Barcino Property SOCIMI, S.A.

Financial Statements for the year ended 31 December 2019 and Directors' Report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails

BARCINO PROPERTY SOCIMI, S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Euros)

ASSETS	Notes	31/12/2019	31/12/2018	NET EQUITY AND LIABILITIES	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets		**720**	**765**	***SHAREHOLDERS' EQUITY-***	**Note 7**		
Property, plant and equipment		**1,359**	**2,313**	**Share capital**		**21,109,105**	**21,109,105**
Investment property	**Note 5**	**38,262,670**	**32,955,430**	**Share premium**		**4,616,923**	**4,616,923**
Non-current financial assets	**Note 6**	**114,513**	**78,888**	**Reserves**		**6,453**	**6,453**
Total non-current assets		**38,379,262**	**33,037,396**	**Treasury shares**		**(66,662)**	**(66,662)**
				Prior years' losses		**(4,586,540)**	**(2,953,967)**
				Loss for the year		**(999,836)**	**(1,632,573)**
				Total equity		**20,079,443**	**21,079,279**
				NON-CURRENT LIABILITIES:			
				Non-current payables-		**17,638,634**	**13,680,360**
				Non-current bank borrowings	Note 8.1	14,760,813	12,694,230
				Other financial liabilities	Note 8.2	2,877,821	986,130
				Total non-current liabilities		**17,638,634**	**13,680,360**
CURRENT ASSETS:				**CURRENT LIABILITIES:**			
Trade and other receivables-		**342,787**	**261,159**	**Current payables-**		**2,696,880**	**2,044,450**
Trade receivables for sales and services		19,573	29,787	Bank borrowings	Note 8.1	1,141,265	956,293
Sundry receivables		43,705	7,406	Payable to non-current asset suppliers		-	230,806
Current tax assets	Note 9.1	140,277	112,660	Other financial liabilities	Note 8.2	1,555,615	857,351
Other accounts payable to Public Authorities	Note 9.1	139,232	111,306	**Trade and other payables-**		**427,890**	**507,297**
Current financial assets	**Note 4.7**	**390,179**	**303,117**	Sundry accounts payable		349,483	457,646
Current prepayments and accrued income		**22,957**	**21,045**	Tax payables	Note 9.1	76,344	48,716
Cash and cash equivalents		**1,707,662**	**3,688,669**	Customer advances		2,063	935
Total current assets		**2,463,585**	**4,273,990**	**Total current liabilities**		**3,124,770**	**2,551,747**
TOTAL ASSETS		**40,842,847**	**37,311,386**	**TOTAL EQUITY AND LIABILITIES**		**40,842,847**	**37,311,386**

The accompanying Notes 1 to 14 are an integral part of the balance sheet at 31 December 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF PROFIT OR LOSS FOR 2019

(Euros)

	Notes	2019	2018
CONTINUING OPERATIONS:			
Revenue-		**1,672,730**	**1,261,054**
Lease revenue	Note 10.1	1,672,730	1,261,054
Other operating income		**3,595**	**-**
Staff costs		**(123,992)**	**(96,258)**
Wages, salaries and similar		(98,227)	(69,668)
Employee benefit costs	Note 10.2	(25,765)	(26,590)
Other operating expenses-		**(1,854,701)**	**(2,030,091)**
Outside services	Note 10.3	(1,730,886)	(1,938,708)
Taxes other than income tax	Note 10.3	(80,547)	(65,219)
Losses on and write-down of trade receivables and changes in provisions for commercial transactions		(18,009)	(23,599)
Other current operating expenses		(25,259)	(2,565)
Depreciation and amortisation charge	**Note 5**	**(566,590)**	**(385,206)**
Excess provisions	**Note 1**	**238,294**	**-**
Impairment and gains or losses on disposals of non-current assets-		**-**	**(109)**
Gains or losses on disposals and other		-	(109)
Other income and expenses		-	**(80,934)**
Loss from operations		**(630,664)**	**(1,331,544)**
Finance income		**424**	**49**
Finance costs		**(369,596)**	**(301,032)**
Exchange differences		**-**	**(46)**
Financial loss		**(369,172)**	**(301,029)**
Loss before tax		**(999,836)**	**(1,632,573)**
Income tax	Note 9	-	-
Loss for the year		**(999,836)**	**(1,632,573)**

The accompanying notes 1 to 14 are an integral part of the statement of profit or loss for 2019.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2019
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Euros)

	2019	2018
LOSS AS PER STATEMENT OF PROFIT OR LOSS (I)	**(999,836)**	**(1,632,573)**
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	-	-
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	**(999,836)**	**(1,632,573)**

The accompanying Notes 1 to 14 are an integral part of the statement of recognised income and expense for 2019.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2019
B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Euros)

	Share capital	Share premium	Other reserves	Treasury shares	Prior years' losses	Loss for the year	TOTAL
BALANCE AT 31 DECEMBER 2017	**14,377,358**	**1,587,637**	**-**	**(150,001)**	**(100,081)**	**(2,853,886)**	**12,861,027**
Total recognised income and expense	-	-	-	-	-	**(1,632,573)**	**(1,632,573)**
Allocation of 2017 loss	**-**	**-**	**-**	**-**	**(2,853,886)**	**2,853,886**	**-**
Transactions with shareholders or owners	**6,731,747**	**3,029,286**	**6,453**	**83,339**	-	-	**9,850,825**
- Capital increases (Note 7.1)	6,731,747	3,029,286	-	-	-	-	9,761,033
- Treasury share transactions (net)	-	-	6,453	83,339	-	-	89,792
BALANCE AT 31 December 2018	**21,109,105**	**4,616,923**	**6,453**	**(66,662)**	**(2,953,967)**	**(1,632,573)**	**21,079,279**
Total recognised income and expense	**-**	**-**	**-**	**-**	**-**	**(999,836)**	**(999,836)**
Allocation of 2018 loss	**-**	**-**	**-**	**-**	**(1,632,573)**	**1,632,573**	**-**
BALANCE AT 31 December 2019	**21,109,105**	**4,616,923**	**6,453**	**(66,662)**	**(4,586,540)**	**(999,836)**	**20,079,443**

The accompanying Notes 1 to 14 are an integral part of the statement of changes in total equity for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CASH FLOWS FOR 2019

(Euros)

	Notes	31/12/2019	31/12/2018
CASH FLOWS FROM OPERATING ACTIVITIES (I):		**(1,598,774)**	**(1,710,828)**
Loss for the year before tax		**(999,836)**	**(1,632,573)**
Adjustments for-		**715,477**	**709,897**
Depreciation and amortisation charge	Note 5	566,590	385,206
Valuation adjustments for impairment of commercial transactions		18,009	23,708
Changes in provisions		(238,294)	-
Gains or losses on write-offs and disposal of fixed assets		-	-
Finance income		(424)	(49)
Finance costs		369,596	301,032
Changes in working capital-		**(1,013,927)**	**(487,169)**
Trade and other receivables		(99,637)	(100,064)
Other current assets		(1,912)	-
Trade and other payables		(295,037)	(821,281)
Other current liabilities		-	446,712
Other non-current assets and liabilities		(617,341)	(12,536)
Other cash flows from operating activities-		**(300,488)**	**(300,983)**
Interest paid		(300,912)	(301,032)
Interest received		424	49
CASH FLOWS FROM INVESTMENT ACTIVITIES (II):		**(2,565,104)**	**(13,268,232)**
Payments due to investment-		**(2,565,104)**	**(13,551,783)**
Other financial assets		(87,063)	-
Investment property	Note 5	(2,478,041)	(13,551,783)
Proceeds from divestments-		**-**	**283,551**
Intangible fixed assets		-	1,618
Investment property	Note 5	-	2,057
Other financial assets		-	279,876
CASH FLOWS FROM FINANCING ACTIVITIES (III):		**2,182,871**	**17,119,837**
Proceeds and payments relating to equity instruments-		**-**	**9,850,825**
Proceeds from issue of equity instruments	Note 7	-	9,761,033
Disposal of treasury shares		-	89,792
Proceeds and payments relating to financial liability instruments-		**2,182,871**	**7,269,012**
Proceeds from issue of bank borrowings	Note 8	4,274,095	10,135,000
Repayment of bank borrowings	Note 8	(2,091,224)	(2,865,988)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)		**-**	**(46)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(1,981,007)**	**2,140,731**
Cash and cash equivalents at beginning of year		3,688,669	1,547,938
Cash and cash equivalents at end of year		1,707,662	3,688,669

The accompanying Notes 1 to 14 to the financial statements are an integral part of the statement of cash flows for 2019.

