Barcino Property SOCIMI S.A.

Financial Statements for the year
ended 31 December 2020
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 Note 2). In the event of a discrepancy, the Spanish-language version prevails

BARCINO PROPERTY SOCIMI, S.A.

BALANCE SHEET AT 31 DECEMBER 2020
(in euros)

ASSETS	Note	31/12/2020	31/12/2019
1 A) NON-CURRENT ASSETS		39.565.985,72	38.379.260,91
1.1 I. Intangible fixed assets		**674,78**	**719,90**
1.1.3 3.Patents, licences, trademarks and similar items		674,78	719,90
1.2 II. Property, plant and equipment		**647,65**	**1.358,96**
1.2.2 2. Property, plant and equipment		647,65	1.358,96
1.3 III. Investment property	Note 5	**39.449.108,73**	**38.262.669,54**
1.3.1 1. Land		25.372.262,80	25.372.262,80
1.3.2 2. Buildings		11.954.631,62	12.467.604,98
1.3.3 3. Property, plant and equipment in the course of construction and advanc		2.122.214,31	422.801,76
1.5 V. Non-current financial assets	Note 6	**115.554,56**	**114.512,51**
1.5.5 5. Other financial assets		115.554,56	114.512,51
2 B) CURRENT ASSETS		3.959.345,04	2.463.585,50
2.2 II. Inventories		**52.251,78**	**0,00**
2.2.6 6. Advances to suppliers		52.251,78	0,00
2.3 III. Trade and other receivables		**324.872,44**	**342.787,90**
2.3.1 1. Trade receivables for sales and services		53.699,08	19.573,94
2.3.3 3. Sundry receivables		0,00	43.705,37
2.3.5 5. Current tax assets	Note 9.1	78.218,66	140.277,09
2.3.6 6. Other accounts receivable from public authorities	Note 9.1	192.954,70	139.231,50
2.5 V. Non-current financial assets	Note 4.7	**288.480,14**	**390.178,63**
2.5.5 5. Other financial assets		288.480,14	390.178,63
2.6 VI. Current prepayments and accrued income		**87.568,19**	**22.957,15**
2.7 VII. Cash and cash equivalents		**3.206.172,49**	**1.707.661,82**
2.7.1 1. Cash		3.206.172,49	1.707.661,82
TOTAL ASSETS		**43.525.330,76**	**40.842.846,41**

EQUITY AND LIABILITIES	Note	31/12/2020	31/12/2019
1 A) EQUITY		19.456.711,91	20.079.443,37
1.1 A-1) Shareholders' equity	Note 7	**19.456.711,91**	**20.079.443,37**
1.1.1 I. Share capital		21.560.168,00	21.109.105,00
1.1.1.1. Registered capital		*21.560.168,00*	*21.109.105,00*
1.1.2 II. Share premium		5.013.858,88	4.616.923,44
1.1.3 III. Reserves		7.269,95	6.453,31
1.1.3.2 2. Other reserves		*7.269,95*	*6.453,31*
1.1.4 IV. Treasury shares		(67.473,66)	(66.661,66)
1.1. 5 V. Loss from previous years		(5.586.376,74)	(4.586.540,60)
1.1.5.2 2. Prior years' losses		*(5.586.376,74)*	*(4.586.540,60)*
1.1.6 VI. Other capital contributions		1,58	0,02
1.1.7 VII. Loss for the year		(1.470.736,10)	(999.836,14)
2 B) NON-CURRENT LIABILITIES		15.476.183,02	17.638.634,27
2.2 II. Non-current payables		**15.476.183,02**	**17.638.634,27**
2.2.2 2. Bank borrowings	Note 8.1	14.523.133,54	14.760.813,44
2.2.5 5. Other financial liabilities	Note 8.2	953.049,48	2.877.820,83
3 C) CURRENT LIABILITIES		8.592.435,83	3.124.768,77
3.2 II. Short-term provisions		**0,00**	**0,00**
3.3 III. Current payables		**8.207.898,78**	**2.696.880,11**
3.3.2 2. Bank borrowings	Note 8.1	1.268.968,18	1.141.264,96
3.3.5 5. Other financial liabilities	Note 8.2	6.938.930,60	1.555.615,15
3.5 V. Trade and other payables		**384.537,05**	**427.888,66**
3.5.3 3. Sundry accounts payable		343.121,38	349.481,42
3.5.6 6. Other accounts payable to public authorities	Note 9.1	32.534,27	76.344,10
3.5.7 7. Customer advances		8.881,40	2.063,14
TOTAL EQUITY AND LIABILITIES		**43.525.330,76**	**40.842.846,41**

The accompanying Notes 1 to 14 are an integral part of the balance sheet at 31 December 2020.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR 2020
(in euros)

