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

(Together with the consolidated annual accounts and consolidated directors' report of Barings Core Spain Socimi, S.A.U. and subsidiaries for the year ended 31 December 2021)

(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 Consolidated 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 consolidated annual accounts of Barings Core Spain Socimi, S.A.U. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2021, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the consolidated 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 Consolidated Annual Accounts* section of our report.

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

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On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

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

Impairment of investment property (see notes 4.4 and 6 to the consolidated annual accounts)

The Group has investment property amounting to Euros 271,257,475.24 that is fully or partially used to earn rentals or for capital appreciation or both. The Group assesses investment property annually for indications of impairment, for the purpose of determining whether the carrying amount exceeds the recoverable amount. The recoverable amount of investment property is determined on the basis of a valuation performed by independent experts. In this regard, this amount is calculated by applying valuation techniques which often require the exercising of judgement by the independent expert and the Board of Directors, as well as the use of assumptions and estimates. Due to the high level of judgement, the uncertainty associated with these estimates and the significance of the carrying amount of the investment property, this has been considered a relevant aspect of our audit.

Our audit procedures included evaluating the design and implementation of key controls related to the valuation of investment property, as well as assessing the methodology and assumptions applied in the preparation of the valuations used in this process, for which purpose we involved our investment property valuation specialists. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated 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 consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts, and assessing and reporting on whether the content and presentation of the consolidated 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 consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021 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 Consolidated Annual Accounts

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

In preparing the consolidated annual accounts, the Parent'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

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- Conclude on the appropriateness of the Parent'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Parent 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 consolidated 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 Ortega
On the Spanish Official Register of Auditors (“ROAC”) with No. 2598

27 June 2022

Barings Core Spain SOCIMI, S.A.U. and Subsidiaries

Consolidated Financial Statements corresponding to the financial year ended 31 December 2021

Consolidated Management Report 2021 Financial Year (Including Auditor's Report)

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

Consolidated balance sheet at 31 December 2021

(Expressed in euros)

ASSETS	Note	31/12/2021	31/12/2020
A) NON-CURRENT ASSETS		**273,879,439.14**	**306,089,924.86**
Intangible fixed assets		**8,000.00**	**10,000.00**
1. Consolidation goodwill	5	8,000.00	10,000.00
Real estate investments		**271,257,475.24**	**303,078,146.19**
1. Land and buildings	6	269,317,765.66	300,880,168.25
2. Technical installations		372,321.39	557,137.83
3. Other installations		1,461,268.23	1,607,822.19
6. Fit out		6,119.96	33,017.92
5. Transport elements		100,000.00	0.00
Long-term financial investments		**2,613,963.90**	**3,001,778.67**
2 Long-term sureties	8.1	2,613,963.90	3,001,778.67
B) CURRENT ASSETS		**37,573,337.46**	**12,274,899.63**
Inventory stock		**4,830.19**	**3,830.19**
6. Advances to suppliers		4,830.19	3,830.19
Trade receivables and other accounts receivable		**913,543.62**	**1,570,138.10**
1. Clients through sales and services provided	8.2	531,550.95	1,136,531.70
5. Other receivables from Public Authorities	12.1	381,992.67	433,606.40
Short-term accruals		**199,303.64**	**296,685.53**
Short-term financial investments	8.1	**4,052,580.94**	**0.00**
5. Other assets with group companies		4,045,994.44	0.00
5. Other financial assets		6,586.50	0.00
Cash and equivalent liquid assets		**32,403,079.07**	**10,404,245.81**
1. Cash and banks	9	32,403,079.07	10,404,245.81
TOTAL ASSETS (A + B)		**311,452,776.60**	**318,364,824.49**

NET EQUITY AND LIABILITIES	Note	31/12/2021	31/12/2020
A) NET EQUITY		**102,682,158.19**	**86,978,070.94**
A-1) Capital and reserves		**102,682,158.19**	**86,978,070.94**
Capital		**75,068,029.00**	**75,068,029.00**
1. Issued capital	10.1	75,068,029.00	75,068,029.00
Share premium	10.3	**17,029,584.75**	**17,029,584.75**
Reserves in consolidated companies		**(5,192,010.48)**	**(7,155,116.43)**
Result for year attributed to dominant company		**15,776,554.92**	**2,035,573.62**
1. Consolidated profit (loss)		15,776,554.92	2,035,573.62
B) NON-CURRENT LIABILITIES		**166,680,325.01**	**214,787,708.92**
Long-term debts	8.3	**27,936,647.70**	**60,521,961.05**
1. Bank borrowings (loans and lines of credit)		24,365,343.14	55,941,051.71
2 Other financial liabilities		3,571,304.56	4,580,909.34
Non-current borrowings with related parties	14.1	**138,743,677.31**	**154,265,747.87**
C) CURRENT LIABILITIES		**42,090,293.40**	**16,599,044.63**
Short-term debts	8.3	**32,038,924.19**	**47,512.60**
1. Bank borrowings (loans)		31,713,605.41	47,512.60
3. Other financial liabilities		325,318.78	0.00
Short-term debts with group and associated companies		**476,164.84**	**1,525,802.46**
1. Current accounts with group companies	14.1	476,164.84	1,525,802.46
Trade payables and other accounts payable		**9,575,204.37**	**15,025,729.57**
3. Creditors	8.4	8,922,151.74	9,212,808.65
4. Other creditors	8.4	0.00	5,000,000.00
5. Other payables to Public Authorities	12.1	653,052.63	812,920.92
TOTAL NET EQUITY AND LIABILITIES (A + B + C)		**311,452,776.60**	**318,364,824.49**

The consolidated annual financial statements of BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2021, which form a single unit, comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in net equity and the consolidated explanatory notes hereto attached.

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

Consolidated Income Statement for the financial year ended 31 December 2021

(in euros)	Note	31/12/2021	31/12/2020
1. Net turnover		**38,999,108.06**	**20,949,156.51**
b) Services provided	13.1	21,179,653.98	20,949,156.51
c) Other operating revenues	13.1	17,819,454.08	0.00
7. Other operating expenses	13.2	**(6,725,460.40)**	**(6,021,082.09)**
a) Outsourced services		(5,804,441.23)	(5,290,283.22)
b) Taxes		(855,689.17)	(670,798.87)
c) Losses, impairment and variation of provision through trade operations		(65,330.00)	(60,000.00)
8. Depreciation and amortisation	6	**(5,211,921.95)**	**(5,152,786.57)**
10. Impairment and results through disposals of fixed assets		**(5,075,444.74)**	**825,028.05**
b) Impairment	6	(5,075,444.74)	825,028.05
11. Exceptional revenue and expenses		**3,445.59**	**(3,920.29)**
a) Exceptional income		3,445.59	(3,920.29)
A. OPERATING RESULT (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11)		**21,989,726.56**	**10,596,395.61**
12. Financial revenues	13.3	**57,244.44**	**0.00**
b) From group companies and associates		57,244.44	0.00
13. Financial expenses	13.3	**(6,618,240.50)**	**(8,673,745.17)**
a) of Group Companies		(5,612,701.93)	(7,688,220.83)
b) From debts with other companies		(985,688.26)	(985,524.34)
c) Other finance costs		(19,850.31)	0.00
14. Change in fair value of financial instruments	8.3	**347,824.42**	**112,923.18**
A. FINANCIAL RESULT (12+13)		**(6,213,171.64)**	**(8,560,821.99)**
A. PROFITS BEFORE TAX (A.1+A.2)		**15,776,554.92**	**2,035,573.62**
14. Corporation Tax		**0.00**	**0.00**
A. RESULT FOR FINANCIAL YEAR (A.3+14)		**15,776,554.92**	**2,035,573.62**
Profit allocated to the parent company		**15,776,554.92**	**2,035,573.62**
Result attributed to minority interests		**0.00**	**0.00**

The consolidated annual financial statements of BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2021, which form a single unit, comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in net equity and the consolidated explanatory notes hereto attached.

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

B) Consolidated Statement of Changes in Net Equity for the financial year ended 31 December 2021

(Expressed in euros)

CONSOLIDATED	Share capital	Share premium or assumption	Reserves in the consolidated companies and Reserves in Parent	Result for the financial year	Other shareholders' contributions	Total
B. INITIAL BALANCE, 2020	**65,955,799.00**	**12,122,999.75**	**(2,091,379.21)**	**(2,732,397.25)**	**2,160,794.48**	**75,415,816.77**
I. Total recognised consolidated income and expenses	-	-	-	2,035,573.62	-	**2,035,573.62**
Rights issue	9,112,230.00	4,906,585.00	-	-	-	**14,018,815.00**
Shareholder contributions	-	-	-	-	(2,160,794.48)	**(2,160,794.48)**
III. Other changes in consolidated net equity	-	-	-	-	-	-
Allocation of 2019 consolidated profit	-	-	(5,063,737.22)	2,732,397.25	-	(2,331,339.97)
C. BALANCE, END OF YEAR 2020	**75,068,029.00**	**17,029,584.75**	**(7,155,116.43)**	**2,035,573.62**	-	**86,978,070.94**
I. Total recognised consolidated income and expenses	-	-	-	15,776,554.92	-	**15,776,554.92**
III. Other changes in consolidated net equity	-	-	2,035,573.62	(2,035,573.62)	-	-
Other adjustments	-	-	(72,467.67)	-	-	(72,467.67)
C. BALANCE, END OF YEAR 2021	**75,068,029.00**	**17,029,584.75**	**(5,192,010.48)**	**15,776,554.92**	-	**102,682,158.19**

The consolidated annual financial statements of BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2021, which form a single unit, comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in net equity and the consolidated explanatory notes hereto attached.

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

A) Statement of recognised income and expenses for the financial year ended 31 December 2021

(Expressed in euros)

	2021	2020
a) Consolidated profit or loss for the year	15,776,554.92	2,035,573.62
Income and expenses directly attributed to net equity		
I. Through valuation of financial instruments	-	-
1. Financial assets available for sale	-	-
2 Other revenue/expenditure	-	-
II. Due to cash flow hedges	-	-
III. Grants, donations and bequests received	-	-
IV. Through actuarial gains and losses and other adjustments	-	-
V. Tax effect on equity	-	-
B) Total revenues and expenses imputed directly to consolidated net equity (I+II+III+IV+V)	-	-
Sums transferred to the consolidated income statement		
VI. Through valuation of financial instruments	-	-
1. Financial assets available for sale	-	-
2 Other revenue/expenditure	-	-
VII. Due to cash flow hedges	-	-
VIII. Grants, donations and bequests received	-	-
IX. Tax effect on income statement	-	-
C) Total sums transferred to the consolidated income statement (VI+VII+VIII+IX)	-	-
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES (A+B+C)	15,776,554.92	2,035,573.62

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
31 December 2021

(Expressed in euros)

CONCEPT	Note	31/12/2021	31/12/2020
CASH FLOWS FROM OPERATING ACTIVITIES (+/-1+/-2+/-3+/-4)		**19,918,806.54**	**18,145,253.09**
1. Profit/loss for the financial year before taxes		**15,776,554.92**	**2,035,573.62**
2. Adjustments to result		**16,565,868.33**	**12,948,580.51**
a) Amortisation and depreciation of fixed assets (+)	6	5,211,921.95	5,152,786.57
b) Valuation corrections through deterioration (+/-)	6	5,140,774.74	(765,028.05)
e) Results through withdrawals and disposal of fixed assets		0.00	0.00
g) Financial income (-)	13.3	(57,244.44)	0.00
h) Financial costs (+)	13.3	6,618,240.50	8,673,745.17
j) Changes in the fair value of financial instruments.	8.3	(347,824.42)	(112,923.18)
3. Changes in working capital		**(4,730,430.14)**	**15,876,420.46**
b) Debtors and other receivables (+/-)		622,713.17	3,741,060.37
c) Other current assets (+/-)		97,381.89	(108,097.31)
d) Creditors and other accounts payable (+/-)		(5,450,525.20)	12,243,457.40
4. Other cash flows from operating activities		**(7,693,186.57)**	**(12,715,321.50)**
a) Interest paid (-)		(7,704,436.57)	(12,715,321.50)
b) Dividends received +		57,244.44	0.00
c) Collection of interest +		(45,994.44)	0.00
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (7-6)		**(3,856,553.01)**	**(48,508,298.37)**
6. Payments for investments (-)		**(4,239,781.28)**	**(48,508,298.37)**
a) Group companies and associates	8.1	(4,000,000.00)	0.00
b) Intangible fixed assets		0.00	(4,000.00)
d) Real estate investments	6	(239,781.28)	(49,197,665.10)
e) Other financial assets		0.00	693,366.73
7. Proceeds from divestments (+)		**383,228.27**	**0.00**
b) Intangible fixed assets		2,000.00	0.00
d) Real estate investments	6	0.00	0.00
e) Other financial assets		381,228.27	0.00
C) CASH FLOWS FROM FINANCING ACTIVITIES (+/-9+/-10)		**5,936,579.73**	**32,604,944.96**
9. Receipts and payments on equity instruments		**(72,467.67)**	**11,859,479.72**
a) Issue of equity instruments (+)		0.00	14,018,815.00
b) Amortisation of equity instruments (-)		(72,467.67)	(2,160,794.48)
c) Movement in reserves (-)		0.00	1,459.20
10. Sums received and paid through financial liability instruments		**6,009,047.40**	**23,078,264.41**
a) Issuance		10,129,048.40	23,127,769.37
1. Bank borrowings (+)		0.00	0.00
2 Debts with group and associated companies (+)		10,129,048.40	22,866,037.01
3. Other debts (+)		0.00	261,732.36
b) Repayments and amortisation of		**(4,120,001.00)**	**(49,504.96)**
2 Bank borrowings (-)		0.00	(49,504.96)
3. **Debts with group and associated companies (-)**		(3,783,539.42)	0.00
4. Other payables (-)		(336,461.58)	0.00

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
31 December 2021

(Expressed in euros)

11. Dividend and interest on other equity instruments paid		**0.00**	**(2,332,799.17)**
a) Dividends (-)		0.00	(2,332,799.17)
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C/+D)		**21,998,833.26**	**2,241,899.68**
Cash or cash equivalents at the beginning of the financial year		10,404,245.81	8,162,346.13
Cash and equivalent assets at end of year		32,403,079.07	10,404,245.81

The consolidated annual financial statements of BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2021, which form a single unit, comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in net equity and the consolidated explanatory notes hereto attached.

1. Group Companies

1.1. Parent Company

BARINGS CORE SPAIN, SOCIMI, S.A.U. (hereinafter, the Parent Company, or 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 34730, Book 0, Sheet 141, Section 8, Page M-62664 Entry 1. On 20 September 2016 Company changed its name to Barings Core Spain SLU and converted into a Public Limited Liability Company by means of a deed executed on 26 December 2017. On 20 July 2018 the Company changed its name to Barings Core Spain Socimi, S.A.U. via an instrument executed on 20 July 2018.

On the same date it changed its corporate purpose which is now worded as follows:

- The acquisition and promotion of urban real estate assets for leasing.
- 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.
- The ownership of stakes 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 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 fulfils the investment requirements referred to in the REIT Law.
- The ownership of shares or shareholdings in Real Estate Collective Investment Institutions governed by Law 35/2003 of 4 November on Collective Investment Institutions.
- 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 (including, without limitation, real estate transactions other than those detailed in sections a) and d) above) or those that may be considered as ancillary pursuant to the Law on REITs at any time.

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.

The Parent Company transferred its registered office to calle Serrano 41, 41° 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 Junglister, Mr. Jean Seckler, with registered office at rue Eugéne Ruppert, L-2423 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 figures included in the consolidated financial statements are expressed in euros, unless otherwise indicated.

The company is of unlimited duration and commences its operations on the date of execution of the deed of incorporation. The Company closes its financial years on 31 December of each year.

The attached consolidated financial statements include the financial statements of the Companies controlled by the Parent Company as at 31 December of each financial year. Control is deemed to be held by the Dominant Company if it has the power to establish the financial and operational policies of its investees.

1.1.1. SOCIMI scheme

On 27 September 2016, the Parent 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 the 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 2 % 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 comprises 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.

Furthermore, once it has complied with its commercial obligations, the Company must distribute the profits obtained during the year in the form of dividends to its shareholders within the six months following the conclusion of each financial year and pay within one month of the date of the resolution of the distribution.

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. At 31 December 2019 and 2018, the Company already fulfilled all the requirements established by this standard given that since the month of September 2018 the shares are traded on Euronext Access Paris.

1.2. Subsidiaries

Subsidiaries are the entities, including the special purpose entities, over which the Group has or can have direct or indirect control, this being understood to mean the power to direct the financial and operational policies of a business in order to obtain financial benefits from its activities.