Barcino Property SOCIMI, S.A.

Notes to the Financial Statements
for the year ended 31 December 2019

1. Company activities

Barcino Property SOCIMI, S.A. ("the Company") is a Spanish company with tax identification number (C.I.F.) A-66461716, incorporated for an indefinite period of time on 30 January 2015 under the name of Barcino Property, S.L. Its registered office is located at calle Ramón Turró 23, Barcelona.

On 25 May 2017, it was resolved that the Company would be converted from a private limited liability company into a public limited liability company.

On 18 February 2016, the Company's former sole shareholder, Barcino Management, B.V., resolved that the Company would avail itself of the special regime for real estate investment trusts ("REITs") governed by Law 11/2009, of 26 October. Subsequently, on 19 February 2016 the Company formally notified the Spanish State Tax Agency that it had opted to apply the aforementioned special regime for REITs as from 1 January 2016.

The Company's purpose is as follows:

a) The acquisition and development of urban properties earmarked for lease.

b) The ownership of interests in the share capital of other REITs or other non-resident companies in Spain with a company purpose identical to that of the former, which are subject to a regime similar to that governing REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws.

c) The ownership of interests in the share capital of other companies, whether residents or non-residents in Spain, the company purpose of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws, and which meet the investment requirements referred to in Article 3 of Real Estate Investment Trusts Law 11/2009, of 26 October.

d) The ownership of shares or other equity interests in collective real estate investment undertakings governed by Spanish Collective Investment Undertakings Law 35/2003, of 4 November, or any law that may supersede it in the future.

Together with the economic activity relating to the main company purpose, REITs may also engage in other ancillary activities, which as a whole represent less than 20% of the Company's income in each tax period, or such activities as might be considered to be ancillary activities under the legislation applicable at each given time.

In view of the business activity carried out by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

- ***Management agreement***

On 31 October 2017, the Company entered into a six-year management agreement ("the Management Agreement") with Vistalegre Property Management, S.L. ("the Manager"), subsequently novated on 30 December 2019 and effective as from 1 January 2019, whereby the Manager works exclusively for the Company and the following main functions are delegated, among others: (i) proposing investments; (ii) structuring and negotiating the purchase transactions; (iii) managing the properties; and ultimately (iv) selling the properties acquired by the Company.

The previous agreement established the remuneration payable to Vistalegre Property Management, S.L. The services on account of which remuneration was paid to the Manager and the compensation calculation formula were as follows:

a) Management fee: 1.25% of the fair value of the assets, determined on the basis of a RICS appraisal plus cash and cash equivalents (taking into account the appraisals performed by an independent valuer). The amount accrued in 2018 totalled EUR 513,120 (of which EUR 447,358 related to the tax base and EUR 65,762 to non-deductible VAT).

b) Performance fee: this will understood as the sum of: (i) 20% of the gains arising from the sale of the Company's assets during the period; (ii) 20% of the unrealised gains arising in a given year (calculated as the fair value of the property portfolio less its acquisition cost) from the Company's property assets based on a RICS valuation method; and (iii) 20% of the net profit generated by the rental business, excluding the performance fee from the calculation. The amount accrued in 2018 totalled EUR 900,971 (including EUR 744,521 related to the tax base and EUR 156,349 to non-deductible VAT) and corresponds mainly to the fees arising from the unrealised gains generated from the date of acquisition of the property assets to the period closing 31 December 2018, calculated as provided for in the Management Agreement as per the appraisals performed by CBRE Valuation Advisory, S.A. using the methodology specified in Note 4.1.

   Each year, the Manager could distribute, at its discretion, up to 80% of the performance fee basket (understood as the sum of the performance fee for the year in question plus all the undistributed performance fees earned since the incorporation of the Company), provided that: (i) it has fulfilled its reporting obligations to the Company's managing body under the terms of the Management Agreement; and (ii) the internal rate of return relating to the dividends received, the net profit or loss and the value of the assets in the portfolio, appraised by an independent valuer, is equal to or higher than 5%. In 2018 the IRR of 5% was exceeded and the Manager decided to distribute 40% of the amount accrued.

   Should the performance fee provision be negative, it will reduce the performance fee basket accordingly.

   Undistributed amounts increased the value of the aforementioned performance fee basket.

On 30 December 2019, and retroactively effective to 1 January 2019, the Company and the Manager formally novated the Management Agreement whereby a number of amendments thereto were agreed, the most relevant ones being as follows:

1) Modifying the management fee payable to the Manager from 1.25% of the gross asset value of Barcino's asset portfolio to a new value to be calculated on an escalated basis according to the gross asset value arising from the annual valuation report issued by the independent valuer as per the methodology stated in Note 4.1, that is:
   i) 1.25% of the gross asset value until it reaches EUR 100,000,000;
   ii) 1% of the gross asset value exceeding EUR 100,000,000 until it reaches EUR 200,000,000; and
   iii) 0.8% of the gross asset value exceeding EUR 200,000,000.

The aforementioned management fee is to be paid quarterly in advance. The amount accrued in 2019 totalled EUR 806,930 (of which EUR 699,671 related to the tax base and EUR 107,259 to non-deductible VAT).

2) Modifying the amount payable to the Manager on account of performance fee, which will be superseded as follows:

   a) A sales fee payable upon transfer by Barcino of any asset. In the case of the assets already owned by Barcino at 31 December 2019, such a fee amounts to 15% of the positive difference between the consideration for the asset transfer and the asset valuation specified in the 2018 valuation report, plus the rent earned by the asset less all the asset expenses, including any general, administrative and financial expenses and excluding the depreciation and amortisation charge from 1 January 2019 until the sale transaction time. In the case of the assets acquired by Barcino after 31 December 2018, said fee is 15% of the consideration amount resulting from the asset transfer less the asset acquisition value, less the asset acquisition costs, less the amounts allocated to the asset renewal and refurbishment, plus the rent earned by the asset less all the asset expenses, including general, administrative and financial expenses and excluding the depreciation and amortisation charge since the asset acquisition date.

   b) An exit fee payable upon termination of the Management Agreement on its maturity date on 31 December 2024, or for whichever other reason, including the potential change of control of Barcino and relevant sales of assets, defined as the sale of assets by the Company which account for more than 50% of the value of the Company's assets, as per the latest valuation report, for a period of 18 months from the date of sale of the first asset, and the amount of which is as follows:

      i) In the event of termination of the Management Agreement due to a change of control in Barcino, a fee of 15% on the amount of the positive difference between the price received from the sale of the Company's shares, increased as required so that it equals the sale price of the total shares of the Company; and (i) for the assets that were already owned by Barcino at 31 December 2018, their valuation as specified in the 2018 valuation report, plus the amount of the rent earned by the asset less all the asset expenses, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from 1 January 2019; and (ii) for the assets purchased by the Company after 31 December 2018, the amount resulting from this formula: asset acquisition price, less asset acquisition costs, less the amounts allocated to the asset renewal and refurbishment, plus the rent earned by the asset less all the asset expenses, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from the asset acquisition date.

      ii) In case of termination of the Management Agreement due to a relevant sale of assets or for any other reason, the result of adding the following three amounts: (i) regarding the assets sold as part of a relevant sale of assets owned by the Company at 31 December 2018, 15% of the amount of the positive difference between the consideration for the transfer of the assets and their valuation as per the 2018 valuation report, plus the rent earned by the asset less all the asset expenses, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from 1 January 2019; (ii) regarding the assets sold as part of a relevant sale of assets and acquired by Barcino after 31 December 2018, 15% of the result of applying this formula: consideration for the transfer of the assets less the acquisition value of the assets, less the acquisition costs of the assets, less the amounts allocated to the renewal and refurbishment of the assets, plus the rent earned by the assets less all the expenses arising from the assets, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from the date of acquisition of the assets; and (iii) regarding the assets not sold in the relevant sale of assets: if they were already owned by the Company at 31 December 2018, 15% of the amount of the positive difference between the valuation of the assets as per the 2018 valuation report and the valuation of the assets specified in the latest valuation report, plus the rent earned by the assets less all the asset expenses, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from 1 January 2019; and, if they were acquired by the Company after 31 December 2018, 15% of the positive result derived from the following formula: valuation of the assets contained in the latest valuation report less the acquisition value of the assets, less the acquisition costs of the assets, less the amounts allocated to the renewal and refurbishment of the assets, plus the rent earned by the assets less all the expenses of the assets, including general, administrative and financial expenses and excluding the depreciation and amortisation charge from the acquisition date.