STATEMENT OF PROFIT OR LOSS	Note	2020	2019
1. Revenue		**1.301.410,63**	**1.672.730,17**
Real estate leases	Note 10.1	1.301.410,63	1.672.730,17
5. Other operating income		**16.580,30**	**3.595,44**
Other operating income		16.580,30	3.595,44
6. Staff costs		**(100.342,82)**	**(123.991,24)**
a) Wages, salaries and similar expenses		(80.800,21)	(98.227,06)
b) Employee benefit costs	Note 10.2	(19.542,61)	(25.764,18)
7. Other operating expenses		**(1.656.303,12)**	**(1.854.702,09)**
a) Outside services	Note 10.3	(1.550.710,74)	(1.730.887,70)
b) Taxes	Note 10.3	(39.357,69)	(80.546,85)
c) Losses, impairment and changes in trade provisions		(15.265,01)	(18.008,79)
d) Other current operating expenses		(50.969,68)	(25.258,75)
8. Depreciation and amortisation charge	Note 5	**(653.917,78)**	**(566.590,49)**
10. Excess provisions	Note 1	**197.894,00**	**238.293,95**
12. Other income and expenses		**10.007,52**	**0,00**
LOSS FROM OPERATIONS		**(884.671,27)**	**(630.664,26)**
13. Finance income		**1.445,24**	**424,25**
From marketable securities and other financial instruments		1.445,24	424,25
From third parties		*1.445,24*	*424,25*
14. Finance costs		**(587.510,07)**	**(369.596,13)**
On debts with third parties		(587.510,07)	(369.596,13)
FINANCIAL LOSS		**(586.064,83)**	**(369.171,88)**
LOSS BEFORE TAX		**(1.470.736,10)**	**(999.836,14)**
Income tax	Note 8	**0,00**	**0,00**
LOSS FROM CONTINUING OPERATIONS		**(1.470.736,10)**	**(999.836,14)**
LOSS FOR THE YEAR		**(1.470.736,10)**	**(999.836,14)**

The accompanying Notes 1 to 14 are an integral part of the statement of profit or loss for the year ended 31 December 2020.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(in euros)

	2020	2019
LOSS AS PER STATEMENT OF PROFIT OR LOSS (I)	(1.470.736,10)	(999.836,14)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	0	0
TOTAL TRANSFERS TO STATEMENT OF PROFIT OR LOSS (III)	0	0
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	(1.470.736,10)	(999.836,14)

The accompanying Notes 1 to 14 are an integral part of the statement of recognised income and expense for the year ended 31 December 2020.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR 2020
(in euros)

	Registered capital	Share premium	Other reserves	(Treasury shares)	Loss from previous years	Other capital contributions	Profit/(loss) for the year	TOTAL
A. BALANCE AT 31 DECEMBER 2018	**21.109.105,00**	**4.616.923,44**	**6.453,31**	**(66.661,66)**	**(2.953.967,58)**	**0,02**	**(1.632.573,02)**	**21.079.279,51**
Total recognised income and expense	-	-	-	-	-	-	(999.836,14)	(999.836,14)
Distribution of 2018 profit	-	-	-	-	(1.632.573,02)	-	1.632.573,02	0,00
C. BALANCE AT 31 DECEMBER 2019	**21.109.105,00**	**4.616.923,44**	**6.453,31**	**-66.661,66**	**-4.586.540,60**	**0,02**	**-999.836,14**	**20.079.443,37**
Total recognised income and expense	-	-	-	-	-	-	(1.470.736,10)	(1.470.736,10)
Distribution of 2019 profit	-	-	-	-	(999.836,14)	-	999.836,14	0,00
Share capital increase	451.063,00	396.935,44	-	-	-	1,56	-	848.000,00
Treasury share transactions	-	-	816,64	(812,00)	-	-	-	4,64
D. BALANCE AT 31 DECEMBER 2020	**21.560.168,00**	**5.013.858,88**	**7.269,95**	**(67.473,66)**	**(5.586.376,74)**	**1,58**	**(1.470.736,10)**	**19.456.711,91**

The accompanying notes 1 to 14 are an integral part of the statement of changes in total equity for the year 2020.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR 2020

(in euros)

