquire all shares in the company Positano ITG, S.L.U., a vehicle through which to obtain ownership of a real estate property. Subsequently, on 24 November 2022, the investee was liquidated, as it proved impossible to perform the planned operation, registering a loss of 171,663.49 euros for the financial year.

On 14 July 2022 the Company proceeded to acquire all shares in the company Sendai ITG, S.L.U. a vehicle through which to obtain ownership of a real estate property. Subsequently, on 26 September 2022, the investee was liquidated, as it proved impossible to perform the planned operation, registering a loss of 235,682.32 euros for the financial year.

The Company registered an impairment reversal of 2,634,310.40 euros of its stake in Barings Core Logroño, S.L., which thus presents a net book value of 56,961,374 euros at 31 December 2022.

During the 2022 financial year, distribution of a share premium was approved at Barings Core Crossroads, S.L. for an amount of 4,000,000.00 euros, reducing the cost of the stake by the same amount.

During the 2022 financial year, the Company registered an impairment reversal at Barings Core Madrid, S.L. of 2,684,748.90 euros, and the net book value of the stake thus presents an amount of 4,275,066.16 euros at 31 December 2022.

During the 2022 financial year, the Company registered a valuation adjustment at Barings Core Logroño PFS, S.L. for an impairment of 744,499.62 euros, and the net book value of the stake thus presents an amount of 0.00 euros at 31 December 2022.

During the 2022 financial year, the Company registered a valuation adjustment at Barings Core M50, S.L. for an impairment of 873,096.36 euros, and the net book value of the stake thus presents an amount of 3,381,148.64 euros at 31 December 2022.

2021 Financial Year

On 18 October 2021 the Company proceeded to dispose of 100% of the shares in the company Barings Core Plaza S.L. The share capital of the company amounted at the time of the sale to 635,080,00 euros, comprising the same number of shares, of a par value of one euro each. The share premium amounted to 4,538,720.00 euros. The net book value of the stake in the controlling entity amounted to 5,175,800.00 euros, a positive result of 18,150,536.04 euros having been generated in the financial year (see Note 11.1).

During the 2021 financial year a shareholder contribution was agreed at Barings Core Crossroads, S.L. for an amount of 944,105.85 euros. As a consequence, the net book value of the stake amounted to 18,610,197.85 euros at 31 December 2021.

During the same year, the Company registered a valuation adjustment at Barings Core Logroño PFS, S.L. for an impairment of 190,666.93 euros, and the net book value of the stake thus presents an amount of 744,499.62 euros at 31 December 2021.

A resolution was passed on 22 July 2021 to refund the share premium at Barings Core Logroño, S.L. for 2,000,000.00 euros, reducing the cost of the stake to 59,595,683.99 euros at 31 December 2021. During the 2021 financial year the Company reversed the impairment for an amount of 1,165,610.46 euros, and the net book value of the stake thus presents an amount of 59,595,683.99 euros at 31 December 2021.

On 29 November 2021 a shareholder contribution was made at Barings Core Madrid, S.L.For an amount of 370,000.00 euros. Meanwhile, the Company registered an impairment valuation adjustment of 5,653,881.99 euros, and the net book value of the stake thus presents an amount of 1,590,317.26 euros at 31 December 2021.

2020 Financial Year

On 25 February 2020 the Company proceeded to acquire 100% of the shares in the company Barings Core Algete S.L., comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. On 3 March 2020, it increased the capital by 12,990,059.00 euros, 8,443,539 euros as share capital and 4,546,520 euros as share premium. On 12 March 2020, the capital was increased by the amount of 1,028,756.00 euros, of which 668,691.00 euros was in the form of share capital and 360,065.00 euros as share premium. On 29 October 2020 and 18 November 2020 the share capital and share premium were reduced by 1,200,000.00 euros and 600,000.00 euros, respectively, the net book value of the stake thus presenting an amount of 12,223,815.00 euros at 31 December 2020.

During 2020 a resolution was passed to refund share premium and shareholder contributions at Barings Core M50 S.L., for an overall amount of 3,814,345.60 euros, thus reducing the cost of the stake by this amount. The net book value of the stake at 31 December 2020 presented an amount of 4,254,245.00 euros.

During 2020 a resolution was passed to refund share premium at Barings Core Crossroads, S.L., for 2,500,000.00 euros, thus reducing the cost of the stake by this amount. The net book value of the stake thus presented an amount of 17,666,092.00 euros at 31 December 2020.

During the 2020 financial year, the Company registered a valuation adjustment at Barings Core Logroño PFS, S.L. for an impairment of 477,873.45 euros, and the net book value of the stake thus presents an amount of 935,167.00 euros at 31 December 2020.