In assessing whether the Group controls another entity, consideration is given to the existence and impact of potential voting rights which can actually be exercised or converted. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The results of the investees acquired during the financial year are included within the consolidated result from the effective date that control is taken or until the loss of said control, as applicable. The breakdown of the Subsidiaries of the Barings Group in 2021 as well as their activities, registered offices and shareholding percentages are as follows:

Subsidiaries	Euros			Net Equity	% Stake
	Subscribed capital	Reserves	Result for the financial year		Direct
Barings Core Madrid S.L.	1,003,000	6,251,199	(5,662,682)	1,591,517	100%
Barings Core Toledo, S.L.	1,272,371	8,950,425	790,145	11,012,941	100%
Barings Core Plaza, S.L. (*)	635,080	4,653,635	331,082	5,619,797	0 %
Barings Core Logroño, S.L.	698,098	17,291,631	2,335,918	20,325,647	100%
Barings Core Logroño PFS S.L.	143,804	791,363	(122,795)	812,372	100%
Barings Core M50, S.L.	4,252,245	(209,233)	187,696	4,230,708	100%
Barings Core Crossroads S.L.	13,107,710	4,133,255	2,007,103	19,248,068	100%
Barings Core Algete S.L.	9,115,230	3,140,341	276,450	12,532,021	100%

(*) 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	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 Crossroadas 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

The breakdown of the Subsidiaries of the Barings Group in 2020 as well as their activities, registered offices and shareholding percentages are as follows:

Subsidiaries	Euros			Net Equity	% Stake
	Subscribed capital	Reserves	Result for the financial year		Direct
Barings Core Madrid S.L.	1,003,000	6,299,280	(418,081)	6,884,199	100%
Barings Core Toledo, S.L.	1,272,371	8,977,251	(26,826)	10,222,796	100%
Barings Core Plaza, S.L.	635,080	4,653,635	395,546	5,684,261	100%
Barings Core Logroño, S.L.	698,098	19,249,296	1,940,980	21,888,374	100%
Barings Core Logroño PFS S.L.	143,804	1,054,190	(262,827)	935,167	100%
Barings Core M50, S.L.	4,252,245	(18,431)	(190,802)	4,043,012	100%
Barings Core Crossroadas S.L.	13,107,710	2,528,123	3,305,132	18,940,965	100%
Barings Core Algete S.L.	9,115,230	3,106,044	171,484	12,392,758	100%

Subsidiaries	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 Plaza, 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 Crossroadas 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

The circumstances under which these Companies are consolidated, through the full consolidation method, corresponds to the situations indicated in Article 2 of the NOFCAC (Standards for the Formulation of Consolidated annual financial statements), as indicated below:

1. When the Parent company is considered to be in a relationship with another Company (subsidiary) in any of the following situations:

   a) The Parent company holds the majority of the voting rights.

   b) The Parent company has the power to appoint or remove the majority of the members of the governing body.

   c) The Parent company, by virtue of agreements entered into with other Shareholders, may have the majority of the voting rights.

   d) The Parent has appointed the majority of the members of the Governing body using its votes, who are discharging their duties at the time of issue of the consolidated financial statements and during the preceding two financial years. This circumstance assumes that the majority of the members of the Parent company's governing body are members of the governing body or senior management of the Parent company or an investee company.

2. When a Parent company holds half or less than half of the voting rights, even when it barely possesses or does not possess a shareholding in another Company, or when the managerial power has not been detailed (special purpose entities), but it participates in the risks and benefits of the entity, or has the capacity to participate in the operational and financial decision-making thereof.

Pursuant to article 155 of the Spanish Corporate Enterprises Law, the Company has informed all these Companies that, either directly or through another Subsidiary, it holds a stake of more than 10% of the capital. The close of the financial year of the Subsidiaries coincides with that of the Parent Company. All Subsidiaries have been consolidated in these consolidated financial statements.

2. Basis of presentation of the consolidated financial statements

2.1 True and fair view

The consolidated financial statements have been prepared using the accounting records of the Barings Core Spain Socimi, S.A. and of the Subsidiaries and include the adjustments and reclassifications necessary for their homogenisation in terms of time and value using the accounting criteria established by the Group.

These consolidated accounts for 2021 have been formulated in accordance with the corporate legislation in force and the rules established in the General Accounting Standards, in order to present a true and fair view of the consolidated equity and consolidated financial position at 31 December 2021, and of the consolidated results of operations, changes in consolidated net equity and consolidated cash flows corresponding to the financial year ended at said date.

The Directors of the Parent Company consider that the consolidated financial statements for 2021, which have been authorised for issue, will be approved by the Sole Shareholder without any amendments.

2.2 Critical aspects of the interpretation and valuation of uncertainty and relevant judgments in the application of accounting policies

Preparation of the consolidated financial statements demands that the Directors employ certain estimates and opinions regarding the future which are subject to continuous evaluation and are based on historical experience and other factors, including the prospects for future success as deemed reasonable under the circumstances.

The actual results may well appear in a manner different to that expected and subsequently these estimations and judgements are continuously evaluated. Even though these estimations were performed by the Management of the Parent Company with the best information available at the close of each reporting period, by applying its best estimate and knowledge of the market, it is possible that potential future events may oblige the Parent Company to amend them in the following financial years. In accordance with the prevailing legislation, the effects of the change in the estimations will be recognised prospectively in the income statement.

The most significant estimations and judgements performed by the Company are detailed below:

- The valuation of the impairment to its real estate investments that may derive from a lower value received in the real estate appraisals carried out by independent third-party experts compared to the book value recognised for these assets. In order to determine the fair value, the Directors of the Parent Company has engaged an independent expert to perform appraisals of the real estate investments according to the estimations of the expected future cash flows of such assets and using the appropriate discount rate to calculate the actual value of these cash flows (Note 6).

- The useful life of its real estate investments (Note 6).

2.3 Comparison of Information

In accordance with commercial law, in addition to the figures for the year ending 31 December 2021, each of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement items are presented with the figures from 2020, which form part of the consolidated financial statements for 2020, approved on 29 June 2021.

When comparing the items from both periods, it is necessary to take into account the variations in the scope of consolidation from one year to the next. In the 2020 financial year, the consolidation scope included the Parent Company and the subsidiaries Barings Core Madrid, S.L., Barings Core Toledo S.L., Barings Core Plaza S.L., Barings Core Logroño S.L., Barings Core Logroño PFS, S.L., Barings Core M50, S.L., Barings Core Crossroads and Barings Core Algete, S.L. In the 2021 financial year the company Barings Core Plaza, S.L. was excluded from the consolidation scope, 100% of the stock having been sold to a third party on 18 October 2021 (see Note 1.2).

Royal Decree 1/2021, 12 January 2021, amending the General Accounting Standards approved by Royal Decree 15/4/2007, of 16 November 2007, brings in changes to adapt registration and valuation standards regarding "Financial instruments" and "Revenues through sales and services provided" in line with IFRS-EU 9 and IFRS-EU 15, respectively. In addition, the Decision of 10 February 2021 of the Institute of Accounting and Accounts Auditing issues rules for registration, valuation and preparation of annual accounts for the recognition of revenues through the delivery of goods and provision of services. The date of initial application of the new criteria is 1 January 2021.

(i) Rule 9. Financial Instruments and Accounting Hedges

From 1 January of the 2021 financial year the new financial instrument classification and valuation criteria established in Royal Decree 1/2021 apply, as set out in note 4, entailing a modification compared with the criteria applied in previous financial years.

In accordance with the provisions of the Second Transitional Provision of Royal Decree 1/2021, the criteria followed by the Group for the initial application of modifications to the General Accounting Standards with regard to the classification and valuation of financial instruments were as follows:

- The date of initial application was 1 January 2021.

- The management judgment reached by the Group for the purposes of classifying financial instruments was based on the date of initial application, in accordance with the facts and circumstances existing at that date. The resulting classification was applied on a forward-looking basis.

- For financial assets and liabilities following the amortised cost criterion, the amortised cost is considered at the start of the financial year in which the new criteria apply. The same occurs with the book value of financial assets and liabilities following the cost criterion.

- Since there was no difference in the valuation of financial assets and liabilities, no amount was registered in a reserve account as a consequence of the initial application of this standard.

- The Group opted not to adapt the comparative information in accordance with the new criteria, notwithstanding the reclassification of entries in the disclosures as required in order to present the balances for the previous financial year in line with the new presentation criteria.

With regard to the classification and valuation of financial instruments, those financial assets that, according to the previous regulations, were classified under the portfolio for "Loans and receivables" have under the new criteria been classified under the portfolio for "amortised cost or cost".

The impacts on the Group derived from the adoption of Royal Decree 1/2021 are as follows:

The application of the new criteria from 1 January 2021 onwards led to changes in classification, but not valuation.

The balance sheet captions at 31 December 2020 corresponding to Other long-term financial assets, Clients through sales and services provided, Group and associate company clients, Staff, and Other short-term financial assets, are included, expressed in euros.

	Euros	Balance at 1 January 2021	Financial assets at fair value with changes in profit and loss	Assets at amortised cost	Financial assets at cost,	Financial assets at fair value with changes under net equity
Reclassified from	Loans and receivables (a)	4,571,916.77	0.00	4,571,916.77	0.00	0.00
	Held-to-maturity investments	0.00	0.00	0.00	0.00	0.00
	Financial assets held for trading	0.00	0.00	0.00	0.00	0.00
	Other financial liabilities at fair value with changes in the profit and loss account	0.00	0.00	0.00	0.00	0.00
	Investment in the equity of group, multi-group and associate companies and partners	0.00	0.00	0.00	0.00	0.00
	Financial assets available for sale	0.00	0.00	0.00	0.00	0.00

The captions of the balance sheet at 31 December 2020 corresponding to Long- and short-term bank borrowings, Other long- and short-term financial liabilities, Suppliers, Group and associate company suppliers, Sundry payables and Staff are included.

			Reclassified to:	
	Euros	Balance at 1 January 2021	Financial liabilities at amortised cost	Financial liabilities at fair value with changes in the income statement
Reclassified from	Debts and payables (a)	230,713,610.55	230,713,610.55	0.00
	Financial liabilities held for trading	0.00	0.00	0.00
	Other financial liabilities at fair value with changes in the profit and loss account	673,143	0.00	673,143

(ii) Rule 14. Income through sales and services provided

The rule establishes a new model for the recognition of revenues derived from contracts with clients, in which revenues must be recognised in accordance with fulfilment of the performance obligations vis-à-vis the clients. Ordinary revenues represent transfer of goods or services committed to clients for an amount reflecting the consideration to which the entity expects to be entitled in exchange for such assets and services.

The Group has revised internal policies for the recognition of revenues for the different types of contract with clients, identifying the performance obligations, determination of the calendar for the fulfilment of these obligations, the price of the transaction and its allocation, in order to identify possible differences with regard to the revenue recognition model under the new standard, without finding any significant differences between the two, nor any performance obligations that would give rise to the recognition of liabilities through contracts with clients.

As a consequence of the activity of the Group and the type of contract signed with its client, the Directors of the Parent Company have reached the conclusion that the new regulations do not constitute a change in the pre-existing revenue recognition model, and this standard therefore has no quantitative impact on the amount of the turnover.

2.4 Grouping of items

In order to facilitate an understanding of the consolidated balance sheet and consolidated income statement, the consolidated statement of changes in net equity and the consolidated statement of cash flows, these statements are presented in grouped format, with the required analyses being set out in the corresponding consolidated explanatory notes.

2.5 Functional and presentation currency

The annual financial statements are presented in euros, the Parent Company's functional currency and currency of presentation.

2.6 Going concern principle

At 31 December 2021 the consolidated balance sheet of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group revealed negative working capital of 4,516,905.94 euros, essentially as a result of the short-term maturity of the principal of a loan with mortgage guarantee for an amount of 31,713,605.41 euros of principal granted by a financial institution to the subsidiary, held by the subsidiary company BARINGS CORE LOGROÑO SLU, loan scheduled for maturity on 29 December 2022 (see Note 8.3).

The Directors of the Parent Company formulated these consolidated annual accounts of 2021 on the basis of the going concern principle, taking into account the following circumstances:

— The ultimate Shareholder of the Parent Company, the entity Barings European Core Property Fund SCSp SICAV-SIF, has expressed its firm commitment during the coming months in 2022, troughing its subsidiary Barings European Core Property Fund TOPCO, SCA, and prior to the date set for the maturity of the mortgage loan, scheduled for 29 December 2022, to formalise a long-term inter-company financial loan to the subsidiary BARINGS CORE LOGROÑO SLU. for an approximate amount of 32,000,000.00 euros, in order to allow the latter company to meet its commitment to repay principal and interest on the mortgage loan debt. Likewise, the ultimate Shareholder of the Parent Company has expressed its commitment not to enforce payment of the debt by

BARINGS CORE LOGROÑO SLU in 2023, thereby guaranteeing the continuity of the operations of this subsidiary and of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group.

— In line with the positive operating results generated by the Group in the 2020 and 2021 financial years, the most recent cash projections of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group for the period between 1 January 2022 and 30 June 2023 indicate its capacity to generate sufficient cash in order to meet its payment commitments during that period.

3. Allocation of the result of the Parent Company

At 31 December 2021, the Parent Company recorded profits of 17,226,980.28 euros. The Company's Board of Directors propose that the profits be distributed (applied) as follows:

(euros)	**2021**	**2020**
Balance of the profit / (loss) account	17,226,980.28	(7,012,073.40)
	17,226,980.28	**(7,012,073.40)**
To legal reserve	1,722,698.03	0.00
Accumulated losses	0.00	(7,012,073.40)
To the dividend	15,504,282.25	0.00
	17,226,980.28	**(7,012,073.40)**

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 profits deriving from the transfer of real estate and stakes or holdings referred to in section 1 of Article 2 of Law 11/2009, effected once the periods referred to in section 3 of Article 3 of the Law have passed, concerning fulfilment of their main corporate mission. The rest of these profits must be reinvested in other properties or holdings related to fulfilment of said mission, within the period of the three years subsequent to the date of transfer. By default, such profit will be distributed in full jointly with profit, where applicable, derived from the financial year in which the reinvestment period ends. 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. The 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.

c) 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.

4. Recognition and Measurement Principles

The main valuation standards used by the Group in preparing its consolidated financial statements have been as follows:

4.1 Subsidiaries

4.1.1 Acquisition of control

The acquisition by the Parent Company of control of a subsidiary constitutes a business combination that is accounted for using the acquisition method.

This method requires the acquiring company to enter in its accounts, on the date of acquisition, the identifiable assets acquired and liabilities assumed in a business combination, in addition to the corresponding goodwill or negative difference, where applicable. Dependent companies are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The cost of acquisition is determined as the sum of the fair values, at the date of acquisition, of the assets handed over, the liabilities incurred or assumed, and the equity instruments issued by the acquiring party, and the fair value of any contingent consideration dependent on future events or the fulfilment of certain conditions, which must be registered as an asset, a liability, or net equity, in accordance with the nature thereof.

Expenses connected with the issuance of equity instruments or financial liabilities handed over do not form part of the cost of the business combination, being registered in accordance with the standards applicable to financial instruments. Fees paid to legal consultants or other professionals involved in the business combination are accounted for as expenses, as they are incurred. Nor does the cost of the combination include expenses generated internally through these items, nor any that might have been incurred by the entity acquired.

The surplus of the cost of the business combination on the date of acquisition beyond the proportional part of the value of the identifiable assets acquired, less the liabilities assumed representing the stake in the capital of the acquired company, is recognised as goodwill. In the exceptional case that this amount is greater than the cost of the business combination, the surplus will be entered in the consolidated income statement as income.

4.2 Acquisition of control by stages

If control over a dependent company is acquired by means of various transactions performed on different dates, the goodwill (or negative difference) is obtained as the difference between the cost of the business combination, plus the fair value on the date of acquisition of any prior investment by the acquiring company in that acquired, and the value of the identifiable assets acquired, less the value of the liabilities assumed.

Any profit or loss arising as a result of valuation at fair value on the date when control is obtained of the prior stake which was held by the acquiring company in the acquired company will be recognised in the income statement. If the investment was previously valued at its fair value, the value adjustments pending imputation to the results for the financial year are transferred the consolidated income statement.

4.2.1 Consolidation method

The assets, liabilities, income, expenditure, cash flows and other items of the financial statements of the Group companies are included in the consolidated financial statements of the Group using the full consolidation method. This method requires the following:

- Homogenisation of time. The consolidated financial statements are established according to the same date and period as those of the company obliged to consolidate. The inclusion of companies with a different reporting period is carried out through interim financial statements referring to the same date and period as the consolidated financial statements.