	Note	31/12/2020	31/12/2019
A) Other cash flows from operating activities			
1. Loss for the year before tax		**(1.470.736,10)**	**(999.836,14)**
2. Adjustments to profit/(loss):			
a) Depreciation and amortisation charge	Note 5	653.917,78	566.590,49
b) Impairment losses			
c) Changes in provisions			
g) Finance income		(1.445,24)	(424,25)
h) Finance costs		587.510,07	369.596,13
		(230.753,49)	**(64.073,77)**
3. Changes in working capital			
a) Inventories		(52.251,78)	-
b) Trade and other receivables		17.915,46	(81.628,49)
c) Other current assets		(64.611,04)	(2.520,01)
d) Trade and other payables		(45.940,59)	(308.835,63)
f) Other non-current assets and liabilities		**29.685**	73.843,90
		(115.202,72)	**(319.140,23)**
4. Other cash flows from operating activities			
a) Interest paid		(504.661,46)	(300.909,68)
b) Dividends received		-	-
c) Interest received		1.445,24	424,25
d) Income tax refunded (paid)		-	-
e) Other payments (collections)		-	-
		(503.216,22)	**(300.485,43)**
5. Cash flows from operating activities		**(849.172,43)**	**(683.699,43)**
B) Cash flows from investing activities			
6. Payments for investments			
d) Investment property	Note 5	(1.839.600,54)	(5.872.831,73)
e) Other financial assets		(93.346,73)	(219.273,15)
		(1.932.947,27)	**(6.092.104,88)**
7. Proceeds from divestments			
e) Other financial assets		194.003,17	96.587,42
g) Other assets		-	-
		194.003,17	**96.587,42**
8. Net cash from investing activities		**(1.738.944,10)**	**(5.995.517,46)**
c) Cash flows from financing activities			
9. Proceeds and payments relating to equity instruments			
a) Proceeds from issue of equity instruments		848.004,00	-
		848.004,00	**0,00**
10. Proceeds and payments relating to financial liability instruments			
a) Issue			
1. Debt instruments and other marketable securities		-	-
2. Bank borrowings	Note 8	973.800,00	4.360.000,00
3. Payables to Group companies and associates		-	-
4. Other payables		3.392.432,25	2.522.322,94
b) Repayment and redemption of		-	-
2. Bank borrowings	Note 8	(1.127.609,69)	(2.184.112,91)
3. Payables to Group companies and associates		-	-
4. Other payables		-	-
		3.238.622,56	**4.698.210,03**
11. Dividends and returns on other equity instruments paid			
a) Dividends		-	-
b) Returns on other equity instruments		-	-
		0,00	**0,00**
12. Cash flows from financing activities		**4.086.626,56**	**4.698.210,03**
D) Effect of foreign exchange rate changes		**0,00**	**0,00**
E) Net increase/decrease in cash and cash equivalents		**1.498.510,03**	**(1.981.006,86)**
Cash and cash equivalents at beginning of year		1.707.661,82	3.688.668,68
Cash and cash equivalents at end of year		3.206.172,49	1.707.661,82

The accompanying notes 1 to 14 are an integral part of the statement of changes in total equity for the year 2020.

Barcino Property SOCIMI, S.A.

Notes to the Financial Statements
for the year ended
31 December 2020

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 most significant amendments to the Management Agreement were as follows:

1) Modifying the management fee payable to the Manager from 1.25% of the gross asset value of the Company'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 disclosed in Note 3.1, 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 during 2020 totalled EUR 880,876 (EUR 761,016 on account of tax base and EUR 119,860 of non-deductible VAT). In turn, the amount accrued in 2019 totalled EUR 806,930.40 (EUR 699,670.86 for tax base and EUR 107,259.54 for non-deductible VAT). This calculation was performed based on the RICS valuations at 31 December 2019 and 2018, respectively.

		Euros					
		2020			**2019**		
	Item	Base	Non-deductible VAT	Total accrued	Base	Non-deductible VAT	Total accrued
Management fee	1)	761,016.00	119,860.00	880,876.00	699,670.86	107,259.54	806,930.40

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 the Company of any asset. In the case of the assets already owned by the Company at 31 December 2018, such a fee amounts to 15% of the positive difference between the consideration received 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 the Company 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. At the closing of the periods ended 31 December 2020 and 31 December 2019, no sales fees accrued since the Company did not transfer any assets.

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 the Company and relevant sales of assets, defined as the sales of assets by the Company that account for more than 50% of the value of its 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 the Company, 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 assets 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 value, 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 price of the assets, less the acquisition costs of the asset, 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 sales: 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 at 31 December 2020 as a result of the compensation that the Company should pay the Manager upon termination of the agreement is EUR 11,978 and was recognised under “Other non-current financial liabilities” in the balance sheet (Note 8.2). The amount accrued at 31 December 2019 (EUR 197,894) was written off in 2020 and a new provision was recognised amounting to EUR 11,978. 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 reaches 7% (instead of the 5% foreseen in the original Management Agreement).

3) The performance fee basket settled under the novation agreement of 30 December 2019 amounted to EUR 792,991.65 (EUR 655,365 on account of tax base and EUR 137,626.65 of VAT, of which EUR 103,219.99 related to non-deductible VAT), and was recognised under “Non-current financial liabilities” in the balance sheet at 31 December 2020 (Note 8.2). The provision of EUR 655,365 recorded as “Other current financial liabilities” at 31 December 2019, and which accounted for the tax base of the total basket fee due, had been reclassified at 31 December 2020 as non-current financial liabilities through the debt recognition agreement signed on 4 May 2020 amounting to EUR 792,991.65 and maturing in two years.