The exit fee will be charged only on the assets sold as part of a relevant sale of assets, provided that the sales fee on account thereof has not been charged before.

The amount accrued in 2019 as a result of the compensation that the Company should pay the Manager upon the agreement termination is EUR 197,894, which relate to the tax base recognised under "Other non-current financial liabilities" in the balance sheet (see Note 8.2). In accordance with the terms and conditions of the agreement, the Manager will only charge the exit fee should any of the contract termination causes arise. Said fee will be paid only if the IRR obtained according to the estimates in the valuation report amounts to 7% (instead of the 5% foreseen in the original Management Agreement).

3) Settlement of the performance fee basket at 31 December 2018 totalling EUR 655,365 as per the terms and conditions of the aforementioned Management Agreement. The difference between the provision allocated in prior years and the final settlement thereof amounting to EUR 238,294 was recognised under "Excess provisions".

The agreement entered into by the parties envisages the payment of certain amounts of compensation in the event of early termination. The amount of this compensation, and the party liable for its payment, depend on the reasons for the early termination of the agreement. Neither at 31 December 2019 nor at the date of preparation of these financial statements were there circumstances that might lead to the early termination of the Management Agreement.

REIT regime

The Company is regulated by Spanish Real Estate Investment Trusts Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December. These companies have a special tax regime, and must fulfil, among others, the following obligations:

1. Company purpose obligation. They must have as their principal company purpose the ownership of urban properties earmarked for lease, the ownership of shares in other REITs or companies with a similar corporate purpose and with the same dividend pay-out scheme, as well as in Collective Investment Undertakings.

2. Investment obligation.

   - They must invest at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be allocated to that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies whose corporate purpose is similar to that of a REIT.

     This percentage must be calculated on the basis of the consolidated balance sheet, if the company is the parent of a group in accordance with the criteria stated in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of whether or not it is obliged to prepare consolidated financial statements. Such a group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Law 11/2009.

     There is an option to replace the carrying value of the assets with their market value. Cash/collection rights arising from the transfer of such assets will not be taken into account, provided that the established maximum reinvestment periods are not exceeded.

- Also, 80% of their income must arise from: (i) property rentals; and (ii) dividends from investments. This percentage must be calculated on the basis of the consolidated balance sheet, if the company is the parent of a group in accordance with the criteria stated in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of whether or not it is obliged to prepare consolidated financial statements. Such a group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Law 11/2009.

- The properties must remain leased for at least three years (for calculation purposes, up to one year of the period they have been offered for lease may be added). Assets must be held for a minimum period of three years.

3. <u>Obligation to trade on a regulated market</u>. REITs must be admitted to trading on a regulated Spanish market or in any other country with which there is exchange of tax information. The share capital of these entities must consist of registered shares.

4. <u>Distribution of profit obligation</u>. Once the related corporate and commercial obligations have been met, REIT companies are required to distribute dividends as follows:

   - All the profit from dividends or shares in profits paid by the entities referred to in Article 2.1 of Law 11/2009.

   - At least 50% of the profits arising from the transfer of property and shares or ownership interests to which Article 2.1 of Law 11/2009 refers, performed once the minimum holding periods have elapsed, which are used to perform the REIT's corporate purpose. The remainder of these profits should be reinvested in other properties or interests related to the performance of such purpose within three years from the transfer date.

   - At least 80% of the remaining profits obtained. When dividends are distributed with a charge to reserves out of profit for a year in which the special tax regime had been applied, the distribution must be approved as set out above.

   - The legal reserve of companies that have chosen to avail themselves of the special tax regime set out in Law 11/2009 must not exceed 20% of the share capital. The bylaws of these companies may not establish any other restricted reserve.

5. <u>Reporting obligation</u> (see Note 12). REITs must include in the notes to the financial statements the information required in the tax legislation governing the REIT special regime.

6. <u>Minimum share capital</u>. The minimum share capital for REITs is established at EUR 5 million.

REITs may opt to apply the special tax regime under the terms established in Article 8 of the REITs Law, even when the requirements therein are not met, provided that such requirements are fulfilled within the two-year period following the date on which the regime is applied.

Failure to meet any of the foregoing conditions will require the Company to file income tax returns under the standard tax regime from the tax period in which the aforementioned condition is not met, unless this situation is rectified in the following tax period. The Company will also be obliged to pay, together with the amount relating to the abovestated tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

The income tax rate for REITs is set at 0%. However, where the dividends that the REIT distributes to its shareholders with an ownership interest of more than 5% are exempt from tax or are taxed at a tax rate lower than 10%, the REIT will be subject to a special charge of 19%, which will be considered to be the income tax charge, on the amount of the dividend distributed to those shareholders. If applicable, this special charge must be paid by the REIT within two months after the dividend payment date.

At 31 December 2019, the Company's directors considered that the Company was complying with the requirements of the REIT Law and, therefore, that the special tax regime was fully applicable.

2. Basis of presentation of the financial statements

2.1. Regulatory financial reporting framework applicable to the Company

These financial statements were prepared by the Company's directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and amended by Royal Decree 602/2016, and its industry adaptations, in particular, the rules adapting the Spanish National Chart of Accounts for real estate companies approved by the Ministerial Order of 28 December 1994.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish Chart of Accounts and its supplementary provisions.

d) The Company is regulated by Spanish Real Estate Investment Trusts Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December.

e) All other applicable Spanish accounting legislation.

2.2. Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results and cash flows for 2019.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes. The financial statements for 2018 were approved at the Annual General Meeting held on 23 May 2019.

2.3. Non-mandatory accounting principles applied

No non-mandatory accounting principles were applied. Also, the directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a material effect thereon. All mandatory accounting principles were thus applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain assets, liabilities, income, expenses and obligations reported herein. The key estimates and principles refer to:

- The useful life of investment property (see Note 4.1).
- The recoverable amount of the investment property based on the appraisals performed by independent third-party valuers (see Note 4.1).
- The amount of the remuneration to be received by the Manager (see Note 1).
- The assumptions used in the calculation of provisions, and the assessment of litigation, obligations and contingent assets and liabilities (see Note 4.6).

Although these estimates were made on the basis of the best information available at 2019 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

2.5. Comparative information

The information relating to 2019 included in these notes to the financial statements is presented for comparison purposes with that relating to 31 December 2018.

2.6. Grouping of items

Certain items in the balance sheet, statement of profit or loss, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7. Changes in accounting policies

In 2019, there were no significant changes in accounting policies with respect to those applied in 2018.

2.8. Financial position

At 31 December 2019 the Company had a working capital deficiency of EUR 661 thousand. However, of the total current liabilities amounting to EUR 2,469 thousand, EUR 848 thousand related to a capitalisable loan with the company Soverino BCN, Investments, S.L., resulting from an agreement reached in a property purchase contract (see Note 5). At the date of preparation of these financial statements the Annual General Meeting of the Company had approved a share capital increase through conversion of the abovestated loan (see Note 14).

The Company's directors decided to prepare these financial statements as per the going-concern principle of accounting, whereby assets are recovered and liabilities are settled in the amounts specified and according to their classification in the accompanying balance sheet, taking into account that the aforementioned factors mitigate the uncertainty about the continuity of the Company's activities.

3. Allocation of loss

The loss reflected in the statement of profit or loss for the year ended 31 December 2019 will be allocated to "Prior years' losses".

Limitations on the distribution of dividends

The Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches 20% of the share capital. This reserve may not be distributed to the shareholders.

Due to its status as an REIT, once the related corporate law obligations have been met, and as set forth in its bylaws, the Company is required to distribute the profit obtained in the year to its shareholders in the form of dividends in accordance with the provisions of Article 6 of the REIT Law (see Note 1).

Once the legal or bylaw requirements have been met, dividends may only be distributed out of profit for the year or unrestricted reserves, provided that the value of equity is not lower than that of share capital or, as a result of this distribution, does not fall below share capital. In this connection, profit charged directly to equity cannot be distributed, either directly or indirectly. If prior years' losses reduce the Company's equity to below its share capital, the profit must be used to offset these losses.