During 2020 a resolution was passed to refund share premium at Barings Core Toledo, S.L. for 2,200,000.00 euros, thus reducing the cost of the stake by this amount. The cost value of the stake thus presented an amount of 10,496,712.00 euros at 31 December 2020.

During 2020 a resolution was passed to refund share premium at Barings Core Plaza, S.L. for 1,150,000.00 euros, thus reducing the cost of the stake by this amount. The net book value of the stake thus presented an amount of 5,175,800.00 euros at 31 December 2020.

During 2020 a resolution was passed to refund share premium at Barings Core Logroño, S.L. for 1,800,000.00 euros, thus reducing the cost of the stake by this amount. The Company also recognised a valuation adjustment due to impairment of 3,799,920.86 euros, and therefore the net book value of this shareholding stood at 57,795,763.00 euros as at 31 December 2020.

During 2020, the Company registered a valuation adjustment at Barings Core Madrid, S.L. for an impairment of 907,363.50 euros, and the net book value of the stake thus presents an amount of 6,874,199.00 euros at 31 December 2020.

2019 Financial Year

On 8 October 2019, the Company acquired all the shares of the company Barings Core M50 S.L., comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. On 4 December 2019, it increased the capital by 6,537,300.00 euros, 4,249,245.00 euros as share capital and 2,288,055.00 euros as share premium. On 11 December 2019 a shareholder contribution of 1,526,290.60 euros was made, resulting in a net book value of 8,068,590.60 euros at 31 December 2019.

On 17 December 2019, the Company acquired all the shares of the company Barings Core Crossroad, S.L., comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. On 20 December 2019, it increased the capital by 20,161,092.00 euros, 13,107,710.00 euros as share capital and 7,056,382.00 euros as share premium, and therefore the net book value of this shareholding stood at 20,166,092.00 euros as at 31 December 2019.

2018 Financial Year

On 6 February 2018 the Company proceeded to acquire 100% of the shares in the company Barings Core Logroño PFS S.L., comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. On 23 February 2018, it increased the capital by 1,408,040.00 euros, 140,804.00 euros as share capital and 1,267,236.00 euros as share premium, and therefore the net book value of this shareholding stood at 1,413,040.00 euros as at 31 December 2018.

Financial Year 2017

On 3 February 2017, the Company proceeded to incorporate the company Barings Core Toledo S.L., comprising 3,000 shares of a par value of one euro each, for a total of 3,000.00 euros. On 6 March 2017, it increased the capital by 12,693,712.15 euros, 1,269,371.00 euros as share capital and 11,424,341.15 euros as share premium, and therefore the net book value of this shareholding stood at 12,696,712.15 euros as at 31 December 2017.

On 25 February 2017 the Company proceeded to acquire 100% of the shares in the company Barings Core Plaza S.L., comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. On 20 October 2017, it increased the capital by 6,320,800.00 euros, 632,080.00 euros as share capital and 5,688,720.00 euros as share premium, and therefore the net book value of this shareholding stood at 6,325,800.00 euros as at 31 December 2017.

On 29 December 2017 the Company acquired all the shares of the company Barings Core Logroño, S.L., comprising 698,098 shares with a par value of 100 euro each one for a total of 64,110,490.50 euros, plus an amount of 735,034.00 euros corresponding to the costs related to the acquisition of said company.

<u>FY 2016</u>

On 4 July 2016 the Company acquired 100% of the shares in the company Barings Core Madrid S.L., comprising 3,000 shares with a par value of one euro each, for a total of 3,000.00 euros. On

7 November 2016, it subsequently increased the capital by 7,778,562.75 euros, 1,000,000.00 euros as share capital and 6,778,562.75 euros as share premium, and therefore the net book value of this shareholding stood at 7,781,562.75 euros as at 31 December 2019.

7. Cash and cash equivalents

The composition of this caption is as follows:

Categories	2022	2021
Cash and cash equivalents	536,753.13	23,450,618.74
Total	**536,753.13**	**23,450,618.74**

The current accounts accrue the market interest rate for these types of accounts. There are no restrictions on the availability of these balances.