- Homogenisation of valuation. The elements of assets and liabilities, income and expenses, and other items of the financial statements of the Group companies are measured following uniform methods. Any assets or liabilities, or items of income or expense that have been measured using the non-uniform criteria with regard to those applied upon consolidation have been measured again, carrying out the necessary adjustments, for the sole purposes of consolidation.

- Aggregation. The different items of the previously homogenised separate financial statements are grouped according to their nature.

- Elimination of net equity investment. The accounting values representative of the equity instruments of the Subsidiary possessed, directly or indirectly, by the Parent company, are offset with the proportional part of the items of equity of the aforementioned Subsidiary attributable to said shareholdings, generally over the base of the values resulting from the previously detailed acquisition method. In consolidations after the reporting period in which control is acquired, the excess or lack of equity generated by the Subsidiary from the acquisition date that is attributable to the Parent company is presented in the consolidated balance sheet under the headings Reserves or Adjustments due to changes in value, depending on the nature. The portion attributable to the non-controlling interests is detailed under the heading "Non-controlling interests".

- Shareholding of non-controlling interests. The measurement of the non-controlling interests is performed according to their effective shareholding in the equity of the Subsidiary once the previously detailed adjustments have been performed. Consolidated goodwill is not attributed to non-controlling interests. The excess between the losses attributable the Non-controlling interests of a Subsidiary and the portion of equity that proportionally corresponds to them is attributed to them, even when this implies a balance payable in each item.

- Intra-group eliminations. the payables and receivables, income and expenses and cash flows between the Group companies are all eliminated. Similarly, all the results of the internal operations are eliminated and deferred until performed before third-parties external to the Group.

The consolidation has been performed in accordance with the full consolidation method for the Subsidiaries listed in Note 1.2 in which Barings Core Spain Socimi, S.A.U. holds the majority of the voting rights.

1. Modification of the stake without loss of control

Once control has been obtained over a dependent entity, subsequent operations giving rise to a modification of the stake of the dominant company in the dependent company, without leading to a loss of control over it, are considered in the consolidated accounts as an operation with own equity securities, with the following rules being applied:

a) The amount of the goodwill or the negative difference recognised is not modified, nor is the amount of other assets and liabilities recognised;

b) Any profit or loss recognised in the individual accounts is eliminated in the consolidation, with the corresponding adjustment to the reserves of the Company the stake of which is reduced;

c) The amounts of "value change adjustments" and "subsidies, donations and bequests" are adjusted to reflect the stake in the capital of the dependent company maintained by Group Companies;

d) The stake of external shareholders in the net equity of the dependent company is presented in accordance with the percentage stake that the non-Group third parties hold in the dependent company, once the operation has been performed, including the percentage stake in the goodwill entered in the consolidated accounts and associated with the modification that has occurred;

e) The adjustment required resulting from points a), b) and d) above will be recognised in reserves.

2. Loss of control

When control over a dependent company is lost, the following rules are observed:

a) For the purposes of consolidation, an adjustment is made to the profit or loss recognised in the individual financial statements;

If the dependent company becomes classified as multi-group or associate, it is consolidated or the equity method is initially applied, taking into account for the purposes of the initial valuation the fair value of the stake retained at that date;

b) The stake in the net equity of the dependent company retained after the loss of control and that does not lie within the consolidation scope will be valued in accordance with the criteria applicable to financial assets (Note 3.5), considering as the initial valuation the fair value at the date when it ceases to lie within the aforementioned scope.

c) An adjustment is recognised in the consolidated income statement to present the stake of the external shareholders in the income and expenses generated by the dependent company in the financial year up to the date of loss of control, and in the transfer to the income statement of the income and expenses entered directly in the accounts under the net equity.

4.3 Consolidation goodwill

The acquisition by the Parent Company of control over a dependent company constitutes a business combination which is subject to the acquisition method. In subsequent consolidations, the elimination of the investment-net worth of dependent companies will be performed in general on the basis of the values which result from application of the acquisition method described below on the date of control.

1. Business combinations are accounted for by applying the acquisition method, for which the acquisition date is established and the combination cost calculated, with the identifiable assets acquired and the liabilities assumed being recorded at their fair value with regard to this date.

2. Goodwill, or the negative difference from the combination, is established as the difference between the fair values of the assets acquired and liabilities assumed and recorded, and the cost of the combination, all the above with reference to the date of acquisition.

3. The cost of the combination is established as the sum of:

   - The fair values on the date of acquisition of the assets transferred, the liabilities incurred or assumed and the equity instruments issued.

- The fair value of any contingent consideration dependent on future events or the fulfilment of preestablished conditions.

4. The combination cost does not include expenses connected with the issuance of equity instruments or of financial liabilities handed over in exchange for the elements acquired.

5. Likewise, since 1 January 2010 the cost of combination has also excluded the fees paid to legal consultants or other professionals involved in the combination, along with the expenses generated internally in this regard. These sums are imputed directly in the income statement.

6. If a combination of businesses is performed in stages, such that prior to the date of acquisition (the date of assumption of control) there was a prior investment, the Goodwill or negative difference is established as the difference between:

   - The cost of the business combination, plus the fair value on the date of acquisition of any prior stake by the acquiring company in that acquired, and,

   - The value of the identifiable assets acquired, less that of the liabilities assumed, established in accordance with the method set out above.

7. Any profit or loss arising as a result of valuation at fair value on the date when control is obtained of the prior stake which was held in the acquired company will be recognised in the income statement. If prior to the investment in the investee this was valued at its fair value, the valuation adjustment pending imputation to the result for the financial year will be transferred to the income statement. It is otherwise assumed that the cost of the business combination provides the best reference in estimating the fair value on the date of acquisition of any prior stake.

Goodwill arising in the acquisition of companies with an operational currency other than the euro is valued in the operational currency of the company acquired, with conversion to euros being performed at the exchange rate in force on the date of the balance sheet.

Goodwill is not amortised, and is subsequently valued at its cost less value impairment losses. Impairment valuation corrections recognised in the goodwill are not subject to reversal in subsequent financial years.

In the exceptional circumstances that a negative difference arises in the combination, this is imputed to the income statement as revenue.

If on the date of close of the financial year when the combination occurs the valuation processes required in order to apply the acquisition method described above can not be concluded, then the accounts will be deemed provisional, with the potential that these provisional values may be adjusted during the period required in order to obtain the necessary information, which may in no cases be greater than one year. The effects of adjustments performed during this period are accounted for on a retroactive basis, modifying the comparative information where necessary.

Subsequent changes in the fair value of the contingent consideration are adjusted against results, unless the consideration was classified as equity, in which case subsequent changes to the fair value are not recognised.

If, after obtaining control, transactions are carried out to sell or purchase shares in a subsidiary without loss of the subsidiary, the impacts of these transactions without change of control are recorded under net equity and the amount of the consolidation Goodwill is not modified.

4.4 Real estate investments

The property investments heading of the balance sheet includes the values of land, buildings and other constructions that are maintained either to operate them as rental or to obtain capital gains in their sale as a consequence of the increases that may occur in the future in their respective market prices.

Likewise, in the case of Barings Core Logroño, S.L., the rest of the fixed assets comprising the shopping centre are included as property investments.

The real estate investments are initially measured at cost, which corresponds to their acquisition cost including the directly associated costs, less the corresponding accumulated amortisation and impairment losses.

Upkeep and maintenance expenses for the various elements comprising real estate investments are charged against the income statement of the financial year in which they are incurred. On the contrary, any amounts invested in improvements intended to increase capacity or efficiency or to extend the useful life of any such assets are registered as a higher cost thereof.

The Group amortises the property investments following the straight-line method at 2% per year. The changes, if any, which may arise in the residual value, the useful life or the depreciation method of an asset shall be recognised as changes in the accounting estimates, unless considered an error. In 2018, following the acquisition of the company Barings Core Logroño S.L., detailed in note 6, the Directors have decided to reassess the useful life of its properties for letting from 99 to 50 years in 2018, so that the useful life is in line with the other useful lives of the group. The remaining fixed assets (installations, furniture, transport elements, etc.) are amortised in accordance with the estimated useful life. The amortisation table is detailed below:

	Estimated useful life
Real estate for lease	50
Plant and machinery	19
Other installations, tools and furniture	19

Property investments included obligations relating to improvements or maintenance constructions with the lessees ("Fit out") to perform constructions and improvement works with the aim to enable the entry of different operators, provided that this obligation is assumed by the companies and not by the lessee. This entry has depreciated during the agreements with the tenants that have generated it.

At the end of the financial year the Group evaluates if there are signs that any of the real estate investments may be impaired, and if this is the case, it shall estimate the recoverable amounts, carrying out the valuation changes that apply.

The allocation of said impairment as well as its reversal is performed in accordance with that indicated in the rules governing recognition and valuation included in the General Accounting Plan.

In addition, the depreciation of the following financial years of the impaired real estate investments shall be adjusted, taking into account the new book value.

4.4.1 Impairment of real estate investments

Whenever there are indications of loss of value of the property investments, the Group estimates, using the impairment 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

4.5 Leases

Leases are classified as financial leases as long as their conditions result in risks and benefits inherent to the ownership of the asset object of the contract being substantially transferred to the Lessee. All other leases are classified as operational leases.

At 31 December 2021 and 2020, the Group companies acting as lessor under the various lease agreements have 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 income and expenditure arising from operating lease agreements are charged to the profit and loss statement in the financial year in which they are accrued (Note 7).

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.

4.5.1 Bonds delivered

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

According to this system, the Group is obliged to deposit 100% (90% in the case of Barings Core Logroño S.L.) of the bonds received from its lessees with specific Official Institutions. Thus, such bonds received from lessees are classified in the current or non-current liabilities side of the balance sheet and those deposited in the Official Institutions of the Autonomous Communities are recognised in the non-current assets side 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.

The same criteria shall be applied to the bonds received, the difference between the fair value and the amount delivered for the bonds of the operating leases is not significant for the purposes of the preparation of these consolidated financial statements, as a result, the bonds are not updated.

4.6 Financial instruments

(i) Recognition and classification of financial instruments

Financial instruments are classified by the Group 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 Group 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 Group 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 liabilities

The Group 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 Group classifies a financial asset or liability 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; o
- It is an obligation for the Company in a short position to hand over financial assets lent to it

The Group 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 solely the payment of principal and interest on the amount of the principal pending (SPPI).

The Group 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 Group 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 shared account agreement and similar.

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 should initially be classified within the fair value portfolio with changes in the profit and loss account, if 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 Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group designates a financial liability at the initial moment at fair value with changes under profit and loss, if doing so eliminates or significantly reduces any inconsistency in the valuation or in the recognition that would otherwise arise, if the valuation of the assets or liabilities or the recognition of their results take place on a different basis or a group of financial liabilities or of financial assets and financial liabilities is managed, and its return is evaluated, on the basis of the fair value, in accordance with a documented investment or risk management strategy, and information is provided internally with regard to the group on this same basis for the key management personnel companies.

The Group classifies other financial liabilities, except for financial guarantee contracts, commitments to grant a loan at a below-market interest rate and the financial liabilities resulting from a transfer of financial assets that do not fulfil the requirements for the registration in the accounts or that are accounted for using the continued involvement focus, as financial liabilities at amortised cost.

(iv) Principles of compensation

A financial asset and a financial liability are offset only when the Group 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 Group 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 Group 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 said price would contain elements other than the instrument, in which case the Group determines its fair value. If the Group determines that the fair value of an instrument is different from the transaction price, it registers the difference in results, to the extent that the value was obtained by reference to a price listed on an active market of an identical asset or liability, or was obtained from a valuation technique which employed only observable data. In all other cases, the Group 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 discount rate that equals the book value of a financial instrument with the estimated cash flows over the expected life of the instrument, based on its contractual terms and for financial assets without considering future credit losses, except for those acquired or originated with incurred losses, for which the effective interest rate adjusted for credit risk is used, i.e. considering credit losses incurred at the time of acquisition or origin.

c) *Financial assets at fair value with changes in 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 Group 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 Group 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 Group 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.

The Group values the contributions made as a consequence of a shared account agreement and similar at cost, increased or reduced by the profit or loss, respectively, corresponding to the Group as non-administrative stakeholder, less any cumulative amount of value adjustments for impairment.

The Group 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-administrative stakeholders.

The Group 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 Group enters the former in the accounts as financial income on an accrual basis. Transaction costs are imputed to the profit and loss account on a linear basis throughout the lifespan of the profit-participating loan.

The Group 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. Transaction costs are imputed to the profit and loss account on a linear basis throughout the lifespan of the profit-participating loan.

(vi) Reclassifications of financial instruments

The Group reclassifies 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 Group does not reclassify natural liabilities.

If the Group 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 Group does not separately register the interest from the financial asset.

If the Group 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 Group 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 Group 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 Group recognises at that time a cumulative impairment valuation adjustment separate from the gross amount of the financial asset.

If the Group 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 Group reclassifies a financial asset 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 Group does not separately register the interest from the financial asset.

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) Interest

In any case, the interest from financial assets accrued after the acquisition is recognised as revenues in the profit and loss account.

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

Upon initial measurement of financial assets, the Group 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.

(viii) Withdrawal of financial assets

The Group applies criteria for the deregistration of financial assets to a part of a financial asset or a part of a group of similar financial assets or to a financial asset or a group of similar 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 Group has substantially transferred the risks and benefits derived from ownership thereof. Likewise, the deregistration of financial assets in those circumstances where the Group 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 Group cannot proceed to sell or pledge the financial assets; and

- The cash flows collected in the name of the ultimate recipients are transferred without significant delay, and the Group 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 Group during the liquidation period 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 Group assigns a financial asset in its entirety, but retains the right of administration of the financial asset in exchange for a commission, an asset or liability corresponding to the performance of said 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 withdrawal of a financial asset is recorded 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 Group 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 Group 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 Group'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 liability are valued in accordance with the rights and obligations recognised by the Group. 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 Group, and the asset is valued at amortised cost, or the fair value of the rights and obligations maintained by the Group, if the asset is valued at fair value. The Group 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.

Transactions in which the Group substantially retains all the risks and benefits inherent in the ownership of an assigned financial asset are registered by recognition in the liability accounts of the consideration received. The transaction expenses are recognised in the results, employing the effective interest rate method.

The Group 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) <u>*Impairment losses of financial assets*</u>

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

The Group follows the principle of recording the relevant impairment valuation corrections for loans and items receivable and debt instruments if there has been a reduction or delay in the estimate of future cash flows as a result of 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, 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 Group 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 Group directly reduces the carrying amount of a financial asset when it has no reasonable expectation of recovery in whole or in part.

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.
c) 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 Group deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the purpose 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 Group 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 Group 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 Group 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 Group hands over inventories, the corresponding sale transaction is recognised for their fair value, with a variation in inventories for their book value.

(xi) Guarantees and deposits

Deposits or bonds 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 Group 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.

The Group conducts cash flow hedging. The Group has likewise opted to register exchange rate risk hedging from a firm commitment as a cash flow hedge.

At the start of the hedge, the Group designates and formally documents the hedge relations, and the objective and the strategy that it assumes with respect to them. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the risk hedged, and the manner in which the Group measures the efficacy of the hedge.

Accounting for hedging operations only applies if there is an economic relationship between the item hedged and the hedging instrument, the credit risk does not exert a dominant effect over the value changes resulting from this economic relationship, and the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the item hedged that the Group actually 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.

The Group evaluates whether the relationship fulfils the requirements of prospective efficacy at the outset of the hedging relationship and also continuously. The Group evaluates efficacy at each accounting close or whenever there are significant changes that would affect the efficacy requirements.

The Group conducts a qualitative evaluation of efficacy whenever the fundamental conditions of the instrument and the item hedged coincide.

4.7 Cash and equivalent liquid assets

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 Group 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.

4.8 Corporation Tax

The profits tax expense or income includes both the current and deferred tax expense or income.

Current profits tax assets and liabilities are measured at the expected amounts to be paid or collected from the tax authorities, using the regulations and interest rates in force or approved at the time and awaiting official announcement at the end of the reporting period.

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.

4.8.1 Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases, unless they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and on the date of the transaction there is no impact either on the book result or on the taxable base.

4.8.2 Recognition of deferred tax assets

The Group 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 Group 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 Group recognises the swap of a deferred tax asset for government debt securities, when their ownership is acquired.

The Group 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.

Nonetheless, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and where on the date of the transaction there is no impact on the book result or the taxable base, are not subject to recognition.