4. Recognition and measurement

As indicated in Note 2, the Company applied accounting policies in accordance with the accounting principles and rules contained in the Spanish Commercial Code, implemented in the current Spanish National Chart of Accounts (2007), and all other Spanish corporate law in force at the reporting date of these financial statements. In this connection, only those accounting policies that are specific to the Company's business activities and those deemed significant according to the nature of its activities are detailed below.

4.1. Investment property

"Investment property" in the balance sheet reflects the values of the land, buildings and other structures held to earn rentals.

Investment property is initially recognised at acquisition or production cost and is subsequently reduced by the related accumulated depreciation and by any impairment losses recognised.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised, whereas upkeep and maintenance expenses are charged to the statement of profit or loss for the year in which they are incurred.

For investment property that necessarily takes a period of more than twelve months to get ready for its intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other funds borrowed, either specifically or in general, directly attributable to the acquisition or production of the assets. In 2019 and 2018 no borrowing costs were capitalised in this connection.

The Company depreciates its investment property by the straight-line method based on the years of estimated useful life of the related assets, as follows:

	Years of estimated useful life
Buildings	10 - 50

The gain or loss arising from the sale or disposal of an asset is determined as the difference between the carrying amount of the asset and its selling price, and is recognised under "Impairment and gains or losses on disposals of non-current assets" in the statement of profit or loss.

The Company recognises the appropriate impairment losses on its investment property, if the net realisable value of the investment property is lower than its carrying amount. For the purpose of determining net realisable value, the Company's directors considered appraisals conducted by independent third-party valuers (performed by CBRE Valuation Advisory, S.A.) at 31 December 2019.

The valuation basis used by the independent expert valuer is market value, and it was conducted following the Red Book "RICS Valuation (Royal Institute of Chartered Surveyors) – Professional Standards", 9th Edition, published in 2017. The definition of the VPS 4 – Valuation Practice Statement is as follows: *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"*. (IVSC – International Valuation Standard Council 2013.)

The valuation methodology employed by the independent third-party expert was based on individual valuations with inspection of the properties. For the valuation of the units, the discounted cash flow method was adopted since they are assets that are already leased (income properties). In this regard, the valuation was performed on the basis of a discounted cash flow with the income generated by the rental income from the lease and the costs inherent to maintaining the asset (taxes, maintenance), as well as an estimate of the cost of refurbishing the asset once the lease contract has ended and prior to marketing it for sale. This projection was made considering that the asset will be disposed of within ten years at a terminal value or exit price.

In relation to the terminal value or exit price, the methodology used was the Comparison Approach, in order to obtain market references on sale in the unit's area of influence.

The deflated discount rates applied to the Company's asset portfolio were between 5.4% and 6.4% for residential assets and 7.5% for office lease assets.

The properties were valued individually, taking into account each of the lease contracts in force at the end of the year. The buildings with areas that are vacant were valued on the basis of the estimated future rent, less a period for the marketing of such vacant areas.

The key variables in the aforementioned approach are the determination of net revenue, the period of time over which the revenue is discounted, the value estimate used at the end of each period and the objective internal rate of return applied to discount the cash flows.

4.2. Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and benefits inherent to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

At 31 December 2019 and 2018, all of the Company's leases were considered to be operating leases.

Operating leases –

Income and expenses derived from operating lease agreements are recognised in the statement of profit or loss on an accrual basis.

Any collection or payment made on entering into an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.3. Financial instruments

4.3.1. Financial assets

Classification –

The financial assets held by the Company are mostly loans and receivables. This category of assets involve financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or ascertainable payments and are not traded on an active market.

Initial recognition –

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement –

Loans and receivables are measured at amortised cost.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the statement of profit or loss.

In particular, the Company calculates valuation adjustments relating to trade and other receivables by carrying out a case-by-case analysis of the solvency of the debtor. At 31 December 2019 and 2018, there were no unprovisioned balances receivable for which there was a risk of default.

The Company derecognises financial assets when they expire or when the rights over the cash flows of said financial assets are transferred together with substantial risks and benefits inherent to their ownership.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

4.3.2. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those that, not having commercial substance, cannot be classified as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. At a later date those liabilities are valued in accordance with their amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

Also, an exchange between the Company and a third party of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original financial liability and the consideration paid, including any attributable transaction costs, is recognised in profit or loss.

The Company considers that the terms and conditions of the financial liabilities are substantially different if the discounted present value of the cash flows under the new terms and conditions, including any fees and commissions paid net of any fees and commissions received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recognised in equity at the amount of the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

4.4. Income tax

General regime

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in this reporting period reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered likely that the Company will have future taxable profits against which the deferred tax assets can be offset.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised with a balancing item in equity.

At the end of each year, deferred tax assets are reassessed, making the relevant adjustments thereto if there is doubt as to their future recovery. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

REIT regime

On 19 February 2016, and effective from 1 January 2016, the Company informed the Spanish tax authorities where its tax domicile is located of the option adopted by its former sole shareholder for the Company to be taxed under the special REIT tax regime.

Pursuant to Spanish Real Estate Investment Trusts Law 11/2009, of 26 October, entities that meet the requirements defined in the applicable legislation and that opt to avail themselves of the special tax regime envisaged in that Law will be taxed for income tax purposes at a tax rate of 0%. If tax losses are incurred, Article 26 of Spanish Income Tax Law 27/2014, of 27 November, will not apply. Similarly, the tax credit and tax rebate regime established in Chapters II, III and IV thereunder will not be applied. Furthermore, for all other matters not envisaged in the REIT Law, the provisions of Spanish Income Tax Law 27/2014 will apply.

The Company will be subject to a special tax charge of 19% on the full amount of any dividends or shares in profit paid to shareholders with an ownership interest in the share capital of the entity equal to or exceeding 5%, where such dividends are exempt from tax or are subject to a tax rate of less than 10% for the shareholders. This tax charge will be considered to be the income tax charge.

The rules described in the preceding paragraph will not apply when the shareholders receiving the dividend are entities to which this Law applies.

At 2019 year-end the Company's directors considered that the foregoing was being complied with.

4.5. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Services –

Revenue from services rendered is recognised according to the stage of completion of the service at the reporting date, provided that the results of the transaction can be reliably estimated.

Interest received –

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholders' right to receive payment has been established. In any case, interest and dividends on financial assets accrued after the acquisition date are recognised as income in the statement of profit or loss.

Specific lease conditions –

Leases include certain specific conditions relating to incentives or rent-free periods offered by the Company to its customers. The Company recognises the aggregate cost of the incentives granted as a reduction of the rent revenue over the lease term on a straight-line basis. The effects of the rent-free periods are recognised over the non-cancellable period of the lease.

Also, the compensation paid by the lessees to terminate their leases before the end of the non-cancellable period of the lease is recognised as income in the statement of profit or loss on the payment date.

4.6. Provisions and contingencies

When preparing the financial statements, the Company's directors make a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is deemed to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, considering the information available on the event and its consequences. Any adjustment to provisions is recognised as a financial expense on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.7. Cash and cash equivalents

"Cash and cash equivalents" in the balance sheet includes cash on hand, current accounts at banks, short-term deposits and reverse repurchase agreements that meet all of the following requirements:

- They can be converted to cash.
- At the date of their acquisition, they had a maturity of three months or less.
- They are not subject to a significant risk of change in value.
- They are part of the usual cash management policy of the Company.

The term deposits that mature at more than three months from the arrangement date, which totalled EUR 366 thousand at 31 December 2019 (2018: EUR 285 thousand), were recognised under "Current financial assets".

4.8. Current/Non-current classification

The normal operating cycle is the time between the acquisition of assets for inclusion in the Company's various lines of business and the realisation of the related goods in the form of cash or cash equivalents.

The Company's core activity is that of an asset-holding company and, therefore, it is considered that its normal operating cycle corresponds to the calendar year and, accordingly, assets and liabilities maturing within no more than 12 months are classified as current, and those maturing within more than 12 months are classified as non-current, with the exception of accounts receivable arising from the recognition of income relating to incentives or rent-free periods, which are recognised on a straight-line basis over the lease term and are classified as current assets.

Also, bank borrowings are classified as non-current items if the Company has the irrevocable power to meet the related payments within more than 12 months from the reporting date.

4.9 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.10. Statement of cash flows

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

For the purpose of preparing the statement of cash flows, "Cash and cash equivalents" were considered to be cash on hand, demand bank deposits and short-term, highly liquid investments that are readily convertible to specific amounts of cash and which are subject to an insignificant risk of changes in value.