8. Financial liabilities

The breakdown of financial liabilities is as follows:

	2022		2021	
	At amortised cost or cost		At amortised cost or cost	
	Non-current	Current	Non-current	Current
Financial liabilities at amortised cost, Group (12)				
Debts payable	19,373,908.25	12,000.00	39,373,908.25	12,000.00
Other debts payable	-	11,182.83	-	195,970.01
Not related				
Other debts	13,391.14	-	12,573.84	-
Trade and other payables				
Creditors	-	49,778.81	-	472,935.43
Total financial liabilities	**19,387,299.39**	**72,961.64**	**39,386,482.09**	**680,905.44**

8.1 Financial liabilities at amortised cost, non-current

The breakdown of the items comprising the balance sheet heading "Non-current financial liabilities" in 2022 is as follows:

- "Group company payables" refers to a loan granted by the parent company BARINGS EUROPEAN CORE PROPERTY FUND TOPCP S.C.A. of registered office at the address Rue Eugène Ruppert 6, 2453 Luxembourg, which presents an amount pending of 19,373,908.25 euros at 31 December 2022 (39,373,908.25 euros at 31 December 2021). This loan was established on 18 January 2018 with a term of 15 years, payable upon maturity (see Note 12.2). The interest rate is 3.20%, payable yearly (3.20% in 2021). The accrued interest at 31 December 2022 and 2021 amounted to 935,195.43 and 1,285,582.75 euros respectively (see Note 12.2).

- "Debts and other payables" essentially comprises the entry "Sureties received" through the leasing of the property to the company Burger King Spain, S.L.

  The deposits and sureties lodged are valued for the amount handed over.

8.2 Financial liabilities at amortised cost, current

The breakdown of the items comprising the balance sheet heading "Current financial liabilities" in 2022 is as follows:

Classes / Categories	Current financial instruments	
	2022	**2021**
Other non-current borrowings (*) (Note 12.2)	12,000.00	12,000.00
Debts with Group and associated companies (Note 12.2)	11,182.83	195,970.01
Current interest on payables with group and associate companies	*11,182.83*	*195,970.01*
Trade and other payables (**)	49,778.81	472,935.43
Total	**72,961.64**	**680,905.44**

- "Group company payables" refers to the interest accruing on the loan granted by the parent company Barings Core Property Fund Topco, SCA.

- "Other creditors " comprises debts pending settlement with creditors as a result of sundry services, except for credits with Public Authorities.

The classification of financial assets by year of maturity was as follows at 31 December 2022 and 2021:

2022 Financial Year

	2023	2024	2025	2026	2027	Following years	Total non-current
Debts							
Debts with group companies	12,000.00	-	-	-	-	19,373,908.25	19,373,908.25
Other debts payable with group companies	11,182.83	-	-	-	-	-	-
Other debts not related		-	-	-	-	13,391.14	13,391.14
Trade and other payables							
Trade creditors	49,778.81	-	-	-	-	-	-
Total	**72,961.64**	**-**	**-**	**-**	**-**	**19,387,299.39**	**19,387,299.39**

2021 Financial Year

	2022	2023	2024	2025	2026	Following years	Total non-current
Debts							
Debts with group companies	12,000.00	-	-	-	-	39,373,908.25	39,373,908.25
Other debts payable with	195,970.01	-	-	-	-	-	-

group companies							
Other debts not related		-	-	-	-	12,573.84	12,573.84
Trade and other payables							
Trade creditors	472,935.43	-	-	-	-	-	-
Total	**680,905.44**	-	-	-	-	**39,386,482.09**	**39,386,482.09**

8.3 Information regarding the nature and risk level of financial instruments

The risk management policies of the Company are established by the Directors.

Credit risk:

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the company. In other words, the possibility of not recovering the financial assets for the recognised amount and within the established period. For the management of this risk, the Company regularly updates a list of how long accounts receivable have been outstanding in order to manage their payment. Overdue accounts are claimed monthly by the Company's Property Managers.

There is a market risk from the fluctuations in the fair value or future cash flows of a financial instrument due to the changes in market prices (interest rate and exchange rates). In this regard, the main risk faced by the Company corresponds to interest rates (it is not exposed to fluctuations in exchange rates, since the Company performs its operations in euros). To manage this risk, finance from third parties is received at a fixed rate and where appropriate, with minimum variable interest. In addition, in order to achieve this objective, the Company performs hedging transactions on the corresponding loans and those exposed to greater risk.

Liquidity risk

Liquidity risk is caused by the possibility that either the Company does not have liquid funds available, or does not have access to them in sufficient quantities at the appropriate cost, in order to meet its payment obligations at all times.

For the management of this risk, the available cash and the current payment obligations from financing or management contracts are regularly checked. Likewise, as the Company belongs to a group, should it prove necessary to resolve any potential liquidity needs, finance is available from the Group to which it belongs.