Unless demonstrated otherwise, it is not considered likely that the Group will have future taxable gains if it is forecast that future recovery will occur over a period of more than 10 years calculated from the date of close of the financial year, irrespective of the nature of the deferred tax asset, or in the case of credits resulting from deductions and other tax benefits pending tax application because the tax payment is insufficient, if, once the activity has occurred or the yield giving rise to the right to the deduction or rebate has been obtained, there are reasonable doubts as to fulfilment of the requirements in order for them to take effect.

The Group only recognises taxes tax assets resulting from tax losses open to compensation to the extent that it would be likely to obtain future taxable gains allowing them to be compensated for within a period no greater than that established by the applicable tax legislation, subject to a maximum limit of 10 years, unless there is evidence that recovery would be likely over a longer period, it the tax legislation allows compensation over a longer period, or does not place any time limit on compensation.

Meanwhile, it is considered likely that the Group 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 Group acknowledges deferred tax assets not recognised because they exceed the recovery period of 10 years, to the extent that the future reversion period is no greater than 10 years from the date of close of the financial year, or where there are temporary taxable differences of a sufficient amount.

In order to determine future tax gains, the Group takes into account tax planning opportunities, provided that the intention is to adopt them, or it is likely that they will be adopted.

4.8.3 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 Group expects to recover the assets or settle the liabilities. For this purpose, the Group has considered the deduction due to reversal of temporary measures implemented in the thirty-seventh transitory provision of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated to the non-deductibility of the amortisations made in financial years 2013 and 2014.

4.8.4 Offsetting and classification

Deferred tax assets and liabilities are recognised on the consolidated balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

4.8.5 Special REIT Scheme

This is an optional Scheme Governed by Law 11/2009 of 26 October, amended by Law 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%.
    - The offsetting of tax loss carryforwards is not applicable (Art. 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%.
   - Non-application: when the shareholder receiving the dividend is an entity subject to this law (REITs).
   - Accrual: day of the resolution to distribute profits.
   - Self-assessed settlement and deposit: within two months of 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.

These must comply with several requirements which are detailed below:

Corporate Purpose

Their main corporate purpose must be:

1. Acquisition of and promotion of urban real estate assets for leasing.
2. 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.
3. 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 point 2 above.
4. 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).

Investment

1. 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.
2. 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.

Minimum period of ownership or maintenance

In respect of the minimum period of ownership, both the real estate that forms the assets as well as the shares or shareholdings in the capital must be maintained for at least three years. In the case of real estate, this includes the time they have been offered under lease, up to a maximum of one year.

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.

Corporate Requirements

1. Minimum share capital of 5 million euros.
2. There can be only one class of shares.
3. When opting for this system, the term "SOCIMI S.A." must be included in the name, or without abbreviations.

Distribution 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:

1. 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.

2. 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.

3. 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.

4.9 Revenue and expenses

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

For each identified obligation to be performed, the Group 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 fulfilled at a specified moment, the revenue derived from performance is recognised on that 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 of the price agreed for the assets to be transferred to the client, following deduction of: the amount of any discount, price reduction or other similar amounts that the Group might grant, and any interest incorporated within the nominal amount of credits.

The revenues derived from services provided are recognised by considering the degree of completion of the date of close if the amount of the revenues; the degree of completion; the costs already incurred and those pending can be reliably, and it is likely that the economic benefits derived from the service provided 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.

In particular, rental income is recognised on an accrual basis. In the specific case of Barings Logroño, the profits are distributed during the lease period as an incentives item, as a minor income.

4.10 Related-party transactions

Transactions between related parties are recognised at the fair value of the consideration given or received. The difference between that value and the agreed amount is recorded according to the underlying economic nature of the operation.

4.11 Provisions and contingent liabilities

Provisions are recognised when the Group companies have a present obligation, whether legal, contractual, implicit or tacit, as a result of a past event; it is probable that there will be outgoing resources incorporating future economic profits to settle the said obligation; and the amount of the obligation can be reliably estimated.

The amounts recognised on the consolidated balance sheet correspond to the best estimate at the date of close of the disbursements required in order to settle the present obligation, following consideration of risks and uncertainties connected with the provision and, where significant, the financial effect caused by the discounting, provided that it is possible reliably to establish the disbursements which will be performed in each period.

The financial impact of provisions is recognised as financial expenses in the consolidated income statement. Provisions do not include the taxation impact or the gains expected from the disposal or abandonment of assets. In those cases in which the Group has outsourced the hedged risk to a third-party via a legal or contractual agreement, the provision is recognised exclusively for the part of the risk assumed. Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation.

As at 31 December 2021 and 2020 there are no contingencies that meet the characteristics for their consideration as provisions, therefore none are recognised on the liability side of the balance sheet, should there be any, these would be included in the notes to the financial statements, provided they are not considered as remote.

4.12 Asset elements of an environmental nature

Environmental assets are classified as those goods which are used on a lasting basis within the Group's operations the main purpose of which is minimisation of environmental impact and protection and improvement of the environment, including the reduction or elimination of future pollution.

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

The Group presents the consolidated balance sheet, classifying assets and liabilities as current and non-current. For these purposes, current assets or liabilities of those which comply with the following criteria:

- Assets are classified as current if they are expected to be realised or intended to be sold or consumed over the course of the normal operating cycle, are held essentially for trading purposes, are expected to be realised within a period of 12 months from the date of close, take the form of cash or other equivalent liquid assets, except in those cases where they cannot be exchanged or employed to cancel out a liability, at least within the 12 months following the date of close.

- Liabilities are classified as current if they are expected to be settled within the normal operating cycle, are held essentially for trading purposes, must be settled within a period of 12 months from the date of close or if the Group does not enjoy the unconditional right to delay settlement of the liabilities during the 12 months following the date of close.

Financial liabilities are classified as current if they must be settled within the 12 months following the date of close even if the original period was greater than 12 months and there exists a refinance or restructuring agreement for long-term periods concluding after the date of close and prior to preparation of the annual financial statements.

4.14 Segment reporting

The information on the operating segments is presented in accordance with the internal information that is supplied to the most senior decision-making body, in this case, the Parent Company's Board of Directors.

The geographic distribution has been identified as an operational segment.

Below follows the financial information by geographic segment for 2021 and 2020 (in euros).

4.14.1 *Income statement*

2021 Financial Year	Madrid	La Rioja	Castile-La Mancha	Other Autonomous Regions	Total
A) ONGOING OPERATIONS					
Net turnover	5,181,805.74	8,500,332.49	2,476,886.87	5,020,628.88	21,179,653.98
Other operating income	17,819,454.08	-	-	-	17,819,454.08
Other operating expenses	(1,553,991.86)	(3,769,911.27)	(431,162.14)	(970,395.13)	(6,725,460.40)
Amortisation of fixed assets	(1,235,908.69)	(2,516,783.87)	(660,433.19)	(798,796.20)	(5,211,921.95)
Impairment of real estate investments	(5,011,307.66)	(172,293.52)	-	108,156.44	(5,075,444.74)
Extraordinary revenues	-	3,445.59	-	-	3,445.59
OPERATING RESULT	**15,200,051.61**	**2,044,789.42**	**1,385,291.54**	**3,359,593.99**	**21,989,726.56**
Financial expenses, net of financial revenues	(3,527,424.87)	(379,373.12)	(595,146.20)	(1,189,351.91)	(6,213,171.64)
FINANCIAL RESULT	**(3,527,424.87)**	**(379,373.12)**	**(595,146.20)**	**(1,189,351.91)**	**(6,213,171.64)**
PRE-TAX RESULT	**11,672,626.74**	**1,665,416.30**	**790,145.34**	**2,170,242.08**	**15,776,554.92**
Corporate Income Tax	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**11,672,626.74**	**1,665,416.30**	**790,145.34**	**2,170,242.08**	**15,776,554.92**
B) INTERRUPTED OPERATIONS	-	-	-	-	-
Profit (loss) for financial year from discontinued operations net of taxes (Note 12)	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**11,672,626.74**	**1,665,416.30**	**790,145.34**	**2,170,242.08**	**15,776,554.92**

2020 Financial Year	Madrid	Aragon	La Rioja	Castile-La Mancha	Other Autonomous Regions	Total
A) ONGOING OPERATIONS						
Net turnover	5,033,371.76	1,668,964.76	7,973,145.66	2,473,025.03	3,800,649.30	20,949,156.51
Other operating income	-	-	-	-	-	-
Other operating expenses	(907,742.08)	(281,360.01)	(3,808,434.44)	(363,431.08)	(660,114.48)	(6,021,082.09)
Amortisation of fixed assets	(1,110,016.00)	(312,634.34)	(2,517,667.47)	(662,242.60)	(550,226.16)	(5,152,786.57)
Impairment of real estate investments	1,290,338.78	-	(246,398.68)	-	(218,912.05)	825,028.05
Extraordinary revenues	-	-	(3,920.29)	-	-	(3,920.29)
OPERATING RESULT	**4,233,712.04**	**1,051,925.35**	**1,581,015.29**	**1,411,190.28**	**2,318,552.65**	**10,596,395.61**
Financial expenses	(2,463,639.36)	(656,379.54)	(2,781,783.65)	(1,438,016.25)	(1,221,003.19)	(8,560,821.99)
FINANCIAL RESULT	**(2,463,639.36)**	**(656,379.54)**	**(2,781,783.65)**	**(1,438,016.25)**	**(1,221,003.19)**	**(8,560,821.99)**
PRE-TAX RESULT	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**
Corporate Income Tax	-	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**
B) INTERRUPTED OPERATIONS	-	-	-	-	-	-
Profit (loss) for financial year from discontinued operations net of taxes (Note 12)	-	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**

4.14.2 Cash flows by activity

2021 Financial Year	Madrid	Aragon	Castile-La Mancha	La Rioja	Other Autonomous Regions	Total
A) NET FLOW FROM OPERATING ACTIVITIES	13,721,608.38	(307,323.93)	700,154.99	3,931,194.34	1,873,172.76	19,918,806.54
B) NET FLOWS FROM INVESTING ACTIVITIES	(3,623,446.13)	(5,591.39)	-	(224,823.28)	(2,692.21)	(3,856,553.01)
C) NET FLOWS FROM FINANCING ACTIVITIES	6,816,076.83	(395,545.81)	(200.00)	43,294.46	(527,045.75)	5,936,579.73

2020 Financial Year	Madrid	Aragon	Castile-La Mancha	La Rioja	Other Autonomous Regions	Total
A) NET FLOW FROM OPERATING ACTIVITIES	11,305,472.65	747,635.00	714,935.16	3,094,304.55	2,282,905.73	18,145,253.09
B) NET FLOWS FROM INVESTING ACTIVITIES	(44,427,220.17)	125.44	(234.72)	(4,764,150.16)	683,181.24	(48,508,298.37)
C) NET FLOWS FROM FINANCING ACTIVITIES	33,349,361.56	0.00	0.00	(146,392.14)	(598,024.46)	32,604,944.96

4.14.3 Assets and liabilities

	2021 Financial Year		2020 Financial Year	
	ACTIVE	LIABILITIES	ACTIVE	LIABILITIES
Madrid	100,586,282.94	(81,994,165.81)	112,779,448.55	(89,584,158.72)
Aragon	0.00	0.00	18,001,773.10	(12,256,867.41)
La Rioja	123,203,264.72	(76,194,322.75)	99,318,513.97	(77,743,596.89)
Castile-La Mancha	34,684,582.62	(23,671,640.40)	34,747,694.36	(24,505,271.72)
Other Autonomous Regions	52,978,646.32	(26,910,489.45)	53,517,394.51	(27,296,858.81)
Total	311,452,776.60	(208,770,618.41)	318,364,824.49	(231,386,753.55)

4.14.4 Clients

The customers at Group level with more than 10% of turnover at the 2021 year-end are as follows:

a. CEVA Logísticas España S.L. (B79271615) with 11.69% of the turnover in 2021

b. REDUR S.L. (B67979211) with 11.85% of the turnover in 2021

c. CARREFOUR through two companies, SUPERMERCADOS CHAMPION, S.A. (A28090108) and GRUP SUPECO MAXOR, S.L. (B-60981057), with 23.26% of the turnover in 2021

4.15 Net equity

The capital stock is represented by ordinary shares. When any Group Company acquires shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental cost, is deducted from equity until their cancellation, re-issue or disposal. Where such shares are sold or subsequently reissued, any sum received, net of any incremental cost of the transaction directly attributable, is included in the net equity.

The costs of new share or option issues are presented directly against the consolidated net equity as a reduction in reserves.

5. Business combinations versus Acquisition of assets and liabilities

The acquisition by the Parent Company (acquiring company) of the control in a Subsidiary (acquired company) constitutes a business combination in which the Parent Company has acquired control of all the equity elements of the Subsidiary.

Recognition and Measurement Rule 19 of the General Accounting Plan, expressly established to regulate the accounting treatment of the business combinations and which is in turn closely related to the NOFCAC, establishes the principles applicable to all the business combinations irrespective of their legal form, (sale and purchase, merger, spin-off, monetary contributions). Thus, it establishes the definition of business as the combined set of activities and assets likely to be directed and managed for the purposes of providing a return, less costs and other economic benefits directly to its owners.

In this sense, and taking into consideration the above-mentioned description, it is considered that in none of the following situations has the Parent Company acquired a business:

1. The Parent Company acquires the control of a Subsidiary that does not perform any economic activity until the moment of the sale and purchase. Once the Subsidiary is obtained, it is the Subsidiary that obtains an asset (whether this is offices or premises) with the aim of leasing them to third-parties, this being the moment giving rise to the business that will provide financial returns to the Parent Company. This is the case of Barings Madrid, Barings Plaza, Barings Toledo, Barings Logroño PFS S.L., of the companies Barings Core M50, S.L. and Barings Core Crossroads, S.L., acquired in 2019, and of the company Barings Core Algete S.L., acquired in 2020.

2. The Parent Company acquires the control of a Subsidiary already carrying on an economic activity, in this case the leasing of several spaces available of the assets that this Company owns (Shopping Centre). Notwithstanding, in spite of the existence of said business, on the same date as the sale and purchase the management of the asset is assigned to one of the Group companies, Barings Real Estate LLP through its Branch in Spain, this being the reason why it is not considered to be the acquisition of a business but rather an asset whose financial returns will be managed by the associated company. This is the case of Barings Logroño.

The purchases of assets carried out by the Parent Company are the following:

2016 Financial Year

- On 4 July 2016, the Parent Company acquired all the shareholdings of the Company Posinadan SL. comprising 3,000 shares with a par value of 1 euro for a total of 3,000.00 euros. The name of the Company was later changed to Barings Core Madrid S.L. Subsequently, on 7/11/2016 it increased the share capital by 7,778,562,75 euros, 1,000,000 euros in share capital and 6,778,562.75 euros as share premium, therefore, the net book value of this shareholding stood at 7,781,562.75 euros as at 31 December 2019.

  In 2020, the Company recognised a valuation adjustment due to impairment of 907,363.50 euros, therefore, the net book value of this shareholding stood at 6,874,199 euros as at 31 December 2020.

  During the 2021 financial year, the Company registered an impairment valuation adjustment of an additional 5,603,881.99 euros, with the total impairment amounting to 6,561,245.49 euros at the close of 2021.

  The Parent Company likewise made a shareholder contribution of 370,000 euros, and the net book value of Barings Core Madrid thus amounted to 1,590,017.26 euros at the close of the 2021 financial year.

2017 Financial Year

- On 3 February 2017, the Parent Company incorporated the company Barings Core Toledo S.L., comprising 3,000 shares with a par value of 1 euro for a total of 3,000.00 euros. On 06 February 2017, it increased the share capital by 12,693,712.15 euros, 1,269,371 euros in share capital and 11,424,341.15 euros as share premium, therefore the net book value of this shareholding stood at 12,696,712.15 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium in the amount of 2,200,000.00 euros was agreed, thus reducing the cost of the shareholding by this amount. Therefore, the net book value of this shareholding stood at 10,496,712.15 euros as at 31 December 2020. As at 31 December 2021 it had undergone no changes, and the net book value at that date thus amounts to 10,496,712.15 euros.

  On 25 July 2017 the Parent Company proceeded to acquire 100% of the shares in the single-member company Tepozán SLU, comprising 3,000 shares of a par value of one euro each, for a total of 5,000.00 euros. The Company was subsequently renamed as Barings Core Plaza, S.L. On 20 October 2017, it increased the share capital by 6,320,800 euros, 632,080 euros in share capital and 5,688,720 euros as share premium, therefore, the net book value of this shareholding stood at 6,325,800 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium in the amount of 1,150,000.00 euros was agreed, thus reducing the cost of the shareholding by this amount. Therefore, the net book value of this shareholding stood at 5,175,800.00 euros as at 31 December 2020.