5. Investment property

The changes in 2019 and 2018 in "Investment property" in the balance sheet and the most significant information affecting this heading were as follows:

2019

	Euros			
	31/12/2018	Additions / (Charge for the year)	Transfers	31/12/2019
Land and buildings:				
Cost	32,684,280	4,567,012	1,836,089	39,087,381
Investment property in progress	953,071	1,305,820	(1,836,089)	422,802
Accumulated depreciation	(681,921)	(565,592)	-	(1,247,513)
Total	**32,955,430**	**5,307,240**	**-**	**38,262,670**

2018

	Euros				
	31/12/2017	Additions / (Charge for the year)	Disposals / Amounts used	Transfers	31/12/2018
Land and buildings:					
Cost	19,960,397	12,434,373	(2,057)	291,567	32,684,280
Investment property in progress	129,014	1,115,624	-	(291,567)	953,071
Accumulated depreciation	(297,282)	(384,639)	-	-	(681,921)
Total	**19,792,129**	**13,165,358**	**(2,057)**	**-**	**32,955,430**

The Company's investment property relates to properties earmarked for lease.

The main additions in 2019 relate to the following properties:

1. The acquisition of Asset 15 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 10 housing units and 1 commercial premises. The purchase price amounted to EUR 4,240,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 290,499.

   At year-end the Company had payables amounting to EUR 2,544,000 and EUR 848,000 recognised under "Non-current and current payables – Other financial liabilities", respectively, as per the payment schedule established in the sale contract.

2. Other investments for the purpose of refurbishing and fitting out the buildings owned by the Company.

Also, the main additions in 2018 related to the following properties:

1. The acquisition of Asset 10 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 14 housing units and 2 commercial premises. The purchase price amounted to EUR 2,150,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 132,297.

2. The acquisition of Asset 11 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 14 housing units and 1 commercial premises. The purchase price amounted to EUR 1,901,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 111,343.

3. The acquisition of Asset 12 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 12 housing units. The purchase price amounted to EUR 2,000,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 110,200.

4. The acquisition of Asset 13 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 8 housing units and 2 commercial premises. The purchase price amounted to EUR 2,850,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 126,363.

5. The acquisition of Asset 14 in Barcelona, together with the plot of land on which it stands, from unrelated third parties. This building is made up of 8 housing units and 1 office. The purchase price amounted to EUR 2,350,000. The Company capitalised the notaries' fees and taxes related to the acquisition, which amounted to EUR 144,682.

6. Other investments for the purpose of refurbishing and fitting out the buildings owned by the Company.

The detail of the carrying amount of the buildings held by the Company as investment property at 31 December 2019 and 2018 is as follows:

2019

	Euros				
	Gross cost			Accumulated depreciation	Carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415	216,451	-	(31,753)	611,113
Asset 2	638,820	959,281	-	(164,502)	1,433,599
Asset 3	1,259,445	972,072	6,544	(138,025)	2,100,036
Asset 4	1,870,660	896,906	3,120	(109,205)	2,661,481
Asset 5	1,534,440	906,899	-	(123,534)	2,317,805
Asset 6	3,153,251	1,675,651	4,000	(267,779)	4,565,123
Asset 7	1,772,193	1,884,808	3,913	(109,863)	3,551,051
Asset 8	1,669,140	663,225	129,796	(59,744)	2,402,417
Asset 9	998,987	874,626	14,193	(66,049)	1,821,757
Asset 10	1,604,115	680,224	94,185	(44,203)	2,334,321
Asset 11	1,520,990	505,744	47,856	(26,189)	2,048,401
Asset 12	1,579,400	771,302	13,687	(33,145)	2,331,244
Asset 13	2,278,575	697,788	42,560	(34,289)	2,984,634
Asset 14	1,645,000	900,474	27,598	(37,170)	2,535,902
Asset 15	3,420,832	1,109,667	35,350	(2,063)	4,563,786
Total	**25,372,263**	**13,715,118**	**422,802**	**(1,247,513)**	**38,262,670**

2018

	Euros				
	Gross cost			Accumulated depreciation	Carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415	216,451	-	(22,378)	620,488
Asset 2	638,820	958,329	-	(111,014)	1,486,135
Asset 3	1,259,445	965,217	4,067	(87,073)	2,141,656
Asset 4	1,870,660	733,908	-	(74,378)	2,530,190
Asset 5	1,534,440	901,152	-	(77,563)	2,358,029
Asset 6	3,153,251	1,662,337	-	(163,464)	4,652,124
Asset 7	1,772,193	597,663	748,767	(44,801)	3,073,822
Asset 8	1,669,140	663,225	75,033	(33,215)	2,374,183
Asset 9	998,987	761,785	42,776	(29,761)	1,773,787
Asset 10	1,604,115	680,224	39,566	(16,811)	2,307,094
Asset 11	1,520,990	491,353	11,027	(5,823)	2,017,547
Asset 12	1,579,400	554,014	30,467	(6,725)	2,157,156
Asset 13	2,278,575	696,864	287	(6,362)	2,969,364
Asset 14	1,645,000	850,327	1,081	(2,553)	2,493,855
Total	**21,951,431**	**10,732,849**	**953,071**	**(681,921)**	**32,955,430**

All the assets recognised under “Investment property” are located in Barcelona and l’Hospitalet de Llobregat.

The information on the Company’s properties broken down by use is detailed below:

	Housing		Offices		Commercial premises	
	Units	Square metres	Units	Square metres	Units	Square metres
Asset 1	6	356	-	-	1	138
Asset 2	12	913	-	-	-	-
Asset 3	12	813	-	-	1	278
Asset 4	12	1,051	-	-	2	169
Asset 5	12	778	-	-	1	123
Asset 6	-	-	9	3,036	1	328
Asset 7	8	967	-	-	2	381
Asset 8	18	758	-	-	2	200
Asset 9	6	527	1	78	2	115
Asset 10	14	1,044	-	-	2	151
Asset 11	14	711	-	-	1	79
Asset 12	12	895	-	-	-	-
Asset 13	8	920	-	-	2	350
Asset 14	8	858	1	137	-	-
Asset 15	10	1,230	-	-	1	256
Total	**152**	**11,877**	**11**	**3,251**	**19**	**2,582**

The average occupancy rate of the buildings owned by the Company in 2019 was approximately 74% vis-á-vis around 70% in 2018, as indicated below:

	Average occupancy level	
	2019	2018
Asset 1	100%	100%
Asset 2	87%	100%
Asset 3	91%	90%
Asset 4	88%	97%
Asset 5	95%	96%
Asset 6	95%	97%
Asset 7	50%	10%
Asset 8	18%	25%
Asset 9	88%	59%
Asset 10	44%	80%
Asset 11	62%	67%
Asset 12	72%	54%
Asset 13	50%	50%
Asset 14	92%	70%
Asset 15	N/A	N/A
Average	**74%**	**70%**

The rent revenue earned from investment property owned by the Company in 2019 amounted to EUR 1,672,730 (2018: EUR 1,261,054) (see Note 10.1).

At the end of 2019 and 2018 there were no restrictions on making new investment property investments, on the collection of rent revenue therefrom or in connection with the proceeds to be obtained from a potential disposal thereof.

The investment property is mortgaged to secure the bank loans as described in Note 8.

Based on the valuation of the assets, the appraisal value of investment property totalled EUR 58,807,000 at 31 December 2019 (2018: EUR 52,000,000).

The Company takes out insurance policies to cover the possible risks to which its investment property is subject. At 2019 and 2018 year-ends, those properties were adequately insured against these risks.

6. Leases

At the end of 2019 and 2018 all the operating leases entered into by the Company could be terminated by the lessees with prior notice of mostly between one and three months, which means that there are no minimum non-cancellable lease payments under the leases currently in force.

There were no contingent rents recognised as revenue in 2019 and 2018.

At 2019 year-end the Company had received EUR 185,388 (EUR 142,138 recognised as non-current and EUR 43,250 recognised as current) from tenants in respect of security deposits and escrow accounts (2018: EUR 92,471 recognised as non-current and EUR 28,074 recognised as current), which had been deposited with the corresponding Housing Institute in the amount of EUR 127,005 (EUR 103,291 recognised as non-current and EUR 23,714 recognised as current) (2018: EUR 89,302).