Investment risk

The Company mitigates investment risk by only investing in the securities of the most robust companies and institutions by relying on exhaustive reviews, opinions of independent experts, property valuations, financial due diligence, etc. Similarly, it performs quarterly valuations of each and every property in order to monitor any changes in their value.

9. Net equity

9.1 Shareholders' equity

Euros	2022	2021
Capital	75,068,029.00	75,068,029.00
Share premium	17,029,584.75	17,029,584.75
Reserves	1,962,277.56	239,579.53
Other shareholders' contributions	-	-
Profit/loss from previous financial years	(9,637,651.42)	(9,637,651.42)
Profit (loss) for the year	7,894,784.47	17,226,980.28
Total	**92,317,024.36**	**99,926,522.14**

As at 31 December 2022 the share capital totalled 75,068,029.00 euros represented by 75,068,029 shares with a par value of 1 euro each, fully paid-up. The share capital corresponds in its entirety to Barings Core Fund Spain S.à.r.L.

Class	Number	Nominal value / shareholding	Total nominal value	Disbursements pending	Date of enforceability
Ordinary	75,068,029	1.00	75,068,029.00		
Total	**75,068,029**	**1.00**	**75,068,029.00**	-	

9.2 Statutory legal reserve

In accordance with the Corporate Enterprises Act, the Company must transfer 10% of the profit for the year to the legal reserve until the reserve reaches at least 20% of the share capital. The legal reserve can only be used to increase the share capital. Save for the above-mentioned purposes, and until and unless it reaches 20% of the capital stock, this reserve may only be used to offset losses, provided there are no other reserves available for such purposes. As at 31 December 2022, the legal reserve had not reached the legally established minimum amount.

9.3 Share premium

The share premium derived from the incorporation of the Company and subsequent capital increases was not increased in 2022, and the amount therefore remains 17,029,584.75 euros at 31 December 2022. This is freely available up to the limit of the amount of the losses for the year and previous years, including its conversion into share capital.

9.4 Other shareholder contributions

On 10 December 2020, the Company's Sole Shareholder agreed to reimburse the contributions of shareholders in the amount of 2,160,793.84 euros, which was paid in cash. During the financial year 2022, the Company had no shareholder contributions.

10. Tax Situation

The breakdown of balances with public authorities is as follows:

	2022		2021	
	Balance receivable	Balances payable	Balance receivable	Balances payable
Value Added Tax	-	2,957.95	-	2,495.43
Withholdings made	-	592.67	-	41.71
Current tax	70,071.43	-	76,013.47	-
Tax authorities, withheld tax and payments on account	53,788.04	-	70,184.65	-
Total balances with Public Administrations	**123,859.47**	**3,550.62**	**146,198.12**	**2,537.14**

10.1 Corporate Income Tax

The reconciliation between the net income and expenses for the year with the taxable income for income tax at the close of the year is as follows:

2022 Financial Year

	Increases	Decreases	Total
Book result after tax	7,894,784.47		7,894,784.47
Permanent differences	6.00	-	6.00
Deductible limit - Finance costs	-	(864,850.71)	(864,850.71)
Impairment of shareholdings	1,617,595.98	(5,319,059.30)	(3,701,463.32)
Taxable income	**9,512,386.45**	**(6,183,910.01)**	**3,328,476.44**

2021 Financial Year

	Increases	Decreases	Total
Book result after tax	17,226,980.28	-	17,226,980.28
Permanent differences	5,844,548.92	(1,619,156.56)	4,225,392.36
Deductible limit - Finance costs	-	(453,546.10)	(453,546.10)
Impairment of shareholdings	5,844,548.92	(1,165,610.46)	4,678,938.46
Taxable income	**23,071,529.20**	**(1,619,156.56)**	**21,452,372.64**

10.2 Financial year pending examination and inspection proceedings

According to the legislation in force, taxes may not be considered to have been definitively settled until such time as the tax returns filed have been inspected by the tax authorities or the period of limitation of four years has expired.

The Governing Body of the Company consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, any potential liabilities that could arise would not have a material effect on the accompanying financial statements.