  On 18 October 2021 this stake was sold to a third party, as indicated in the previous paragraphs of this note.

- On 29 December 2017 the Parent Company proceeded to acquire 100% of the shares in the company Barings Core Logroño, S.L. (formerly RPFI Activos Inmobiliarios S.L.). comprising 698,098 equity interests with a par value of 698,098 euro each one for a total of 64,110,490,50 euros, plus an amount of 735,034 euros corresponding to the costs related to the acquisition of said company, having agreed at different reductions in the original price of the purchase of the shareholdings, with the cost of the shareholdings standing at 63,395,683.99 euros as at 31 December 2019.

During 2020 a resolution was passed to reimburse 1,800,000 euros of the share premium, thus reducing the cost of the stake by said amount at 31 December 2020.

The Company also recognised a valuation adjustment due to impairment of 3,799,920.86 euros in 2020, therefore, the net book value of this shareholding stood at 57,795,763.13 euros as at 31 December 2020.

Likewise, during the 2021 financial year a resolution was passed to reimburse 2,000,000 euros of share premium, reducing the amount to 59,595,683.99 euros, and thus reducing the cost of the stake by that amount at 31 December 2021.

The value adjustment was reversed for an amount of 1,165,610.46 euros in 2021. As a result, the book value of the stake of Barings Core Logroño at the close of 2021 amounted to 56,901,373.59 euros.

Taking into account that said acquisitions are not considered business combinations, the operations have been accounted for as follows:

The amount of the consideration must equal the resulting book value after analysing the fair value of the assets and liabilities as well as any other discount or adjustment agreed between the parties.

The purchase agreement establishes that the initial consideration paid by for the shareholdings acquired on 29 December 2017 will be adjusted according to the loss or gain in the book value after the close of the financial year. Below follows the detail of the measurement and comparison with the considerations agreed between the parties (in euros):

Assets - fair value	104,012,277
Liabilities - fair value	(33,805,034)
NBV	**70,207,243**
Discount and other adjustments (capital gains tax, prorata equities)	(4,902,831)
Amount payable for the acquired shareholdings	**65,304,412**

Initial consideration	(64,110,491)
Adjustment to initial consideration	(1,194,495)
Total consideration	**(65,304,986)**

The initial consideration totalled 64,110,490.50 euros and after the close of the financial year, the adjustment of the initial price agreed by the Parent Company and the previous owner of Barings Core Logroño S.L. amounted to 1,194,495 euros, which was paid during the first half of 2018.

The calculation of the shares was established in detail in the purchase-sale agreement signed by both parties, and as is detailed in the top table, it would be the difference between the fair value of assets and liabilities from which the latent capital gains and the unpaid elements, interests and other costs generated between the date of acquisition of the shares (29/12/2017) and the end of the financial year would be subtracted.

2018 Financial Year

- On 6 February 2018, the Parent Company acquired all the shareholdings of the company Barings Core Logroño PFS S.L., comprising 3,000 shares with a par value of 1 euro for a total of 5,000.00 euros. On 23 February 2018, it increased the share capital by 1,408,040 euros, 140,804 euros in share capital and 1,267,236 euros as share premium, therefore the net book value of this shareholding stood at 1,413,040.00 euros as at 31 December 2019.

  In 2020, the Company recognised a valuation adjustment due to impairment of 477,873.45 euros, therefore, the net book value of this shareholding stood at 935,166.55 euros as at 31 December 2020.

  In 2021, the Company recognised an additional valuation adjustment due to impairment of 190,666.93 euros, therefore, the net book value of this shareholding stood at 744,499.62 euros as at 31 December 2021.

2019 Financial Year

- On 8 October 2019, the Parent Company acquired all the shareholdings of the Company Barings Core M50 SL., comprising 3,000 shares with a par value of 1 euro each one for a total of 5,000.00 euros. On 04 March 2019, it increased the share capital by 6,537,300 euros, 4,249,245 euros in share capital and 2,288,055 euros as share premium. On 11 December 2019, there was a contribution from shareholders in the amount of 1,526,290.60 euros, therefore, the net book value of this shareholding stood at 8,068,590.60 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium and shareholders contributions in the amount of 3,814,345.60 euros was agreed, thus reducing the cost of the shareholding in Barings Core M50 S.L. by this amount. Therefore, the net book value of this shareholding stood at 4,254,245.00 euros as at 31 December 2020. As at 31 December 2021 it had undergone no changes, and the net book value at that date thus amounts to 4,254,245.00 euros.

- On 17 December 2019, the Parent Company acquired 100% of the shares of the company Barings Core Crossroads, S.L. (Santlou ITG S.L.), comprising 3,000 shares with a par value of 1 euro each for a total of 5,000.00 euros. On 20 December 2019, it increased the share capital by 20,161,092.00 euros, 13,107,710 euros in share capital and 7,056,382 euros as share premium, therefore, the net book value of this shareholding stood at 20,166,092.00 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium in the amount of 2,500,000.00 euros was agreed, thus reducing the cost of the shareholding by this amount. Therefore, the net book value of this shareholding stood at 17,666,092.00 euros as at 31 December 2020.

  During 2021 a shareholder contribution of 944,105.85 euros was agreed through the offsetting of dividends receivable. As a consequence, the net book value of the stake amounted to 18,610,107.85 euros at 31 December 2021.

2020 Financial Year

On 25 February 2020, the Parent Company acquired all the shares of the company Barings Core Algete SL., comprising 3,000 shares with a par value of one euro each one for a total of 5,000.00 euros. On 3 March 2020, it increased the share capital by 12,990,059 euros, 8,443,539 euros in share capital and 4,546,520 euros as share premium. On 12 March 2020, the capital was increased in the amount of 1,028,756 euros, of which 668,691 euros was in the form of share capital and 360,065 euros as share premium. On 29 October 2020 and 18 November 2020, the capital was reduced due to the reimbursement of the share premium in the amount of 1,200,000 euros and 600,000 euros respectively, therefore, the net book value of this shareholding stood at 12,223,815.00 euros as at 31 December 2020. As at 31 December 2021 it had undergone no changes, and the net book value at that date thus amounts to 12,223,815.00 euros.

2021 Financial Year

On 18 October 2021 the Parent 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 euros, comprising the same number of shares, with a par value of one euro each. The share premium amounted to 4,538,720 euros. The net book value of the stake in the controlling entity amounted to 5,175,800 euros, a positive result of 17,819,454.08 euros having been generated in the financial year.

6. Real estate investments

The breakdown of the operations carried on by the Parent Company in relation to the real estate investments, which at the close of the financial year 2021 totalled 271,257,475.24 euros and which form the main purpose of the Group's activities, are:

- On 4 July 2016 the Parent Company acquired the company Barings Core Madrid S.L., which subsequently acquired premises located at Calle Velázquez 64, Madrid, by means of a deed of sale and purchase dated 5 July 2016. This investment is recognised in the books for the value of 21,956,290 euros which correspond to both the value of the real estate and the costs associated with said acquisition.

- On 3 February 2017 the Parent Company incorporated the company Barings Core Toledo S.L., which subsequently acquired an industrial unit located in the "Dehesa de la Plata I" sector of Ontígola, in the province of Toledo, by means of a real estate sale and purchase deed dated 9 March 2017. This investment is recognised in the books for the value of 35,658,637 euros which correspond to both the value of the real estate and the costs associated with said acquisition.

- On 26 July 2017, the Parent Company acquired the Company Barings Core Plaza S.L., which then acquired a Logistics warehouse located at calle Boletum, number 8, in the province of Zaragoza, on 24 October 2017. This investment is recognised in the books for the value of 18,015,823 euros which correspond to both the value of the real estate and the costs associated with said acquisition. On 18 October 2021 the Parent Company sold the company Barings Core Plaza S.L. At the time of the sale, the net book value of this asset amounted to 16,773,084.54 euros

- On 29 December 2017 it acquired the company Barings Core Logroño S.L. (Note 5) which at the date of acquisition was already the owner of the Berceo Shopping Centre, in the province of La Rioja. The properties owned by the group located in the Berceo Shopping Centre are mortgaged in guarantee of the loan referred to in note 8.3 of these Notes to the financial statements.

- On 29 December 2017, the Parent Company acquired the premises "Oval" for the amount of 400,000 euros, which is also located in the Berceo Shopping Centre in the province of La Rioja.

- On 6 2018 the Parent Company acquired 100% of the shares in the company Plenasa ITG S.L., now named Barings Core Logroño PFS S.L., which on 26/2018 acquired a service/petrol station located at the "Berceo" Shopping Centre in Logroño, La Rioja. The amount corresponding to the purchase of this asset totalled 3,967,276 euros.

- On 8 October 2019 the Parent Company acquired 100% of the shares in Barings Core M 50, S.L., which on 11 December 2019 acquired a property used commercial operations, located in Madrid and leased to Conforama España S.A. The asset was purchased for an amount of 17,401,068 euros.

- On 17 December 2019 Company acquired 100% of the shares in Barings Core Crossroads S.L., which on 30 December 2019 acquired properties used for supermarkets, located at various Spanish companies, and leased to Supermercados Champion S.A. The assets were purchased for an amount of 72,093,719 euros.

- On 25 February 2020, the Parent Company acquired all the shareholdings of Barings Core Algete S.L., which on 3 March 2020 acquired a property with logistics warehouses, located in Algete, Madrid. The amount corresponding to the purchase of this asset totalled 47,725,000 euros (Note 8.4).

  In 202, this includes the amount of 5,000,000 euros received in 2020 by the subsidiary Barings Core Algete from the sellers of the logistics premises and warehouses acquired by the subsidiary Barings Core Algete S.L., as well as the purchase option and payment on account of a part of these assets. This operation was performed following the segregation of the plot during the 2021 financial year and the purchase option was exercised, leading to the withdrawal of the asset involved in the sale and purchase transaction.

The Group Companies, at least at the close of each financial year revise the fair value, useful life and valuation methods of the real estate.

At 31 December 2021 the real estate investments of the companies Barings Core Madrid S.L. and Barings Core Logroño PFS S.L. and Barings Core Crossroads S.L. reveal a value impairment at the close on 31 December 2021 of 5,724,573.88 euros, 418,692.20 euros and 110,755.61 euros respectively. In turn, the real estate investments of the companies Barings Core Madrid S.L. and Barings Core Logroño PFS S.L. and Barings Core Crossroads S.L. reveal a value impairment at the close on 31 December 2020 of 480,898.03, 246,398.68, and -1,552,324.76 euros, respectively.

The real estate investments of the Company correspond to urban properties destined for lease (Note 7).

The Group takes out insurance policies to cover the possible risks to which its real estate investments are exposed.

Each year, or when any circumstance so requires, the Management reviews the cover and risks covered and agrees the amount that must be reasonably covered for the following year.

The breakdown and changes in this heading of the consolidated balance sheet for the year ended 31 December 2021 and 2020 is as follows (in euros):

2021 Financial Year

2021	Initial Balance	Additions or Allocations	Withdrawals	Withdrawals/exclusions from the consolidation scope	Closing balance
COST					
Investments in land and natural assets	29,667,113.64	0.00	(841,074.00)	(2,426,815.86)	26,399,223.78
Investments in constructions	291,979,192.41	0.00	(4,158,927.00)	(15,589,007.07)	272,231,257.89
Technical installations	3,696,328.36	0.00	0.00	0.00	3,696,328.36

Other installations	5,502,547.03	124,823.73	0.00	0.00	5,627,370.76
Furniture	222,228.50	0.00	0.00	0.00	222,228.50
Transport elements	722,199.89	0.00	0.00	0.00	722,199.89
Other tangible assets	6,869,254.33	100,000.00	0.00	0.00	6,969,254.33
Fit Out in progress	0.00	14,958.00	0.00	0.00	14,958.00
Total cost	**338,658,864.16**	**239,781.73**	**(5,000,001.00)**	**(18,015,822.93)**	**315,882,821.51**
AMORTISATIONS					
Accumulated amortisation	(34,402,141.02)	**(5,211,921.95)**	0.00	1,242,738.39	(38,371,324.58)
Total Amortisation	**(34,402,141.02)**	**(5,211,921.95)**	**0.00**	**1,242,738.39**	**(38,371,324.58)**
IMPAIRMENT	**(1,178,576.95)**	**(5,075,444.74)**	**0.00**	**0.00**	**(6,254,021.69)**
TOTAL REAL ESTATE INVESTMENTS	**303,078,146.19**	**(10,047,584.96)**	**(5,000,001.00)**	**(16,773,084.54)**	**271,257,475.24**

2020 Financial Year

2020	Initial Balance	Additions or Allocations	Closing balance
COST			
Investments in land and natural assets	21,362,192.54	8,304,921.10	29,667,113.64
Investments in constructions	251,541,174.96	40,438,017.00	291,979,192.41
Technical installations	3,696,328.36	0.00	3,696,328.36
Other installations	5,047,820.46	454,726.57	5,502,547.03
Furniture	222,228.50	0.00	222,228.50
Transport elements	722,199.89	0.00	722,199.89
Other tangible assets	6,869,254.33	0.00	6,869,254.33
Total cost	**289,461,199.04**	**49,197,664.67**	**338,658,864.16**
AMORTISATIONS			
Accumulated amortisation	(29,249,354.43)	(5,152,786.59)	(34,402,141.02)
Total Amortisation	**(29,249,354.43)**	**(5,152,786.59)**	**(34,402,141.02)**
IMPAIRMENT	**(2,003,605.00)**	**825,028.05**	**(1,178,576.95)**
TOTAL REAL ESTATE INVESTMENTS	**258,208,239.61**	**44,869,906.13**	**303,078,146.19**

7. Leases

The real estate assets are leased to third parties under operational leases. The lease agreements have terms of between 1 and 16 years, there being no contingent derivative amounts. All the real estate investments of the Consolidated Group generate income from these leases.

The most relevant information concerning the real estate included in the real estate investments heading, as at the close of 2021 and 2020 is as follows:

- Distribution of real estate in Spain:

	2021		2020	
	Commercial premises	Industrial units	Commercial premises	Industrial units
Aragon				
Zaragoza	-	-	-	1
Autonomous Community of Madrid				
Madrid	2		2	
Aluche	1		1	
Alcalá de Henares	1		1	
Algete		1		1
Castile-La Mancha				
Toledo	-	1	-	1
La Rioja				
Logroño	3	-	3	-
Catalonia		-		-
Viladecans	1		1	
Olerdola	1		1	
Berga	1		1	
Igualada	1		1	
Almeria	1		1	
Bilbao	1		1	
Cadiz	1		1	
Salamanca	1		1	

- Use (gross leasable area) of the real estate investments by square metre:

	Square metres	
	2021	**2020**
Offices - Commercial Premises	74,370	74,370
Industrial Warehouses	103,296	147,549
Stores - Parking spaces	18,094	18,094
Other	4,553	4,553

- Income and expenditure generated by the real estate investments:

  The income deriving from the leasing of real estate investments owned by the Company amounted to 21,179,653.98 euros and 20,949,156.51 euros (Note 13.1), in 2021 and 2020 respectively. For its part, other operating costs amounted to 6,725,460.40 euros and 6,021,082.09 euros, in 2021 and 2020, respectively.

- The detail of the future collections for operating leases of the Group (non-cancellable) is as follows:

Operational leases: Lessor information	2021	2020
Future minimum collections from non-cancellable operating leases		
_ Up to one year	15,461,124	19,148,215
_ Between one and five years	52,398,405	64,790,634
_ More than five years	127,917,812	158,984,295

The obligations referring to maintenance improvements and constructions vary depending on each company, with the most significant being the case of Barings Logroño and Barings Plaza. In the case of Berceo, the Shopping Centre owned by Barings Logroño in La Rioja, monetary contributions are being made to the lessees ("Fit out") in order to perform constructions and improvements at the Shopping Centre with the aim to facilitate the entry of different operators. Barings Plaza has Eroski as a lessee, which assumes any costs deriving from improvement works or maintenance constructions.

8. Financial instruments

8.1. Financial Assets by Category

Classification of financial assets by category

According to the classification established by the General Chart of Accounts in its rules governing recognition and valuation for financial assets, the Company maintains the following non-current balances at the close of the financial years 2021 and 2020 (euros):

	2021		2020	
	Non-current	Current	Non-current	Current
	Book value	Book value	Book value	Book value
Group				
Financial assets at amortised cost				
Credits	0.00	4,045,994.44	0.00	0.00
Not related				
Financial assets at amortised cost				
Bonds lodged	2,613,963.90	0.00	3,001,778.67	0.00
Other financial assets	0.00	6,586.50	0.00	0.00
Trade receivables anc other accounts receivable*				
Clients through sal and services provided (Note 8.:	0.00	531,550.95	0.00	1,136,531.70
Total financial assets	2,613,963.90	4,584,131.89	3,001,778.67	1,136,531.70

For financial assets registered at cost or amortised cost, the book value is not significantly different from the fair value.