7. Equity and shareholders' equity

7.1. Share capital

The Company was incorporated on 30 January 2015 with a share capital of EUR 3,000, represented by 3,000 shares of EUR 1 par value each, numbered sequentially from 1 to 3,000, both inclusive, fully subscribed and paid-in by the founding sole shareholder.

On 11 February 2015, the Dutch company Barcino Management, B.V., a private limited liability company with registered office at Claude Debussylaan, 24, Amsterdam, acquired 100% of the Company's share capital owned by the founding sole shareholder through a purchase and sale transaction.

On 1 June 2015, the former sole shareholder resolved to increase the share capital of the Company by EUR 1,857,000 through the issue of 1,857,000 new shares of EUR 1 par value each. This capital increase was executed in a public deed on 8 June 2015.

On 25 January 2016, the former sole shareholder resolved to carry out a second capital increase of EUR 3,509,616 through the issue of 3,509,616 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 140,385 and was executed in a public deed on 27 January 2016. As a result of this capital increase, new shareholders joined the Company, which became a public limited liability company.

On 27 April 2016, the shareholders resolved to carry out a third capital increase of EUR 923,078 through the issue of 923,078 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 36,923 and was executed in a public deed on 28 April 2016.

On 25 July 2016, the shareholders resolved to carry out a fourth capital increase of EUR 5,937,494 through the issue of 5,937,494 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 712,499 and was executed in a public deed on 28 October 2016.

On 26 June 2017, the shareholders resolved to carry out a fifth capital increase of EUR 2,147,170 through the issue of 2,147,170 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 697,830, fully subscribed and paid-in, and was executed in a public deed on 30 June 2017.

On 6 September 2018, a sixth capital increase amounting to EUR 6,731,747 was executed in a public deed, through the issue of 6,731,747 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 3,029,286, fully subscribed and paid-in.

At the closing of 2019 and 2018 the share capital of the Company was EUR 21,109,105, and it was represented by 21,109,105 shares with a par value of EUR 1 each, all of the same class, fully subscribed and paid-in. The share premium amounted to EUR 4,616,923.

At the end of 2019 and 2018 the only company that owned 10% or more of the Company's share capital was Barcino Management, B.V., with an ownership interest of 42.63% in 2019 and 2018.

The Company's shares are listed on the Alternative Equity Market (MAB).

7.2. Legal and other reserves

Under the Spanish Companies Law, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can only be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Under Spanish Real Estate Investment Trusts (REIT) Law 11/2009, the legal reserve of companies that have chosen to avail themselves of the special tax regime established in that Law must not exceed 20% of the share capital. The bylaws of these companies cannot provide otherwise.

At 31 December 2019 and 2018, the legal reserve had not reached the legally required minimum.

7.3 Treasury shares

At 31 December 2019 and 2018, the Company held the following treasury shares:

2019

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 2019 year-end	50,102	50,102	1.331	66,662

2018

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 2018 year-end	50,102	50,102	1.331	66,662

In 2018 the Company sold 63,206 shares and purchased 100 shares at an average price of EUR 1.418 per share and EUR 1.672 per share, respectively, which generated a gain on the sale of shares of EUR 6,453 with a charge to reserves.

8. Non-current and current liabilities

The detail of "Non-current payables" and "Current payables" at the end of 2019 and 2018 is as follows:

	Euros			
	Current		Non-current	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Bank borrowings	1,141,265	956,293	14,760,813	12,694,230
Payable to non-current asset suppliers	-	230,806	-	-
Other financial liabilities	900,250	857,351	3,533,186	986,130
Total	**2,041,515**	**2,044,450**	**18,293,999**	**13,680,360**

"Bank borrowings" reflects the outstanding amount under the mortgage loans, net of debt arrangement expenses. At 31 December 2019 the debt arrangement expenses recognised in the Company's balance sheet totalled EUR 442,004 (2018: EUR 428,712).

8.1. Non-current and current bank borrowings

The detail of the bank borrowings at the end of 2019 and 2018 is as follows:

2019

	Euros	
	Current	Non-current
Bank borrowings:		
- Mortgage loans	1,176,883	15,167,199
- Debt arrangement expenses	(35,618)	(406,386)
Total	**1,141,265**	**14,760,813**

2018

	Euros	
	Current	Non-current
Bank borrowings:		
- Mortgage loans	987,323	13,091,912
- Debt arrangement expenses	(31,030)	(397,682)
Total	**956,293**	**12,694,230**

The detail, by maturity, of the items which form part of total bank borrowings at the end of 2019 and 2018 is as follows:

2019

	Euros					
	Current	2021	2022	2023	2024 and later	Total non-current
Mortgage loans	1,176,883	1,213,166	1,235,642	1,258,539	11,459,852	15,167,199
Total	**1,176,883**	**1,213,166**	**1,235,642**	**1,258,539**	**11,459,852**	**15,167,199**

2018

	Euros					
	Current	2020	2021	2022	2023 and later	Total non-current
Mortgage loans	987,323	1,065,694	1,084,038	1,102,721	9,839,459	13,091,912
Total	**987,323**	**1,065,694**	**1,084,038**	**1,102,721**	**9,839,459**	**13,091,912**

The Company's loans were arranged under market conditions and, therefore, the fair value of the borrowings does not differ from their carrying amount at 31 December 2019.

During 2019 the Company arranged three new mortgage loans related to the acquisition of two developments –i.e., Assets 13 and 11 in Barcelona– in the amount of EUR 1,400,000 and EUR 610,000, respectively, and to a previously acquired property totalling EUR 2,350,000. This property was charged with a prior mortgage that was fully repaid in advance in the amount of EUR 1,095,412.

In 2018 the Company arranged eight new mortgage loans and extended a pre-existing mortgage loan with various banks; these loans were associated with the acquisition of five properties (see Note 5) and the obtainment of additional financing for three properties acquired in previous years by settling the previous loan and arranging a new one. The new mortgage loans arranged and the extension thereof amounted to EUR 9,735,000 and EUR 400,000, respectively.

The average interest rate on bank borrowings in 2019 and 2018 was 2%.

The aforementioned mortgage loans are secured by a mortgage on certain properties owned by the Company and described in Note 5.

8.2. Other financial liabilities

"Other non-current financial liabilities" includes the portion of the Manager's exit fee in accordance with the terms of the Management Agreement (see Notes 1 and 11.3) amounting to EUR 197,894, and a loan with the company Barcino BCN Investments, S.L. in the amount of EUR 2,544,000 resulting from the purchase of Asset 15 on 12 December 2019 (see Note 5). The aforementioned loan matures in full on 12 December 2021, accruing interest of 8% the first year and of 9% the second year.

This line item also includes the security deposits and short-term deposits amounting to EUR 142,138 at 31 December 2019 (2018: EUR 92,471).

The heading "Other current financial liabilities" includes a capitalisable loan with the company Soverino BCN Investments, S.L. in the amount of EUR 848,000 for the purchase of Asset 15, with the aim of becoming a shareholder of Barcino Property SOCIMI, S.A. At the date of preparation of these financial statements, the Company had converted such a loan into a capital increase (see Note 14). The loan accrues 3% interest until its date of capitalisation.

Also, the Company recognised the performance fee basket in the amount of EUR 655 thousand at 31 December 2019 as a result of the settlement of the prior management agreement (EUR 894 thousand at 31 December 2018). This amount was recognised in the short term because the Company is entitled to receive it in the following reporting period as it holds a positive net operating income at 2019 year-end. This net operating income entails all the recurrent income and expenses relating to the Company's activity, without considering non-recurrent income and expenses, finance costs and the depreciation and amortisation charge for the year.

This line item also includes the security deposits and short-term deposits amounting to EUR 43,250 at 31 December 2019 (2018: EUR 28,074) (see Note 6).

8.3. Financial risk factors

The Company's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the uncertainty in the financial markets and seeks to minimise the potential adverse effects on the Company's financial profitability.

a) *Market risk*

The Company has specific measures in place that it plans to adopt in order to minimise the potential impact that the current situation in the property sector might have on its financial position. All investments are based on a prior detailed analysis of the profitability of the asset at short and long term. This analysis takes into consideration the economic and financial context in which the activity is carried out. Once the asset has been acquired, the market variables are monitored (occupancy level, profitability, net operating income) and the appropriate decisions are made on an ongoing basis.