10.3 - Information requirements deriving from the condition of REIT, Law 11/2009, amended by Law 16/2012

Real Estate Investment Trusts (REITs) are companies that are used as real estate investment vehicles and benefit from a special tax scheme regulated under articles 8 through to 13 of Law 11/2009 of 26 October, which also establish the information obligations of this scheme which are as follows:

a) Reserves from financial years prior to the application of this tax scheme.

b) Reserves from financial years in which this scheme has been applied, distinguishing the portion that comes from income subject to the tax rate of 0% or 19% compared to those that, where applicable, have been subject to the general tax rate.

c) Dividends distributed charged to the profits of each financial year in which this scheme has been applicable, distinguishing the portion that comes from income subject to the tax rate of 0% or 19% compared to those that, where applicable, have been subject to the general tax rate.

d) In the case of the distribution of dividends charged to reserves, designation of the financial year from which the reserve used originates and whether such were subject to the tax rate of 0%, 19% or the general tax rate.

e) Date of agreement of the distribution of dividends referred to in letters c) and d) above.

f) Acquisition date of the real estate for leasing and of the shareholdings in the capital of entities referred to in section 1 of article 3 of Law 11/2009.

g) Identification of the asset which is counted within the 80% referred to in section 1 of article 3 of this Law.

h) Reserves originating from financial years during which the special tax scheme established under this Law is applicable, which have been drawn down during the tax period, and not for distribution or for offsetting losses, identifying the financial year from which said reserves originate.

The Company obtained profits during the 2022 financial year and therefore allocated a total of 10% of the profit to the legal reserve, namely an amount of 1,722,698.03 euros.

In order to comply with the information obligation detailed in letter b), the composition of the heading “First-time adoption reserves” comprises the costs deriving from the incorporation of the Company, recognised directly against equity as lower reserves in accordance with the Recognition and Measurement Standards of the General Accounting Plan.

In order to comply with the obligation of information detailed in letters f) and g), below follows information on the real estate earmarked for lease and the shareholdings in the capital of other REITs held by the Company at the close of 2022 (Note 6.1):

Item	Company	Acquisition date	Net book value 2022
Shareholding in REITs	Barings Core Madrid, S.L.	04/07/2016	4,275,066.16
Shareholding in REITs	Barings Core Toledo, S.L.	03/02/2017	10,496,712.15
Shareholding in REITs	Barings Core Logroño, S.L.	29/12/2017	59,595,683.99
Shareholding in REITs	Barings Core Logroño PFS, S.L.	06/02/2018	0.00
Shareholding in REITs	Barings Core Algete, S.L.	21/02/2020	12,223,815.00
Shareholding in REITs	Barings Core Crossroads, S.L.	17/12/2019	14,610,197.85
Shareholding in REITs	Barings Core M50, S.L.	08/10/2019	3,381,148.64
Real estate		29/12/2017	363,792.88

The assets calculated within the 80% as referred to in article 3.1 of Law 11/2009 are those detailed in the above table.

- The real estate acquired by the Company on 29 December 2017 had a market value which at the close of 2022 totalled 1,398,678.00 euros. It is currently leased to the company Burger King Spain, S.L., and its main activity is hospitality.

- The shareholdings in other REITs included in the above table correspond to:

  - Barings Madrid S.L.U., acquired by the company on 4 July 2016, which according to its corporate purpose as described in Note 6.1 has a real estate property located at the address Calle Velázquez 64, Madrid, which is currently leased out.

  - Barings Toledo S.LU., incorporated by the Company on 3 July 2017, which in accordance with its corporate purpose as described in Note 6.1, has two industrial units located in Ontigola, Toledo, which are currently leased out.

  - Barings Logroño S.L.U., acquired by the company on 29 December 2017, which according to its corporate purpose as described in Note 6.1 has one shopping centre located in Logroño, named CC Berceo, which is currently leased out.

  - Barings Logroño PFS S.L.U., acquired by the company on 6 February 2018, which according to its corporate purpose as described in Note 6.1 has a petrol station located in Logroño, within the CC Berceo shopping centre complex, which is currently leased out.

  - Barings Core M50, S.L.U., acquired by the company on 8 October 2019, which according to its corporate purpose as described in Note 6.1 has a real estate property used for commercial operations, located in Madrid and currently leased out.

- Barings Core Crossroads, S.L.U., acquired by the company on 17 December 2019, which according to its corporate purpose as described in Note 6.1 has six real estate properties employed as supermarkets, located in various Spanish cities and currently leased out.

- Barings Core Algete S.L.U., acquired by the company on 25 February 2020, which according to its corporate purpose as described in Note 6.1, has an industrial complex which is currently leased out.

11. Income and expenses

11.1 Net turnover

The distribution of the net turnover of the Company by activity is as follows:

Description	2022	2021
Revenue from leasing of premises	90,554.57	76,182.15
Revenue from expenses passed on to lessees	10,041.11	9,321.85
Revenues through services provided	354,493.55	210,374.02
Revenues from stakes in equity instruments (Note 6.3)	5,271,173.67	5,117,819.19
Revenues from disposal of stakes in equity instruments (Note 6.3)	-	18,150,536.04
Total	**5,726,262.90**	**23,564,233.25**

All of the businesses' turnover corresponding to the years ending 31 December 2022 and 2021, originated in Spain.