*Excluding other credits with Public Authorities

The amount recognised as "Bonds lodged" under this heading corresponds to the deposit made before the official bodies of the amounts delivered as bonds by the lessee for the real estate belonging to the Parent Company and subsidiaries.

The amount recorded in the short term under the caption "credits" corresponds essentially to the balance drawn down from a credit current account that the Company maintains with the group company Barings Core Property Fund Topco SCA for an amount of 4,000,000 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.

The detail of financial assets by year of maturity at 31 December 2021 and 2020 is as follows (expressed in euros):

	2021	2022	2023	2024	2025 and following	Less current part	Total non-current
Credits to Group companies	4,045,994.44	-	-	-	-	4,045,994.44	-
Financial investments							
Deposits and sureties	-	-	-	-	2,613,963.90	-	2,613,963.90
Other financial liabilities	6,586.50		-	-	-	6,586.50	
Trade receivables and other accounts receivable							
Clients through sales and services provided	531,550.95	-	-	-	-	531,550.95	-
Total	4,584,131.89	-	-	-	2,613,963.90	4,584,131.89	2,613,963.90

	2020	2021	2022	2023	2024 and following	Less current part	Total non-current
Credits to Group companies	-	-	-	-	-		-
Financial investments							
Deposits and sureties		-	-	-	3,001,778.67		3,001,778.67
Other financial liabilities	-	-	-	-	-		-
Trade receivables and other accounts receivable							
Clients through sales and services provided	1,136,531.70	-	-	-	-	1,136,531.70	-
Total	1,136,531.70	-	-	-	3,001,778.67	1,136,531.70	3,001,778.67

8.2. Trade receivables and other accounts receivable

The breakdown of trade and other receivables was as follows (in euros):

Categories/Classes	**Credits, derivatives and others**	
	2021	**2020**
	Current	**Current**
Clients through sales and services provided*	531,550.95	1,136,531.70

*Excluding other credits with Public Authorities

<u>Valuation adjustments</u>

The client balance at 31 December 2021 includes a value impairment adjustment of 65,329.70 euros corresponding to the company Barings Core Logroño S.L. The movements occurring in these corrections were:

2021 Initial Balance	(351,654.00)
Net Reversal/(Provisions)	(65,329.70)
2021 Final Balance	(416,983.70)

The client balance at 31 December 2020 includes a value impairment adjustment of 291,654 euros corresponding to the company Barings Core Logroño S.L. The movements occurring in these corrections were:

2020 Initial Balance	(291,653.70)
Net Reversal/(Provisions)	(60,000.00)
2020 Final Balance	(351,653.70)

8.3. Financial liabilities by Category

Classification of financial liabilities by category

According to the classification established by the General Chart of Accounts in its rules governing recognition and valuation for financial liabilities, the Company maintains the following non-current balances at the close of the financial years 2021 and 2020 (in euros):

2021

		Current	
	At amortised cost or cost	At fair value with changes in the profit ; loss account	At amortised cost or cost
Financial liabilities at amortised cost			
Group			
Debts with Group companies (Note 14.1)	138,743,677.31	0.00	476,164.84
Not related			
Bank borrowings	24,365,343.14	0.00	31,713,605.41
Other financial liabilities	3,571,304.56	325,318.78	0.00
Trade payables and other accounts payable			
Trade creditors	0.00	0.00	8,922,151.74
Other creditors	0.00	0.00	0.00
Total financial liabilities	166,680,325.01	325,318.78	41,111,921.99

2020

	Current		
	At amortised cost or cost	At fair value with changes in the p and loss account	At amortised cost or cost
Financial liabilities at amortised cost			
Group			
Debts with Group companies (Note 14.1)	154,265,747.87	0.00	1,525,802.46
Not related			
Bank borrowings	55,941,051.71	0.00	47,512.60
Other financial liabilities	3,907,766.34	673,143.20	0.00
Trade payables and other accounts payable			
Trade creditors	0.00	0.00	9,212,808.65
Other creditors	0.00	0.00	5,000,000.00
Total financial liabilities	214,114,565.92	673,143.20	15,786,123.71

The classification of financial assets by year of maturity was as follows at 31 December 21 and 2020:

	Euros						
	2021						
	2021	2022	2023	2024	2025	Years Years	Total non-current
Debts							
Debts with group companies	476,164.84	-	-	-	-	138,743,677.31	138,743,677.31
Bank borrowings	31,713,605.41	-	6,451,743.14	17,913,600.00	-	-	24,365,343.14
Other financial liabilities		-	-	-	-	3,571,304.56	3,571,304.56
Derivatives	325,318.78						-
Trade payables and other accounts payable	-	-	-	-	-	-	-
Trade creditors	8,922,151.74	-	-	-	-	-	-
Creditors		-	-	-	-	-	-
Personnel		-	-	-	-	-	-
	41,437,240.77	-	6,451,743.14	17,913,600.00	-	142,314,981.87	166,680,325.01

	Euros						
	2020						
	2020	2021	2022	2023	2024	Years Years	Total non-current
Debts							
Debts with group companies	1,525,802.46	-	-	-	-	154,265,747.87	154,265,747.87
Debts with credit institutions	47,512.60		31,620,544.57	6,435,707.14	17,884,800.00	-	55,941,051.71
Other financial liabilities	673,143	-	-	-	-	3,907,766.34	3,907,766.34
Derivatives							-
Trade payables and other accounts payable							
Trade creditors	9,212,808.65	-	-	-	-	-	-
Other payables	5,000,000.00	-	-	-	-	-	-
Personnel		-	-	-	-	-	-
	16,459,266.71	-	31,620,544.57	6,435,707.14	17,884,800.00	158,173,514.21	214,114,565.92

The detail of the balances comprising the caption "Financial liabilities" is as follows:

<u>Bank borrowings</u>

Current

At the close of the financial year 2021 and 2020, the amount for bank borrowings corresponds to the interest pending payment of the loans arranged by the Company, as well as the amount of principal to be amortised over the following 12 months.

a) On 29 December 2017, the renewal of the Mortgage Loan for the amount of 31,740,000 euros was signed, granted by ING REAL ESTATE FINANCE E.F.C. S.A. to the subsidiary company Barings Core Logroño S.L. It matures 12 years from the date it was granted (2004), with a novation subsequently being agreed in deed number 1274 to extend the maturity by 5 years, in other words up until 29 December 2022. The agreed interest rate is a fixed rate of the Euribor + 1.35%.

The amount at amortised cost of this loan at 31/12/2021 amounts to 31,670,202.57 euros. (euros at 31,620,544.57/12/2020).

Furthermore, the loan establishes certain financial ratios that the Company must fulfil during the validity thereof, and in the case of breach, the lenders will be able request the early partial amortisation of the principal necessary to comply with said ratios.

The ratios established in the loan agreement are the following:

LTV = Mortgage amount / Shopping Centre Appraised Value < 60%

ICR = EBIT / Interest expenses > 3.00x

As at 31 December 2021, the Company complies with both ratios as indicated in the following table:

	Limit	**Ratio 2021**
LTV	60.00%	33.77%
ICR	3.00x	8.19x

The parties further agreed to include new obligations in respect of the occupancy of the real estate. Therefore, a new clause was agreed:

Financial occupancy rate > 85%

The calculation for analysing the compliance with said rate is as follows:

$$1 - \frac{\textbf{Annual estimated rents from vacant premises}}{\textbf{Rents agreed including vacant premises}} >= 85\%$$

The company scores 96.96% for this financial occupancy rate as at 31 December 2021, therefore complying with the established rate.

Non-current

b) On 5 September 2016 a loan for 6,480,000 euros was granted by BANKINTER S.A. to the subsidiary Barings Core Madrid S.L. The agreed interest rate is a fixed rate of 1.30%. It matures 7 years after the date the loan was granted, in other words, on 4 August 2023. This loan agreement establishes the non-compliance with the **LTV ratio, which has a limit of 50%, as grounds for the maturity of the loan.**

The amount at amortised cost of this loan at 31/12/2021 amounts to 6,451,743.14 euros. (6,435,707.14 euros at 31/12/2020).

On 31 December 2021, the Company had an LTV ratio of 41.01%, thus complying with the requirements set forth in the agreement.

c) On 30 December 2019, a loan was granted in the amount of 18,000,000 euros (by CAIXABANK S.A.) to the Subsidiary Barings Core Crossroads, S.L. The agreed interest rate is a fixed rate of 1.15%. It matures 5 years after the date the loan is granted, in other words, 30 December 2024.

The amount at amortised cost of this loan at 31/12/2021 amounts to 17,913,600.00 euros. (17,884,800.00 euros at 31/12/2020).

Other current financial liabilities

a) Short-term derivative liabilities in the amount of 325,319 euros in 2021 (673,143 euros long-term in 2020).

On 14 February 2018, the company Barings Core Logroño S.L. contracted a derivative with the bank ING Bank NV with maturity on 29 December 2022, with the fixed interest rate payable by the company being 0.5% and charging a six-monthly Euribor. The gain generated by the swap valuation has been recognised in the income statement for an amount of 347 thousand euros in 2021 (113 thousand euros in 2020). Likewise, during 2021, 334 thousand euros was recognised (293 thousand euros in 2020) (Note 13.3) in the income statement corresponding to interests.

(Euros)	2021		2020	
	Notional	Fair value	Notional	Fair value
Interest rate financial swap ING Bank	31,740,000.00	(325,318.78)	31,740,000.00	(673,143.20)
	31,740,000.00	**(325,318.78)**	**31,740,000.00**	**(673,143.20)**

Other non-current financial liabilities

The items that form the balance of the heading "Other financial liabilities" are as follows.

b) Long-term deposits, with a balance of 254,682.56 euros as at 31 December 2021 (208,105 euros in 2020).

c) Long-term bonds received for an amount of 3,316,622 euros in 2021 (3,699,661 euros in 2020).

The Group of Companies is obligated to deposit at least 90% of the bonds received from its lessees with specific Official Institutions. (Note 4.5.1).

Debts with group companies

The balance of this caption essentially records the loans granted by the company Barings European Core Property Fund Topco SCA. to the Parent Company Barings Core Spain SLU. and its Subsidiaries (Note 14).

The interest accruing on a quarterly basis on these loans is recognised as a current liability (Note 14).

8.4. Trade payables and other accounts payable

The detail of trade payables and other accounts payable is as follows:

Categories/Classes	Derivatives and others	
	2021	2020
Trade payables and other accounts payable*	8,922,151.74	9,212,808.65
Other payables	-	5,000,000.00
Total	**8,922,151.74**	**14,212,808.65**

*Excluding other payables to Public Administrations

The balance detailed under the heading "Trade and other payables" includes the amounts pending payment with creditors for trade operations and any other balances pending payment to a group company (Note 14), Barings Real Estate S.L. and Barings Real Estate LLP, Sucursal en España, for the services rendered for "asset management" during 2021 and 2020. The Group also included under this caption the current liability as at 31 December 2020 of the debt outstanding in the amount of 7,250,035 euros with the sellers of the logistics premises and warehouses acquired by the subsidiary Barings Core Algete S.L. in 2020 (see Note 6).

In 202, "Other current payables" includes the amount of 5,000,000 euros received in 2020 by the subsidiary Barings Core Algete from the sellers of the logistics premises and warehouses acquired by the subsidiary Barings Core Algete S.L., as well as the purchase option and payment on account of a part of these assets. This operation was consummated following the segregation of the plot during the 2021 financial year, with the purchase option being exercised, thereby eliminating the liability in this regard, and the asset purchased.

8.5. Information regarding the nature and risk level of financial instruments

The company has implemented the necessary mechanisms to control the exposure to changes in the interest rates as well as credit and liquidity risk. Below are indicated the main financial risks impacting on the Group.

a) Credit risk

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the Parent Company and Subsidiaries. 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 Consolidated Group regularly updates a list of accounts receivable in order to manage their payment. Overdue accounts are reclaimed monthly by the Property Managers of the Consolidated Group.

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 Consolidated Group 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). 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.

b) Liquidity risk

Liquidity risk is caused by the possibility that either the Parent Company or the Subsidiaries do not have liquid funds available, or they do not have access to them in sufficient quantities at the appropriate cost, in order to meet their 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. Similarly, given that the Parent Company and the Subsidiaries belong to the same group, in the event of any potential cash requirements, financing from the Group to which they belong would be possible.

The Company estimates that the occupancy rate of the leased assets and the capacity for generating cash from these rentals will permit the adequate management of the working capital in the short-term. Whereas the quality of the real estate investments and the adequate debt ratio over the market value of its assets will allow it to suitably finance its operations in the medium-term.

Although the Company revealed negative working capital at the close of 2020, mainly as a result of the debt entered into in 2020 through the acquisition of a property, and the amount of 5,000,000 euros received in 2020 from vendor of said assets, as part of the future purchase price of a part of the aforementioned asset, the Parent Company Directors formulated the consolidated annual financial statements for 2020 in accordance with the going concern principle.

At 31 December 2021 the consolidated balance sheet of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group revealed negative working capital of 4,516,905.94 euros, essentially as a result of the short-term maturity of the principal of a loan with mortgage guarantee for an amount of 31,713,605.41 euros of principal granted by a financial institution to the subsidiary, held by the subsidiary company BARINGS CORE LOGROÑO SLU, loan scheduled for maturity on 29 December 2022 (see Note 8.3).

The Directors of the Parent Company formulated these consolidated annual accounts of 2021 on the basis of the going concern principle, taking into account the following circumstances:

— The ultimate Shareholder of the Parent Company, the entity Barings European Core Property Fund SCSp SICAV-SIF, has expressed its firm commitment during the coming months in 2022, troughing its subsidiary Barings European Core Property Fund TOPCO, SCA, and prior to the date set for the maturity of the mortgage loan, scheduled for 29 December 2022, to formalise a long-term inter-company financial loan to the subsidiary BARINGS CORE LOGROÑO, S.L.U. for an approximate amount of 32,000,000.00 euros, in order to allow the latter company to meet its commitment to repay principal and interest on the mortgage loan debt. Likewise, the ultimate Shareholder of the Parent Company has expressed its commitment not to enforce payment of the debt by BARINGS CORE LOGROÑO, S.L.U. in 2023, thereby guaranteeing the continuity of the operations of this subsidiary and of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group.

— In line with the positive operating results generated by the Group in the 2020 and 2021 financial years, the most recent cash projections of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group for the period between 1 January 2022 and 30 June 2023 indicate its capacity to generate sufficient cash in order to meet its payment commitments during that period.

c) Investment risk

The Group mitigates investment risk by only entering into it with 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. Cash and banks

The Company has the following cash balances at the close of 2021 and 2020 (in euros).

	2021	2020
Cash and equivalent liquid assets	32,403,079.07	10,404,245.81

All the cash owned by the Group Companies is freely available and is used to settle the payment obligations of both the Parent Company and the Subsidiaries (Note 8.3).

10. Net Equity and Shareholder Equity

10.1 Capital Stock

At the close of the 2016 financial year, the capital stock of the Parent Company amounted to 5,003,000 euros, represented by 5,003,000 shares of a par value of 1 euro each, all of the same class, fully subscribed and paid up. During the 2017 and 2016 financial years the Company was 100% owned by Barings Core Fund Spain S.à.r.l. of registered office in Luxembourg (Note 1.1).

On 8 March 2017, the Sole Shareholder agreed to increase the share capital to the amount of 17,750,306 euros through the issue of 12,747,306 new shares with a par value of 1 euro, numbered 5,003,001 to 17,750,306. All with no share premium.

On 11 October 2017, the Sole Shareholder agreed to increase the share capital to the amount of 24,076,106 euros through the issue of 6,325,800 new shares with a par value of 1 euro, numbered 17,750,307 to 24,076,106, all with no share premium. The creation of these shares was performed with no share premium.

On 28 December 2017, the Sole Shareholder agreed to increase the share capital to the amount by 23,112,698 euros up to the amount of 47,188,804 euros, through the issue of 23,112,698 new shares with a par value of 1 euro, numbered 24,076,107 to 47,188,804, both inclusive. These shares were created with no share premium.