Both the Company's cash and its bank borrowings are exposed to interest rate risk, which could have an adverse effect on the financial profit or loss and consolidated cash flows. However, the Company's Board of Directors considers that the impact would not be significant.

b) *Credit risk*

Credit risk is the risk of financial loss faced by the Company, if a customer or counterparty does not meet its contractual obligations. The Company does not have material credit risk concentrations. Also, the Company holds its cash and cash equivalents at banks with high credit ratings.

c) *Liquidity risk*

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company manage s liquidity risk prudently, borrowing only from banks with high credit ratings.

Other risks

Tax risk

The Company has availed itself of the special tax regime for Real Estate Investment Trusts (REITs), pursuant to Article 6 of Law 11/2009, of 26 October 2009, amended by Law 16/2012, of 27 December. Companies that have opted for the special tax regime are required to comply with the tax and legal obligations described in Note 1, including the obligation to distribute the profit for the year to shareholders in the form of dividends, once the related corporate law obligations have been met. The distribution must be approved within six months after each year-end and paid in the month following the distribution resolution date. Companies that apply this special regime must comply with other obligations that require estimates and judgements to be made by the directors (determination of taxable profit or tax loss, income test, asset test, etc.) which might involve a certain degree of complexity, above all when taking into consideration the fact that the REIT regime is relatively recent and it has been implemented mainly on the basis of rulings by the Spanish Directorate-General of Taxes in response to requests for rulings submitted by various companies. In the event of non-compliance with any of the conditions, the Company would be taxed under the standard regime, if that deficiency were not remedied in the year following the non-compliance. As detailed in Note 1, the Company is fulfilling all the obligations established under the REIT regime.

8.4. Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by the Third Additional Provision of Law 15/2010, of 5 July (as amended by the Second Final Provision of Law 31/2014, of 3 December), prepared pursuant to ICAC Resolution dated 29 January 2016 on the information to be added to the notes to the financial statements in relation to the average period of payment to suppliers in commercial transactions.

	2019	2018
	Days	
Average period of payment to suppliers	21.54	57.32
Ratio of transactions settled	21.86	64.81
Ratio of transactions not yet settled	10.76	10.17
	Euros	
Total payments made	3,412,483	3,902,182
Total payments outstanding	101,415	619,422

Pursuant to ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services, and the suppliers of work performed on the Company's investment property, included in "Sundry accounts payable" under "Current liabilities" in the balance sheet.

"Average period of payment to suppliers" means the time elapsed between delivery of goods or services by the supplier and actual payment for the transaction.

The maximum payment period applicable to the Company in 2019 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 30 days, except upon a mutual agreement between the parties exceeding it to up to 60 calendar days at most.

9. Tax matters

9.1. Current tax receivables and payables

The breakdown of the current balances with public authorities at 31 December 2019 and 2018 is as follows:

	Euros			
	31/12/2019		31/12/2018	
	Tax receivables	Tax payables	Tax receivables	Tax payables
VAT refundable	139,232	-	111,306	-
Income tax refundable	140,277	-	112,660	-
Personal income tax withholdings payable	-	-	-	17,974
Other tax payables	-	72,004	-	25,534
Accrued social security taxes payable	-	4,340	-	5,208
Total	**279,509**	**76,344**	**223,966**	**48,716**

The revenue from the rental of residential buildings is exempt from VAT. The Company recognises the VAT relating to the expenses associated with the aforementioned rent revenue as an increase in operating expenses. In addition, the Company deducts all VAT relating to expenses associated with revenue from non-exempt activities. In the case of general expenses not associated with a specific activity, the Company opted to apply the VAT special deductible proportion rule, where the percentage of non-deductible VAT on its activities is 75%.

9.2. Income tax

2019

	Euros		
	Increases	Decreases	Total
Accounting loss before tax			(999,836)
Permanent differences	118		118
Temporary differences	-	-	-
Tax loss	**118**	**-**	**(999,718)**
Tax charge at 0%			-
Total income/(expense) recognised in profit or loss			-

2018

	Euros		
	Increases	Decreases	Total
Accounting loss before tax			(1,632,573)
Permanent differences	81,203	-	81,203
Temporary differences	-	-	-
Tax loss	**81,203**	**-**	**(1,551,370)**
Tax charge at 0%			-
Total income/(expense) recognised in profit or loss			-

Since the Company availed itself of the REIT regime (tax rate of 0%), no deferred tax assets were recognised. Also, in 2019 the Company was subject to withholdings of EUR 78,196 (2018: EUR 62,081).

9.3. Years open for review and tax audits

Under current legislation, taxes cannot be deemed to be definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 2019 year-end, the Company had all years since 2015 open for review for the income tax, and since 2016 for all other applicable taxes. The Company's directors, who are in turn advised by tax experts, consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

10. Revenue and expense recognition

10.1. Revenue

The breakdown of revenue by line of business for 2019 and 2018 is as follows:

Activities	Euros	
	2019	2018
Residential buildings	1,277,616	1,024,532
Office buildings	395,114	236,522
Total	**1,672,730**	**1,261,054**

In 2019 rental income was earned fully in Spain in different locations in Barcelona, in the amount of EUR 1,326,886 (2018: EUR 944,518) and in L'Hospitalet de Llobregat in the amount of EUR 345,844 (2018: EUR 316,536).

10.2. Employee benefit costs

The detail of "Employee benefit costs" in 2019 and 2018 is as follows:

	Euros	
	2019	2018
Social Security paid by the Company	25,765	26,590
Total	**25,765**	**26,590**

10.3. Other operating expenses

The detail of "Outside services" and "Taxes other than income tax" in the accompanying statement of profit or loss for 2019 and 2018 is as follows:

	Euros	
	2019	2018
Rent and royalties	1,400	209
Repair and upkeep costs	75,880	47,777
Independent professional services	1,314,288	1,629,976
Insurance premiums	23,202	11,519
Banking and similar services	890	6,163
Advertising, publicity and public relations	2,271	914
Utilities	84,709	61,848
Other expenses	228,246	180,302
Taxes other than income tax	80,547	65,219
Total	**1,811,433**	**2,003,930**

"Independent professional services" includes the remuneration earned by the Manager in 2019 and the amount allocated to exit fee provision totalling EUR 1,004,824 and EUR 1,301,419 in 2018, respectively (see Notes 1 and 11.3).

11. Related party transactions and balances

11.1. Remuneration and other benefits of directors and senior executives

In 2019 the gross remuneration earned by the Company's directors amounted to EUR 26,000 (2018: EUR 18,000). No loans or advances and no guarantee commitments were assumed on their behalf. The Company did not have any pension fund or plan obligations to the Company's directors.

There is no senior management hired at the Company. Senior management powers are exercised by the members of the Board of Directors.

At 2019 and 2018 year-end the Board of Directors was composed of three men.

The directors' third-party liability insurance premiums paid in 2019 and 2018 amounted to EUR 1,806 and EUR 1,134 respectively.

11.2. Information regarding situations of conflict of interest involving the directors

In 2019 and 2018 neither the directors of Barcino Property Socimi, S.A. nor the persons related to them as defined in the Spanish Companies Law notified the Company's governing body of any direct or indirect conflict of interest they might have with respect to the Company.

11.3. Related party transactions

a) Related party transactions

The breakdown of related party transactions in 2019 and 2018 is as follows:

2019

	Euros
	Services received and other (*)
Vistalegre Property Management, S.L.	1,004,824
Total	**1,004,824**

(*) Including non-recoverable VAT in the invoices received.

2018

	Euros	
	Services received and other (*)	Finance costs
Vistalegre Property Management, S.L.	1,301,419	22,308
Total	**1,301,419**	**22,308**

(*) Including non-recoverable VAT in the invoices received.

The Company signed a management agreement with Vistalegre Property Management, S.L., as indicated in Note 1 to these financial statements. The total amount accrued on account of exit fee in 2019 totals EUR 197,894. In turn, EUR 806,930 correspond to the management fee as per the agreement novation mentioned above, retroactively effective to 1 January 2019.

In 2018 the total amount accrued on account of performance fee totalled and management fee totalled EUR 1,301,419 and EUR 513,120 respectively, as set out in the agreement dated 31 October 2017.