The disclosure of the revenue from equity instruments stakes is as follows:

Dividends distributed to the Company	2022	2021
Barings Core Plaza, S.L.	0.00	395,545.81
Barings Core Logroño, S.L.	2,335,918.42	1,940,979.99
Barings Core Algete, S.L.	248,805.08	137,187.54
Barings Core Crossroads, S.L.	1,806,393.09	2,644,105.85
Barings Core Toledo, S.L.	711,130.81	0.00
Barings Core M50, S.L.	168,926.27	0.00
Total	**5,271,173.67**	**5,117,819.19**

11.2 External services

The disclosure of the caption "Other operating expenses" reveals the following composition:

Description	2022	2021
External services	**395,571.36**	**683,445.88**
Independent professional services	278,164.55	609,282.31
Insurance premiums	106,743.97	64,220.88
Banking services and similar	1,850.08	1,076.12
Other services	8,812.76	8,866.57

Taxes	**1,171.79**	**3,014.38**
Other taxes	1,171.79	3,014.38
Total	**396,743.15**	**686,460.26**

11.3 Financial revenues

The detail of financial revenue is as follows:

Description	2022	2021
Through credits to group companies	**262,028.17**	**341,133.34**
a) Through credits to group companies (Note 6)	261,794.00	341,133.34
Third-party	234.17	-
Total	**262,028.17**	**341,133.34**

11.4 Financial expenses

The breakdown of "Financial costs" is as follows:

Description	2022	2021
Payables to third parties	**66,144.98**	**20,175.58**
a) Borrowings from third-parties	66,144.98	20,175.58
Through debts with group companies	**935,195.43**	**1,285,582.75**
a) Through credits with group companies (Note 8.2)	935,195.43	1,285,582.75
Total	**1,001,340.41**	**1,305,758.33**

12. Operations with related parties

12.1 Transactions with related parties

The detail of the operations performed during the financial year 2022 and 2021 with related parties is as follows:

Group companies	2022	2021
Expenses from \commercial operations	5,681.96	4,651.33
Income from\\commercial operations	354,493.55	210,374.02
Expenses through interest accruing	935,195.43	1,285,582.75
Finance revenue from dividends	5,271,173.67	5,117,819.19
Financial revenues through interest	261,794.00	341,133.34
Total	**6,828,338.61**	**6,959,560.63**

The Company re-invoiced the costs incurred, by virtue of the service provision contracts signed between Barings Core Spain Socimi S.A. and each one of its subsidiaries, for a total amount of 354,493.55 euros in 2022 and 210,374.02 euros in 2021.

12.2 Balances with related parties

At the close of 2022 and 2021 the balances with related parties were as follows:

	Parent company		Group companies	
	2022	2021	2022	2021
CURRENT ASSETS				
a) Loans to Group companies (Note 6)	5,885,939.00	4,057,244.88		57,959.56
b) Current client receivables for sales and services (Note 6)	219,080.68	-	-	13,179.66
NON-CURRENT ASSETS				
a) Loans to Group companies (Note 6)	-	-	-	7,000,000.00
NON-CURRENT LIABILITIES				
1. Non-current borrowings a) Borrowings from group companies and associates (Note 8)	19,373,908.25	39,373,908.25	-	-
CURRENT LIABILITIES				
1. Current borrowings a) Other debts (Note 8)		-	12,000.00	12,000.00
b) Borrowings from group companies and associates (Note 8)	11,182.83	195,970.01	-	-

12.3 Remuneration of the Directors and Senior Management.

During 2022 and 2021 financial years no remuneration received by members of the governing body for holding said position.

12.4 Information regarding director conflicts of interest

For the purposes of Article 229 of the Corporate Enterprises Law, it is hereby stated that during the financial year 2022 neither members of the Board of Directors or related persons have held a position or a direct or indirect shareholding in third companies, with which there may exist a conflict of interests with the company.

13. Other information

13.1 Staff structure

The Board of Directors comprises three members:

- Mr José Carlos Torres Torres, Chairperson and CEO;
- Mr Carlos de Oya, Director; and

- Mr Neil Kenneth Robertson, Director.

Meanwhile, Intertrust (Spain), S.L., was appointed as Non-Directorial Secretary, represented by Ms María Guadalupe Astarloa Echevarrieta.

The average number of employees of the Company during the 2022 and 2021 financial years was 0.