On 22 February 2018, the Sole Shareholder agreed to increase the share capital by the amount of 1,413,040 euros to the amount of 48,601,844 euros through the issue of 1,413,040 new registered shares with a par value of 1 euro, numbered 47,188,805 to 48,601,844, both inclusive.

As a result, as at year-end 2018, the Parent Company's share capital came to 48,601,844.00 euros represented by 48,601,844 fully subscribed and paid-in shares with a par value of 1 euro each, all of the same class, with the same voting and economic rights as those in circulation.

in 2019, two capital increases were carried out:

- On 3 December 2019, the Sole Shareholder increased the share capital in the amount of 4,249,245 euros through the issue of 4,249,245 new shares with a par value of 1 euro, numbered 48,601,845 to 52,851,089, both inclusive, with a share premium of 2,288,055 euros.
- On 12 December 2019, the Sole Shareholder increased the share capital in the amount of 13,104,710 euros up to the total of 65,955,799 euros, through the issue of 13,104,710 new shares with a par value of 1 euro, numbered 52,851,090 to 65,955,799 both inclusive, with a share premium of 7,056,382 euros.

In 2020 there was a capital increase:

- On 2 March 2020, the Sole Shareholder increased the share capital in the amount of 9,112,230 euros up to the total of 75,068,029 euros, through the issue of 9,112,230 new shares with a par value of 1 euro, numbered 65,955,800 to 75,068,029 both inclusive, with a share premium of 4,906,585 euros.

There was no change in the capital of the Group in 2021. As a result, as at year-end 2021, the Parent Company's share capital amounts to 75,068,029.00 euros represented by 75,068,029 fully subscribed and paid-in shares with a par value of 1 euro each, all of the same class, with the same voting and economic rights as those in circulation.

10.2 Statutory legal reserve

Pursuant to the consolidated text of the Revised Text of the Spanish Corporations Law, an amount equal to 10% of the profit made in the financial year must be applied to statutory reserves until these reserves reach 20% of the capital stock.

The legal reserve can only be used to increase the share capital. With the exception of the aforementioned purpose, this reserve can only be allocated to offset losses provided that there are no other sufficient reserves available for this purpose. Pursuant to Law 11/2009, regulating Real Estate Investment Trusts (REITs), the legal reserve of the Companies that have opted for the application of the special tax scheme established in this Law cannot exceed 20% of the share capital. Similarly, the articles of association of the Company cannot establish any other reserve of an unavailable nature other than the former.

At 31 December 2021, the legal reserve of the Parent Company stood at 259,199.91 euros.

10.3 Share premium

The share premium, originating as a consequence of the incorporation of the Company and the subsequent capital increases, was increased as a result of the capital increase in 2020 up to the amount of 17,029,584.75 euros as at 31 December 2020, 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.

During the 2021 financial year the share premium of the parent company remained unchanged.

10.4 Reserves in consolidated companies

The breakdown by companies is as follows (in euros):

	2021	2020
Reserves in consolidated companies	**(5,192,010.48)**	**(7,155,116.43)**
Barings Core Spain S.L.	(4,514,006.25)	(2,385,998.39)
Barings Core Madrid S.L.	(890,412.26)	(472,331.74)
Barings Core Toledo S.L.	(269,343.26)	(242,517.29)
Barings Core Logroño S.L.	(779,783.50)	(1,897,382.60)
Barings Core Logroño PFS S.L.	(475,873.45)	(213,046.18)
Barings Core Plaza	395,545.81	0.00
Barings Core M50 S.L.	(107,053.02)	83,861.05
Barings Core Crossroads S.L.	1,277,431.03	(2,027,701.28)
Barings Core Algete S.L.	171,484.42	0.00

10.5 Result for year attributed to dominant company

The Parent Company's result for the years ended 31 December 2021 and 2020 was provided by the following companies (in euros):

	2021	2020
CONSOLIDATED RESULT	**15,776,554.92**	**2,035,573.62**
Barings Core Spain S.L.	16,457,017.59	(2,055,540.19)
Barings Core Madrid S.L.	(5,662,681.96)	(418,080.52)
Barings Core Toledo S.L.	790,145.34	(26,825.97)
Barings Core Plaza S.L. (*)	331,081.96	395,545.81
Barings Core Logroño S.L.	1,512,537.53	1,117,599.10
Barings Core Logroño PFS S.L.	(122,794.92)	(262,827.27)
Barings Core M50 S.L.	187,695.86	(190,914.07)
Barings Core Crossroads S.L.	2,007,103.43	3,305,132.31
Barings Core Algete S.L.	276,450.09	171,484.42

(*) On 18 October 2021 the company Barings Core Plaza, S.L. was sold to a third party.

10.6 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.

On 11 December 2019, the Company's Sole Shareholder agreed to make a contribution of 1,526,290.60 euros to BARINGS CORE M50, S.L., which was paid in cash. Similarly, on the 17 May, 18 May and 21 May 2018, the Company's Sole Shareholder agreed to make a contribution to BARINGS CORE SPAIN SOCIMI, S.A.U. for a total amount of 634,503.88 euros (119,488.53 euros, 353,610.55 euros and 161,404.80 euros, respectively) which were paid in cash.

10.7 Distribution of dividends

Given its condition as a REIT, 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, pursuant to the provisions of Article 6 of Law 11/2009 of 26 October 2009, governing the Real Estate Investment Trusts (REITs).

11. Information regarding deferrals of payment made to suppliers. Third Additional Provision. "Duty of Disclosure": Law 15/2010, of 5 July 2010

The information required by additional provision three of Law 15/2010 of 5 July (amended through final provision two of Law 31/2014 of 3 December) is shown below, drafted in accordance with the ICAC Resolution of 29 January 2016, regarding the information to be included in the notes to the annual financial statements in relation to the average payment period to suppliers in commercial transactions.

	Days	
	2021	2020
Weighted Average Payment Period Exceeded (days)	12.13	41.77
Ratio of operations paid	11.88	2.75
Ratio of operations pending payment	29.72	252.69
	Sum (Euros)	
Total payments made	6,641,975.44	47,627,764
Total payments pending	92,063.06	8,812,205

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, the commercial creditors for debts with suppliers of goods or services, included in the "Suppliers" and "Sundry debtors" entries of current liabilities of the balance sheet, excluding invoices pending receipt. It should also be noted that the standard does not include in its scope of application the creditors or suppliers that do not fulfil the above-mentioned condition, also excluding suppliers of fixed assets or creditors due to finance leasing transactions.

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. This "Average supplier payment period" is calculated as the ratio of transactions paid times the total amounts of payments made plus the ratio of outstanding payments and the total amount of outstanding payments, divided by the total amount of payments made plus the total amount of outstanding payments.

The ratio of transactions paid is calculated as the ratio of the amounts paid times the number of payment days (difference between the calendar days passed since the end of the maximum legal payment period until the payment for the transaction) divided by the total of payments made. Similarly, the ratio of transactions pending payment corresponds to the ratio of the total of the amounts pending payment times the number of days pending payment (difference between calendar passed since the maximum legal period for payment until the close of the financial year), divided by the total payments outstanding.

The maximum legal payment period applicable to the Company in financial year 2021 according to Law 3/2004, of 29 December, whereby measures to combat late payment in commercial transactions are established, is 30 days as of the publication of said Law and until the present (unless the conditions established therein are fulfilled, which would allow the maximum payment period to be increased raised to 60 days).

The payments to suppliers that exceeded the legal period established derived from circumstances or incidents outside of the established payment policy, and were mainly due to delays in the receipt of the invoice by the supplier, or incidents in the provision of the service.

12. Public Authorities and Tax Situation

12.1 Balances with Public Administrations

The breakdown of the balances with Public Authorities is as follows (in Euros):

	2021	2020
VAT payable	639,223.22	798,557.64
Withholdings payable Rentals	233.85	14,363.30
Tax Office payable for Interest Withholdings	13,595.56	-
Total balance payable	**653,052.63**	**812,920.94**
Tax Authorities, VAT/IGIC (Canary Islands Tax) receivable	12,638.71	21,410.17
Tax Office receivable for withholdings	369,353.96	412,196.23
Total balance receivable	**381,992.67**	**433,606.40**

12.2 Reconciliation between the book result and the taxable base

The reconciliation between the income and expenses for the financial year and the Corporate Income Tax is as follows (in euros):

2021	Euros
Consolidated accounting result for the period	15,776,554.92
Consolidation adjustment:	1,262,261.62
Book tax base	17,038,816.54
Adjustments to the Accounting Base	0.00
Of individual companies	
Temporary Differences	
Taxable base	17,038,816.54

2020	Euros
Consolidated accounting result for the period	2,035,573.62
Consolidation adjustment:	(4,134,764.82)
Book tax base	(2,099,191.20)
Adjustments to the Accounting Base	5,665,131.50
Of individual companies	4,364,547.10
Temporary Differences	1,300,584.40
Taxable base	3,565,940.30

	Euros	Euros
	2021	**2020**
Accounting results before tax	15,776,554.92	2,035,573.62
Taxable base	17,038,816.54	- 2,099,191.20
Total Tax Due 25%	-	-
Accounts Payable/Corporate Income Tax expense	-	-

All rents for 2021 and 2020 comply with the requirements to fall under the REIT scheme, for which the tax rate is 0 (Note 1).

12.3 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. At the close of 2021, the Group companies had the years 2021, 2020, 2019 and 2018 open to inspection with regard to all the taxes to which they are subject.

The Directors believe that settlement of the aforementioned taxes has been properly performed, for which reason, even were discrepancies to arise in the interpretation of the regulations in force regarding the tax treatment given to operations, any possible liabilities which may potentially arise would not significantly affect the enclosed annual financial statements.

TAX LOSS CARRYFORWARDS TO 2021	B.C. LOGROÑO	B.C. CROSSROADS	B.C. LOGROÑO PFS	B.C. M-50	B.C. SPAIN SOCIMI
2005	(301,192.84)				
2006	(12,718.28)				
2008	(575,035.77)				
2011	(113,546.94)				
2016					
2019				(18,430.85)	
2020		(24,653.83)	(16,428.59)	(190,798.11)	(726,550.48)
TOTAL	**(1,002,493.83)**	**(24,653.83)**	**(16,428.59)**	**(209,228.96)**	**(726,550.48)**

12.4 Information requirements derived from REIT status, Law 16/2012, amended with Law 16/2012

The Real Estate Investment Trusts (SOCIMI) 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 establish the information obligations of this scheme which is included as Annex I attached to these Notes to the financial statements of which it forms a part.

13. Revenue and expenses

13.1 Net turnover

The total net business turnover corresponding to 2021 and 2020 is broken down by activity as follows (in euros):

	2021	2020
Rental income	21,179,653.98	20,949,156.51
Sale of shares	17,819,454.08	-
Total	38,999,108.06	20,949,156.51

The breakdown by geographic area of the revenue from rentals during 2021 and 2020 is as follows (in euros):

	2021	2020
Aragon	1,159,988.25	1,934,940.33
Autonomous Community of Madrid	5,641,674.09	5,033,371.76
Castile-La Mancha	2,476,886.87	2,473,025.03
La Rioja	8,289,958.47	7,707,170.09
Barcelona	1,976,505.21	2,271,542.66
Almeria	292,907.63	157,711.08
Biscay	483,760.02	488,923.89
Cadiz	378,683.46	387,358.42
Salamanca	479,289.98	495,113.26
Total	**21,179,653.98**	**20,949,156.51**

13.2 Other operating revenue

The amount of 17,819,454.08 euros corresponds to the sale of shares in the company Barings Core Plaza S.L. on 18 October 2021 (see Note 5).

13.3 Other operating expenses

The breakdown of the heading of this account at 31 December 2021 and 2020 is as follows (in euros):

	2021	2020
Repairs and upkeep	38,567.89	25,958.62
Independent professional services	2,874,388.68	2,398,545.49
Insurance premiums	276,296.73	277,593.89
Banking expenses	17,884.51	17,242.25
Other expenses	2,597,303.42	2,570,942.97
Loan impairment losses for commercial operations	65,330.00	60,000.00
Taxes	855,689.17	670,798.87
Total	**6,725,460.40**	**6,021,082.09**

The amount corresponding to the Other expenses account essentially corresponds to property owner association expenses.

The amount corresponding to the independent professional services heading includes the fees for external advisors for the provision of management services for the Group of companies taking into account that neither the Parent Company nor its Subsidiaries have their own personnel. It also includes the costs deriving from the notary services provided, Commercial Registry, appraisal fees for the valuation of assets, etc.

13.4 Financial costs and revenue

The financial revenues and costs reveal the following balance at the close of 2021 and 2020 (in euros):

	2021	2020
Financial revenues		
Through group company debts	57,244.44	0.00
Change in fair value of financial instruments	347,824.42	112,923.18
Financial expenses		
Payables to third parties	(985,688.26)	(985,524.34)
Through debts with group companies	(5,612,701.93)	(7,688,220.83)
Other financial expenses	(19,850.31)	-
Total Financial Result	**(6,213,171.64)**	**(8,560,821.99)**

The finance costs that derive from borrowings with third-parties have been calculated using the effective interest rate method (Note 4.6).

The variation in fair value in financial instruments has been calculated as explained in note 8.3.

14 Related party transactions and balances

14.1 Balances with related parties

The amount of the balances with related parties in 2021 and 2020 is as follows (in euros):

2021 Financial Year

	Group companies	Parent entity	Total
a) NON-CURRENT LIABILITIES			
1. Long-term debts			
a) Other non-current borrowings	138,743,677.31	0.00	138,743,677.31
B) CURRENT LIABILITIES			
1. Short-term debts			
a) Other current borrowings	464,164.84	12,000.00	476,164.84

2020 Financial Year

	Group companies	Parent entity	Total
a) NON-CURRENT LIABILITIES			
1. Long-term debts			
a) Other non-current borrowings	154,265,747.87	0.00	154,265,747.87
B) CURRENT LIABILITIES			
1. Short-term debts			
a) Other current borrowings	1,513,802.46	12,000.00	1,525,802.46

14.2 Transactions with related parties

The breakdown of the related party transactions during 2021 and 2020 is as follows (in euros):

	Group companies	
	2021	2020
Expenses from commercial operations	983,584.82	1,252,275.06
Expenses for accrued interest but unpaid	476,164.84	1,525,802.46
Costs due to accrued and paid interest	5,136,537.09	6,162,418.37

The financial expense detailed in the operations with related parties corresponds to the interest accruing on the loans granted by Barings European Core Property Fund Topco SCA to the Parent Company and Subsidiaries, as detailed below:

- On 5 July 2016 a loan for the amount of 7,965,902.25 euros was granted to the Subsidiary Barings Core Madrid S.L. The agreed interest rate is a fixed rate of 6%. It matures 15 years after the date the loan is granted, in other words, on 5 July 2031.

- On 5 July 2016 an additional loan was granted to the Subsidiary company Barings Core Madrid S.L. for the amount of 6,480,000 with a fixed interest rate of 6%. The principal of said loan was returned on 19 October 2016, with only the accrued interest of this loan amounting to 114,480 euros pending payment and which was paid on 5 May 2017.

- On 15 March 2017 a loan for the amount of 23,574,036.85 euros was granted to the Subsidiary Barings Core Toledo S.L. The agreed interest rate is a fixed rate of 2.49% (6% in 2020) and matures after 15 years from the date the loan is granted, in other words, 15 March 2032.

- On 9 October 2017 a loan for the amount of 11,738,531.14 euros was granted to the Subsidiary Barings Core Plaza S.L. The agreed interest rate is a fixed rate of 5.5% maturing 15 years after the date the loan is granted, in other words, on 9 October 2032.

- On 28 December 2017 a loan for the amount of 42,923,582.62 euros was granted to the Parent Company Barings Core Spain S.L. The agreed interest rate is a fixed rate of 3.2% (5.5% in 2020). It matures 15 years after the date the loan was granted, in other words, 28 December 2032. At 31 December 2021 and 2020 this loan revealed amounts outstanding of 39,373,908.25 euros and 40,823,582.62 euros, respectively.

- With effect from 16 February 2018, a loan was granted to the subsidiary company Barings Core Logroño PFS S.L., for a total amount of 2,614,932.00 euros. The agreed interest rate is a fixed rate of 2.94% (5.5% in 2020) maturing 15 years after the date the loan is granted, in other words, on 16 February 2034.

- On 29 November 2019 a loan for the amount of 12,140,699.00 euros was granted to the Subsidiary Barings Core M50 S.L. The agreed interest rate is a fixed rate of 4% maturing 15 years after the date the loan is granted, in other words, on 29 November 2034.