Such remuneration paid to the Manager was recognised under "Outside services" in the accompanying statement of profit or loss.

b) Related party balances

The detail of the balances with related parties in 2019 and 2018 is as follows:

2019

	Euros	
	Other non-current financial liabilities (Note 8.2)	Other current financial liabilities (Note 8.2)
Vistalegre Property Management, S.L.	197,894	655,365
Total	**197,894**	**655,365**

2018

	Euros		
	Other non-current financial liabilities (Note 8.2)	Other current financial liabilities (Note 8.2)	Sundry accounts payable
Vistalegre Property Management, S.L.	893,659	829,277	360,348
Total	**893,659**	**829,277**	**360,348**

The balance of "Other non-current financial liabilities" includes EUR 197,894 on account of exit fee provision, as established in the Management Agreement (see Note 8.2).

The balance of "Other current financial liabilities" includes EUR 655,365 on account of the performance fee basket accrued in prior years, recognised in the short term as the Company holds a positive net operating income. Said provision was EUR 893,659 at 31 December 2018. This amount was subsequently modified due to the Management Agreement novation, which establishes the payment of the distributable amount, as stated in the Management Agreement executed in 2017.

12. Reporting requirements arising from REIT status, Law 11/2009, amended by Law 16/2012

The detail of the reporting requirements arising from REIT status, as per Law 11/2009, amended by Law 16/2012, is as follows:

a) Reserves from years prior to the application of the tax regime established under Law 11/2009, amended by Law 16/2012, of 27 December.

Loss of EUR 8,790 incurred in the eleven-month period ended 31 December 2015.

b) Reserves from years in which the tax regime established in Law 11/2009, amended by Law 16/2012, of 27 December, was applied, differentiating the portion relating to income subject to tax at 0% or 19% from the portions which, where applicable, were subject to tax at the standard rate.

Losses of EUR 1,632,573, EUR 2,853,886 and EUR 91,291 incurred in 2018, 2017 and 2016, respectively.

c) Dividends distributed with a charge to profit each year in which the tax regime set out in this Law was applied, differentiating the portion relating to income subject to tax at 0% or 19% from the portions which, where applicable, were subject to tax at the standard rate.

N/A.

d) In the case of distribution of dividends with a charge to reserves, designation of the year in which the reserve distributed in the form of dividends arose and whether they were subject to the 0%, 19% or standard tax rate.

Dividends have not been paid in any year.

e) Date of the dividend payment resolution referred to in sections c) and d) above.

Dividends have not been paid with a charge to reserves in any year.

f) Date of acquisition of the properties earmarked for lease and of the investments in the share capital of entities referred to in Article 2.1 of Law 11/2009.

The detail of the properties earmarked for lease is as follows:

Property	Acquisition date	Fair value
Asset 1	12/02/2015	1,150,000
Asset 2	29/05/2015	3,800,000
Asset 3	09/03/2016	4,500,000
Asset 4	09/03/2016	4,200,000
Asset 5	16/06/2016	4,560,000
Asset 6	01/12/2016	7,057,000
Asset 7	20/12/2016	4,770,000
Asset 8	07/09/2017	4,670,000
Asset 9	28/12/2017	3,870,000
Asset 10	14/05/2018	3,400,000
Asset 11	13/09/2018	2,270,000
Asset 12	13/09/2018	3,300,000
Asset 13	04/10/2018	3,810,000
Asset 14	20/12/2018	3,020,000
Asset 15	12/12/2019	4,430,000

g) Date of acquisition of the investments in the share capital of entities referred to in Article 2.1 of Law 11/2009.

N/A.

h) Identification of the assets that are included in the calculation of the 80% to which Article 3.1 of Law 11/2009 refers.

The properties described in section f) above total EUR 38,262,670 in aggregate, recognised under "Investment property" in the accompanying balance sheet, and represent 94% of total assets.

i) Reserves from years in which the special tax regime established in Law 11/2009 was applicable that were used in the tax period for purposes other than their distribution or to offset losses, identifying the year in which the related appropriations were made.

N/A.

13. Other disclosures

13.1. Employees

The average number of employees, by category, in 2019 and 2018, was as follows:

Categories	2019	2018
Managers and university graduates	2	2
Clerical staff	2	1
Total	**4**	**3**

Also, the headcount at the end of 2019 and 2018, by professional category and gender, was as follows:

Categories	2019		2018	
	Men	Women	Men	Women
Managers and university graduates	-	2	-	2
Clerical staff	2	-	2	-
Total	**2**	**2**	**2**	**2**

At the end of 2019 and 2018 there were no employees with a disability equal to or greater than 33%.

13.2. Fees paid to auditors

In 2019 and 2018 the fees for financial audit and other services provided by the Company's auditor, Deloitte, S.L., or by firms related to the auditor as a result of a relationship of control, common ownership or common management, were as follows:

	Euros	
	2019	2018
Audit services	25,925	25,550
Other attest services	14,220	10,000
Total audit and related services	**40,145**	**35,550**
Other attest services	-	-
Total professional services	**40,145**	**35,550**

13.3. Amendment or termination of agreements

There has been no conclusion, amendment or early termination of any agreement between the Company and any of its shareholders or directors, or any person acting on their behalf, in relation to transactions outside the ordinary course of the Company's business operations or transactions not performed on an arm's length basis.

14. Events after the reporting period

On 13 February 2020, the Company held a Universal Extraordinary General Meeting that approved a new capital increase through the conversion of loans and the issue of 451,063 new ordinary shares and a share premium of EUR 0.88 per share, in order to increase the Company's shareholders' equity by EUR 847,998.

From the end of the reporting period to the date of formal preparation of these financial statements no other significant event occurred that made it necessary to modify the information contained in the notes to the financial statements or which might affect the assessment of the Company by third parties.

15. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 12 March 2020

Barcino Property Socimi, S.A.

Directors' Report
for the year ended 31 December 2019

Businesses and activities

In 2019 the Company consolidated a portfolio of 15 properties by acquiring 1 new building. The Company arranged a loan for 80% of the property value with the selling party, which was partially offset with treasury shares of the Company after the closing of the reporting period and before the preparation of these financial statements. During 2019 the Company completed the full refurbishment of one of its assets, which became operational in May 2019. Also, it completed the refurbishment of 11 units in other buildings. The portfolio of assets generated rent revenue of EUR 1,672,730 in 2019 (2018: EUR 1,261,054).

In 2020 the Company aims to continue to fit out those assets pending refurbishment and to carry on with its property rental business.

Loss

In the year ended 31 December 2019 the Company incurred a loss of EUR 999,836 (2018: EUR 1,632,573).

This loss is due to the fact that the vast majority of the Company's assets are not fully operational because they are being refurbished.

The Company's Board of Directors will submit for approval by the Annual General Meeting that this loss be allocated to "Prior years' losses".

Exposure to credit risk

The Company's exposure to credit risk is due mainly to its accounts receivable derived from the lease of housing units and the advances paid to suppliers in relation to the refurbishment of the buildings. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's directors based on a case-by-case analysis, taking into consideration prior years' experience and their assessment of the current economic environment.

Exposure to interest rate risk

The Company does not arrange interest rate hedges.

Disclosures on deferrals of payments made to suppliers. Third Additional Provision. "Disclosure obligation" provided for in Law 15/2010, of 5 July

The Company's average payment period for payments made in the year ended 31 December 2019 was 22 days.

Other disclosures

As a requirement for becoming listed on the Alternative Equity Market, on 14 November 2017 the Company acquired treasury shares representing 0.079% of its share capital (113,208 shares) for EUR 150 thousand (an average price of EUR 1.325 per share).

In 2019 the Company neither sold nor purchased any treasury shares; therefore, the balance of treasury shares held by the Company at 31 December 2019 remains the same as that at 31 December 2018 amounting to 50,102 shares.

No research and development activities are performed.

On 13 February 2020, the Company held a Universal Extraordinary General Meeting that approved a new capital increase through the conversion of loans and the issue of 451,063 new ordinary shares and a share premium of EUR 0.88 per share, in order to increase the Company's shareholders' equity by EUR 847,998.

From the end of the reporting period to the date of formal preparation of these financial statements no other significant event occurred that made it necessary to modify the information contained in the notes to the financial statements or which might affect the assessment of the Company by third parties.

Information on the environment

Because of the business activity performed by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

Barcino Property Socimi, S.A.

Authorisation for issue of the financial statements for 2019

These Financial Statements and Directors' Report of Barcino Property Socimi, S.A. for the year ended 31 December 2019 were authorised for issue by the directors with a view to their subsequent approval by the shareholders. These Financial Statements and Directors' Report are comprised of 38 pages.

Barcelona, 12 March 2020

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Mateu Turró Calvet

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Francesc Ventura Teixidor

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Ralph Weichelt