13.2 Audit fees

The fees paid during the year to the accounts auditor were as follows:

	2022	2021
Fees of the annual accounts auditors	12,650	11.500
	12,650	**11.500**

14. Information on the environment and greenhouse gas emission rights

14.1. Information on the environment

During the financial year, there have been no costs associated with the protection and improvement of the environment. Likewise, there have been no costs or risks where it has been necessary to cover such with provisions for environmental actions, nor contingencies associated with the protection and improvement of the environment.

14.2 Information on greenhouse gas emission rights

During the financial year there was no movement under any entry connected with greenhouse gas emissions rights.

15. Information regarding deferrals of payment made to suppliers. Additional provision three. "Duty of Disclosure": Act 15/2010, of 5 July 2010

For the purposes established in the Third Additional Provision of Act 15/2010, of 5 July 2010, amended by subsection 2 of Article 9 of Act 18/2022, of 28 September 2022, and in accordance with the Decision of 29 February 2016 of the Institute of Accounting and Accounts Auditing, details are given below of the average supplier payment period, the ratio of operations paid, ratio of operations pending payment, total payments made and total payments pending:

	2022	2021
Item	**Days**	**Days**
Average period of payment to suppliers	17.08	16.82
Ratio of operations paid	17.04	16.06
Ratio of operations pending payment	25.45	39.83
	Sum (Euros)	**Sum (Euros)**
Total payments made	831,182.83	209,462.96
Total payments outstanding	3,959.45	6,913.11

	2022
Monetary volume paid by legal deadline	725,477.52
Number of invoices paid by legal deadline	91.00
Percentage of the monetary volume paid by the legal deadline out of the total volume of invoices paid (%)	87%
Percentage of the number of invoices paid by the legal deadline out of the total number of invoices paid (%)	81%

In accordance with the ICAC Decision, calculation of the average period for payment to suppliers took into account trade operations corresponding to the delivery of goods or provision of services accruing since the date of entry into force of Law 31/2014, of 3 December 2014.

Suppliers are considered, for the exclusive purposes of giving the information stipulated in this Resolution, to be trade creditors through debts with suppliers of goods or services, included in the "Other payables" entries of current liabilities of the balance sheet.

The "Average supplier payment period" is understood as the period elapsing between delivery of the goods or provision of the services for which the supplier is responsible, and material payment for the operation.

The maximum legally established payment period applicable to the Company during the 2022 financial year according to Law 3/2004, of 29 December 2004, establishing measures to combat payment defaults in trade operations, is 60 days.

The legally established payment period for paying invoices to suppliers was exceeded on several occasions. the Company envisages implementing measures to reduce this period for the following financial year, among them being an improvement to internal control procedures to resolve such disputes.

16. Subsequent events

On 27 February 2023, BARINGS CORE FUND SPAIN, S.à.r.l., sole shareholder of the Company approved the total contribution of a credit right for the amount of 2,614,932 euros under the terms of a Fixed Interest Loan agreement signed on 10 April 2018 between the company BARINGS CORE LOGROÑO PFS, S.L.U. and BARINGS EUROPEAN CORE PROPERTY FUND TOPCO, S.C.A.

Notwithstanding the above, this contribution of the credit right has since 27 February 2023 been imputed to Account 118 "Contributions by Shareholders or Owners" under the General Accounting Standards.

MANAGEMENT REPORT

AT 31 DECEMBER 2022 OF BARINGS CORE SPAIN SOCIMI S.A.U.

BARINGS CORE SPAIN SOCIMI, S.A.U. (the **Company**) is a holding company with stakes in other public limited liability companies engaged in the real estate market (REITs), and is controlled by the company Barings Core Fund Spain S.À.R.L.. of registered office in Luxembourg.

The Company holds shares in dependent companies. As a consequence of which, the Company is the parent of a Corporate Group under the terms of the legislation in force.

At the close of 2022, the Company's direct shareholdings in group companies are as follows:

- 100% of the Spanish company Barings Core Madrid, S.L.U.
- 100% of the Spanish company Barings Core Toledo, S.L.U.
- 100% of the Spanish company Barings Core Logroño, S.L.U.
- 100% of the Spanish company Barings Core Logroño PFS, S.L.U.
- 100% of the Spanish company Barings Core M50, S.L.U.
- 100% of the Spanish company Barings Core Crossroads, S.L.U.
- 100% of the Spanish company Barings Core Algete, S.L.U.

On 14 July 2022 the Company acquired all shares in the company Positano ITG, S.L.U. as a vehicle to acquire a real estate asset in Madrid. As the operation was not ultimately performed, the investee was subsequently liquidated on 24 November 2022.