- On 19 December 2019 a loan for the amount of 30,442,027.00 euros was granted to the Subsidiary Barings Core Crossroads S.L. The agreed interest rate is a fixed rate of 4% maturing 15 years after the date the loan is granted, in other words, on 19 December 2034. At 31 December 2021 and 2020 this loan reveals amounts outstanding of 28,623,123.01 euros and 29,373,123.01 euros, respectively.

- On 2 March 2020 a loan in the amount of 26,034,941.00 euros was granted to the Subsidiary Barings Core Algete S.L. The agreed interest rate is a fixed rate of 4% maturing 15 years after the date the loan is granted, in other words, on 2 March 2035. At 31 December 2021 and 2020 this loan reveals an amount outstanding of 24,451,075.95 euros.

The outstanding loans at the date are summarised in the following table (in euros):

LENDER	INTEREST RATE	CREATION	MATURITY	PRINCIPAL AT 31/12/2021	PRINCIPAL AT 31/12/2020
Barings Core Madrid S.L.	6.00%	05/07/2016	05/07/2031	7,965,902.25	7,965,902.25
Barings Core Toledo, S.L.	2.49%	15/03/2017	01/02/2032	23,574,036.85	23,574,036.85
Barings Core Plaza, S.L.	5.50%	09/10/2017	09/10/2032	0.00	11,738,531.14
Barings Core Logrono PFS, S.L.	2.94%	16/02/2018	16/02/2034	2,614,932.00	2,614,932.00
Barings Core Spain SOCIMI, S.A.	3.20%	28/12/2017	28/12/2032	39,373,908.25.	40,823,582.62
Barings Core M50, S.L.	4.00%	29/11/2019	29/11/2034	12,140,699.00	12,140,699.00
Barings Core Crossroads S.L.	4.00%	19/12/2019	19/12/2034	28,623,123.01	29,373,123.01
Barings Core Algete, S.L.	4.00%	02/03/2020	02/03/2035	24,451,075.95	26,034,941.00
Non-current borrowings with related parties				**138,743,677.31**	**154,265,747.87**

LENDER	PRINCIPAL AT 31/12/2021	INTEREST PENDING PAYMENT/COLLECTION AT 31/12/2021	INTEREST OUTSTANDING AT 31/12/2020
Barings Core Madrid S.L.	7,965,902.25	122,143.83	122,143.83
Barings Core Toledo, S.L.	23,574,036.85	(477,472.48)	361,468.57
Barings Core Plaza, S.L.	0.00	0.00	164,991.58
Barings Core Logrono PFS, S.L.	2,614,932.00	(31,117.69)	36,754.31
Barings Core Spain SOCIMI, S.A.	39,373,908.25	195,970.01	137,945.26
Barings Core M50, S.L.	12,140,699.00	124,104.92	124,104.92
Barings Core Crossroads S.L.	28,623,123.01	292,591.92	300,258.59
Barings Core Algete, S.L.	24,451,075.95	249,944.33	266,134.95
Non-current borrowings with related parties	**138,743,677.31**	**476,164.84**	**1,513,802.46**

14.3 Remuneration payable to Governing Body and Senior Management

The detail of the remuneration received during 2021 and 2020 is as follows (in euros):

	2021	2020
Remuneration payable to the Governing Body	25,341	28,306

In 2021 and 2020 the Directors were not granted any advances or loans, nor were any obligations undertaken on their behalf in the form of guarantees, nor were civil liability insurance premiums paid for damages caused through their actions or omissions while discharging their duties. Likewise, the Group has entered into no obligations regarding pensions or life insurance for former or current Group Directors.

14.4 Information regarding situations of conflict of interest on the part of the Directors

At the close of 2021 and 2020, the Group Directors had not informed of any direct or indirect conflicts of interest, either with them or persons related to them, as defined in the Corporate Enterprises Law, who may have such with the interests of the Group.

15 Auditor fees

KPMG Auditores, S.L., the audit firm for the annual accounts of the Group, invoiced fees and expenses for professional services during the financial years ended at 31 December 2021 and 2020 as detailed below:

	In euros	
	2021	2020
For auditing services	43,800.00	41,918.76
	43,800.00	41,918.76

The amounts included in the above table include all fees regarding services performed during the financial years 2021 and 2020, irrespective of when they were invoiced.

16 Information on the environment

In 2021 and 2020 the Parent Company and the Subsidiaries did not carry out any investment of an environment nature for a significant amount.

It has not been considered necessary to recognise an allocation for environmental risks and expenses, nor are there any contingencies related to environmental protection or improvement.

17 Information on greenhouse gas emission rights

In 2018, there were no costs deriving from greenhouse gas emissions, nor has any amount been allocated or applied relating to provisions.

18 POST-CLOSE EVENTS

On 24 February 2022 Russia began its invasion of Ukraine. This remains ongoing as at the date of formulation of these annual accounts. Although the Group has no direct exposure, it is closely monitoring developments in the military conflict so as to mitigate any market restriction and/or limitation that could arise by way of collateral damage.

Aside from the above, no significant event occurred between the close of the financial year and the date of formulation of the annual accounts that would modify the information contained in the explanatory notes, or affect the evaluation of the company by third parties.

Annex I - Information regarding the company Barings Core Spain Socimi, S.A.U.

Description	2021	2020
a) Reserves originating from years prior to the application of the tax regime set forth by Law 11/2009, amended by Law 16/2012, of 27 December.	N/A	N/A
b) Reserves of each financial year during which the special tax regime established by the Law has been applicable • Profit from rentals subject to the general interest rate • Profit from rentals subject to the interest rate of 19% • Profit from rentals subject to the interest rate of 0%	N/A NOTE 3.1	N/A NOTE 3.1
c) Dividends distributed with a charge to the profits of each financial year during which the special tax regime established by the Law has been applicable • Dividends from rentals subject to the general interest rate • Dividends from rentals subject to the interest rate of 18% (2009) and 19% (2010 to 2012) • Dividends from rentals subject to the interest rate of 0%	N/ NOTE 3.1	N/A NOTE 3.1
d) Dividends distributed with a charge to reserves, • Distribution with a charge to reserves subject to the general interest rate. • Distribution with a charge to reserves subject to the interest rate of 19% • Distribution with a charge to reserves subject to the interest rate of 0%	N/A	N/A
e) Date of agreement of the distribution of the dividends referred to in letters c) and d) above	N/A	24/06/2020
f) Acquisition date of the real estate earmarked for leasing which produce rentals subject to this special scheme.	NOTE 5	NOTE 5
g) Acquisition date of the shareholdings in the capital of entities referred to in section 1 of article 2 of this Law.	NOTE 6	NOTE 6
h) Identification of the asset calculated within the 80% figure referred to in subsection 1 of Article 3 of this Law	NOTE 6	NOTE 6
i) 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. The financial year from which said reserves originate must be identified.	Legal reserve constituted in 2020. NOTE	Legal reserve constituted in 2020. NOTE

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2021

BARINGS CORE SPAIN SOCIMI, S.A.U. (the Parent 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 Spain S.à.r.l. of registered office in Luxembourg.

The Company is the Parent of a Group, given its holdings in subsidiaries. The Group Barings Core Spain Socimi, S.A.U. and Subsidiaries closed the 2021 financial year with a profit of 17,226,980.28 euros, and consolidated net equity of 102,682,158.19 euros.

At the close of the 2021 financial year, the direct stake in companies of the Parent Company group were as follows:

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

On 18 October 2021, 100% of the shares in the company Barings Core Plaza, S.L. were sold to a third party.

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

a. Barings Core Madrid, S.L. owns commercial premises located in Madrid with a book value of 15,785,042.00 euros.

b. Barings Core Toledo, S.L. owns two industrial units located in Toledo with a book value of 32,477,708,18 euros.

c. Barings Core Logroño, S.L. owns a shopping centre in Logroño with a book value of 87,518,417.94 euros.

d. Barings Core Logroño PFS, S.L. owns a petrol and service station in Logroño with a book value of de 3,250,000.00 euros.

e. The company Barings Core Spain S.A.U. itself owns a property used for the hospitality trade in Logroño with a book value of 371,023.52 euros.

f. Barings Core M50, S.L. owns a warehouse and commercial premises in Majadahonda, Madrid with a book value of 17,121,612.73 euros.

g. Barings Core Crossroads, S.L. owns 10 commercial premises used as supermarkets in different Spanish cities, with a book value of 72,653,449.30 euros.

h. Barings Core Algete, S.L. owns a warehouse in Algete, Madrid, with a book value of 42,080,221.57 euros.

The Consolidated Group expects to continue making investments in the real estate market over the coming financial years.

During the 2021 financial year the parent company and subsidiaries generated consolidated revenues of 38,999,108.06 euros, compared with 20,949,156.51 euros in the 2020 financial year. This increase in revenues is the result to a great extent of the increase in rents.

Occupancy of the shopping centre stood at 96.96%, compared with 97.38% in 2020.

Given its condition as a REIT, a regime of which the Parent Company availed itself during the 2016 financial year, during the 2018 financial year the Parent Company listed on Euronext Access Paris, a regulated trading market, this being one of the requirements imposed by the legislation governing REITs.

As for the possible risks to which the Consolidated Group is subject, the main risks in the standard course of consolidated group operations may be divided into two general types, according to the criteria deemed most appropriate for efficient risk management.

The company has implemented the necessary mechanisms to control the exposure to changes in the interest rates as well as credit and liquidity risk. Below are indicated the main financial risks impacting on the Group.

a) Credit risk

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the Parent Company and Subsidiaries. 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 Consolidated Group regularly updates a list of accounts receivable in order to manage their payment. Overdue accounts are reclaimed monthly by the Property Managers of the Consolidated Group.

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 Consolidated Group 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). 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.

b) Liquidity risk

Liquidity risk is caused by the possibility that either the Parent Company or the Subsidiaries do not have liquid funds available, or they do not have access to them in sufficient quantities at the appropriate cost, in order to meet their 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. Similarly, given that the Parent Company and the Subsidiaries belong to the same group, in the event of any potential cash requirements, financing from the Group to which they belong would be possible.

The Company estimates that the occupancy rate of the leased assets and the capacity for generating cash from these rentals will permit the adequate management of the working capital in the short-term. Whereas the quality of the real estate investments and the adequate debt ratio over the market value of its assets will allow it to suitably finance its operations in the medium-term.

Although the Company revealed negative working capital at the close of 2020, mainly as a result of the debt entered into in 2020 through the acquisition of a property, and the amount of 5,000,000 euros received in 2020 from vendor of said assets, as part of the future purchase price of a part of the aforementioned asset, the Parent Company Directors formulated the consolidated annual financial statements for 2020 in accordance with the going concern principle.

At 31 December 2021 the consolidated balance sheet of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group revealed negative working capital of 4,516,955.94 euros, essentially as a result of the short-term maturity of the principal of a loan with mortgage guarantee for an amount of 31,713,605.41 euros of principal granted by a financial institution to the subsidiary, held by the subsidiary company BARINGS CORE LOGROÑO S.L.U., with an established maturity date of 29 December 2022.

The Directors of the Parent Company formulated these consolidated annual accounts of 2021 on the basis of the going concern principle, taking into account the following circumstances:

- The ultimate Shareholder of the Parent Company, the entity Barings European Core Property Fund SCSp SICAV-SIF, has expressed its firm commitment during the coming months in 2022, troughing its subsidiary Barings European Core Property Fund TOPCO, SCA,and prior to the date set for the maturity of the mortgage loan, scheduled for 29 December 2022, to formalise a long-term inter-company financial loan to the subsidiary BARINGS CORE LOGROÑO S.L.U. for an approximate amount of 32,000,000.00 euros, in order to allow the latter company to meet its commitment to repay principal and interest on the mortgage loan debt. The ultimate Shareholder of the Parent Company has also expressed its commitment not to enforce payment of the debt by BARINGS CORE LOGROÑO S.L.U. in 2023, thereby guaranteeing the continuity of the operations of this subsidiary and of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group.
- In line with the positive operating results generated by the Group in the 2020 and 2021 financial years, the most recent cash projections of the BARINGS CORE SPAIN SOCIMI, S.A.U. Group for the period between 1 January 2022 and 30 June 2023 indicate its capacity to generate sufficient cash in order to meet its payment commitments during that period.

c) Investment risk

The Group mitigates investment risk by only entering into it with 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.

On 24 February 2022 the Russian army began its invasion of Ukraine. The military attack has continued since then, while at the international level there have been numerous counteractions seeking to isolate and weaken Russia's economy, including, but not limited to, financial sanctions, on trade and transport of goods or the closure of Russian airspace.

Considering the complexity of the markets due to market globalisation and the uncertainty of the duration of this invasion, the consequences for the Company's operations are uncertain and will depend to a large extent on the repercussions of all these developments over the coming months.

Therefore, at the time of preparation of these financial statements, it is too early to make a detailed assessment or quantification of the impacts of the invasion of Ukraine on the Group, due to the uncertainty of its short-, medium- and long-term consequences. However, the Directors of the Parent Company have made a preliminary assessment of the current situation on the basis of the best information available and have not detected any significant impact on the development of the Company's operations.

As a result, the consolidated annual accounts for the financial year ended 31 December 2021 take into account the effects that the invasion of Ukraine have had on Group activity and the impact on valuations and estimates, although the Directors of the Parent Company do not believe them to be significant.

The Directors of the Parent Company have conducted an assessment of the current situation in accordance with the best information available, emphasising the following aspects:

— Liquidity risk: it is likely that the general situation of the market could lead to a widespread increase in liquidity tensions in the economy, and a contraction of the credit market. In this regard, the Group maintains most of its Accounts Receivable with clients that have a low credit risk, given their credit ratings, and so in combination with the implementation of specific plans for the improvement and efficient management of liquidity, this will serve to address such tensions.

— Asset valuation risk: a change in future estimates of operations, operating and maintenance costs and financial costs of the Group would have a negative impact on the book value of certain assets, and the need to register certain provisions or other liabilities. Nonetheless, no significant impact is expected on the evaluation of the Company's assets, given the high level of occupancy of the properties that it owns, and the prices agreed in the rental agreements with clients.

Operations with derivative financial instruments

The Group company Barings Core Logroño S.L. contracted a derivative with ING Bank NV during the 2018 financial year, with maturity on 29 December 2022, with the fixed interest rate payable by the company being 0.5% and charging a six-monthly Euribor. The gain generated by the swap valuation has been recognised in the income statement for an amount of 347 thousand euros in 2021 (113 thousand euros in 2020). Likewise, during 2021, 334 thousand euros was recognised (293 thousand euros in 2020) in the income statement corresponding to interests.

Average payment period

The average supplier payment period during the 2021 financial year was 12.13 days.

The payments to suppliers that exceeded the legal period established derived from circumstances or incidents outside of the established payment policy, and were mainly due to delays in the receipt of the invoice by the supplier, or incidents in the provision of the service.

Research and development

The Group did not perform any research and development activities during the 2021 financial year.

Operations with treasury stock

The Group does not hold and did not during the 2021 financial year acquire any treasury stock.

BARINGS CORE SPAIN SOCIMI, S.A.U. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2021

Events subsequent to the close of year

On 24 February 2022 Russia began its invasion of Ukraine. This remains ongoing as at the date of formulation of these annual accounts. Although the Group has no direct exposure, it is closely monitoring developments in the military conflict so as to mitigate any market restriction and/or limitation that could arise by way of collateral damage.

Aside from the above, no significant event occurred between the close of the financial year and the date of formulation of the annual accounts that would modify the information contained in the explanatory notes, or affect the evaluation of the company by third parties.

Madrid, 27 June 2022

Intertrust (SPAIN) S.L, Secretary-non-director

Represented by Ms. Maria Guadalupe Astarloa Echevarrieta

Mr. José Carlos Torres Torres

Mr. Neil Kenneth Robertson

Mr. Carlos de Oya

BARINGS CORE SPAIN SOCIMI, S.A.U. SUBSIDIARIES

Formal Signature
Explanatory Notes on the Consolidated annual financial statements

At the meeting of the Board of Directors of the company Barings Core Spain Socimi, S.A.U., on 27th June 2022 and in compliance with the requirements set forth in the article 253 of the Consolidated Text of the Spanish Corporate Enterprises Law and in Article 37 of the Commercial Code, the Directors issued the consolidated financial statements and the consolidated management report for the year comprising 1 January 2021 to 31 December 2021. The consolidated financial statements comprise the annexed documents preceding this text along with three signature reports.

Board of Directors

Mr Carlos de Oya Jiménez

Mr José Carlos Torres Torres

Mr Neil Kenneth Robertson

Intertrust (SPAIN) S.L, Secretary - non-director

Represented by Ms Maria Guadalupe Astarloa Echevarrieta