On 14 July 2022, the Company also acquired all shares in the company Sendai ITG, S.L.U. to acquire another real estate asset in Madrid. On 26 September 2022 the Company changed its corporate name to Barings Core Salado, S.L.U. On 24 November 2022 the investee was subsequently liquidated, as the operation it was to perform ultimately did not take place.

The Company is at the same time the owner of a property that is currently leased.

The subsidiaries are mainly engaged in the business of acquisition and development of urban real estate leasing.

The Consolidated Group foresees being able to continue making investments in the property market over the coming years.

Given its status as a Spanish REIT [SOCIMI], the regime to which the Company subscribed in the 2016 financial year, it began to be listed on Euronext Access Paris, a non-regulated trading market, this being one of the requirements established by the legislation governing SOCIMIs.

With regard to the possible risks faced by the Company and the Group, they are divided into three general classifications in accordance with the criteria deemed most appropriate for efficient risk management.

BARINGS CORE SPAIN SOCIMI, S.A.U. has implemented the necessary mechanisms to control the exposure to changes in the interest rates as well as credit and liquidity risk. The main financial risks faced by the Company are detailed below:

a) Credit risk

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the company. In other words, the possibility of not recovering the financial assets for the recognised amount and within the established period. For the management of this risk, the Company regularly updates a list of how long accounts receivable have been outstanding in order to manage their payment. Overdue accounts are claimed monthly by the Company's Property Managers.

There is a market risk from the fluctuations in the fair value or future cash flows of a financial instrument due to the changes in market prices (interest rate and exchange rates). As such, the main risk to which the Company is exposed is that of interest rates (it is not exposed to exchange rates given that the Company's activities are settled in euros, which is the Consolidated Group's functional currency). This risk is managed by means of ongoing finance received from the controlling company Barings Core Property Fund Topco, SCA.

b) Liquidity risk

Liquidity risk is caused by the possibility that either the Company does not have liquid funds available, or does not have access to them in sufficient quantities at the appropriate cost, in order to meet its payment obligations at all times.

For the management of this risk, the available cash and the current payment obligations from financing or management contracts are regularly checked. Likewise, as the Company belongs to a group, should it prove necessary to resolve any potential liquidity needs, finance is available from the group to which it belongs.

c) Investment risk

The Company mitigates investment risk by only investing in the securities of the most robust companies and institutions by relying on exhaustive reviews, opinions of independent experts, property valuations, financial due diligence, etc. Similarly, it performs quarterly valuations of each and every property in order to monitor any changes in their value.

Operations with derivative financial instruments

The Company has no derivative financial products contracted in 2022.

Average payment period

The average supplier payment period during the 2022 financial year was 17.08 days.

Research and development

The Company did not carry out research and development activities in 2022.

Operations with treasury stock

The Company did not possess or acquire treasury shares during the 2022 financial year.

Events subsequent to the close of year

On 27 February 2023, BARINGS CORE FUND SPAIN, S.à. r.l., sole shareholder of the Company approved the total contribution of a credit right for the amount of 2,614,932 euros under the terms of a Fixed Interest Loan agreement signed on 10 April 2018 between the company BARINGS CORE LOGROÑO PFS, S.L.U. and BARINGS EUROPEAN CORE PROPERTY FUND TOPCO, S.C.A.

Notwithstanding the above, this contribution of the credit right has since 27 February 2023 been imputed to Account 118 "Contributions by Shareholders or Owners" under the General Accounting Standards.

Madrid, 22 June 2023

Mr. José Carlos Torres Torres
Chairman and CEO

Mr. Carlos de Oya Jiménez
Director

Mr. Neil Kenneth Robertson

Director

Intertrust (Spain) S.L.U., Non-Directorial Secretary,
Represented by Ms. María Guadalupe Astarloa Echevarrieta

BARINGS CORE SPAIN SOCIMI, S.A.U.

Formal Signature

At a meeting of the directors of the company Barings Core Spain Socimi, S.A.U., on 22 June 2023, and in accordance with the requirements laid down in Article 253 of the Consolidated Text of the Corporate Enterprises Act, and Article 37 of the Code of Commerce, they proceeded to formulate the annual financial statements and management report for the financial year running from 1 January 2022 until 31 December 2022. The financial statements comprise the annexed documents preceding this text and the three signatures.

Mr José Carlos Torres Torres
Chairman and CEO

Mr Carlos de Oya Jiménez
Board member

Mr. Neil Kenneth Robertson

Board member

Intertrust (Spain) S.L.U., Non-Directorial Secretary,
Represented by Ms. Maria Guadalupe Astarloa Echevarrieta