	Item	Euros			
		31.12.2020			
		Base	Non-deductible VAT	Non-deductible VAT	Total debt
Performance Fee Basket settlement	3)	655,365.00	103.219.99	34,406.66	792,991.65

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 2020 nor at the date of preparation of these financial statements did any circumstances arise 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. Obligation to trade on a regulated market. 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. Distribution of profit obligation. 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. Reporting obligation (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. Minimum share capital. 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 abovementioned 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 2020, 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.

COVID-19 impact

In view of the situation triggered by COVID-19, Barcino's revenue in 2020 amounted to EUR 1,301 thousand, down 22% compared to the same period the prior year. This impact is chiefly due to lower occupancy and prices of furnished property units coupled with the difficulty of filling vacant properties during the lockdown, as well as due to delays in completing works and rent payment easing for vulnerable tenants. Despite the virus spikes reported in July and August, the Company's portfolio proved its resilience and, at the date of issue of these financial statements, its level of occupancy is similar to pre-pandemic levels.

2. Basis of presentation

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 Spanish Real Estate Investment Trusts (SOCIMI) 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 2020.

These financial statements will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes. The financial statements for 2019 were approved at the Annual General Meeting held on 29 June 2020.

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

Although these estimates were made on the basis of the best information available at 2020 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 2020 included in these notes to the financial statements is presented for comparison purposes with that relating to 2019.

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 2020, there were no significant changes in accounting policies with respect to those applied in 2019.

2.8. Going-concern principle

At 31 December 2020 the Company had a working capital deficiency of EUR 4.6 million, although of the total current liabilities amounting to EUR 8,592 thousand, EUR 4.3 million related to 16 capitalisable loans. At the date of preparation of these financial statements, the Annual General Meeting of the Company had approved a share capital increase through capitalisation of the abovestated loans (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 2020 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 a 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 (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, it 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 below its share capital, the profit must be used to offset these losses.

4. Accounting policies

As disclosed 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 Company classifies its investment property into land and buildings based on the percentage assigned by the cadastral value.

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 2020 and 2019 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 the appraisals conducted by independent third-party valuers (performed by JLL Valoraciones, S.A.) at 31 December 2020.

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 applied was the Income Capitalisation Approach in the exit year, as well as 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 5.6% and 6% for residential assets and 6.9% 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 provided that it can be inferred from the conditions thereof that the risks and benefits incidental to the ownership of the asset under contract are substantially transferred to the lessee. All other leases are classified as operating leases.

At 31 December 2020 and 31 December 2019, 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 includes 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 2020 and 31 December 2019, there were no balances for receivables at risk of default for which no provisions had been duly allocated.

The Company derecognises financial assets when they expire or when the rights over the cash flows thereof have been assigned and the risks and rewards incidental to their ownership have been substantially transferred.

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 the closing of 2020, the directors state that the Company complies with all of the REIT regime requirements.

4.5. Revenue and expenses

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.

Term deposits with a maturity term above three months from their arrangement date totalled EUR 247 thousand at 31 December 2020 (2019: EUR 366 thousand) and 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 “Investment property” in the balance sheet during 2020 and 2019 and the most significant information concerning this heading were as follows:

2020

	Euros			
	31/12/2019	**Additions / (Charge for the year)**	**Transfers**	**31/12/2020**
Land and buildings:				
Cost	39,087,380.65	5,445.02	134,742.97	39,227,568.64
Investment property in progress	422,801.76	1,834,155.52	(134,742.97)	2,122,214.31
Accumulated depreciation	(1,247,512.87)	(653,161.35)		(1,900,674.22)
Total	**38,262,669.54**	**1,186,439.19**	**0.00**	**39,449,108.73**

2019

	Euros			
	31/12/2018	**Additions / (Charge for the year)**	**Transfers**	**31/12/2019**
Land and buildings:				
Cost	32,684,279.57	4,567,011.63	1,836,089.45	39,087,380.65
Investment property in progress	953,071.11	1,305,820.10	(1,836,089.45)	422,801.76
Accumulated depreciation	(681,921.08)	(565,591.79)		(1,247,512.87)
Total	**32,955,429.60**	**5,307,239.94**	**0.00**	**38,262,669.54**

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

Additions and transfers in 2020 correspond to the refurbishment of properties owned by the Company.

In 2019 the main properties added were as follows:

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 establishment. 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 290,499.12.

   At 2019 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. At 2020 year-end, and according to the payment schedule stated in the sale contract, the outstanding amount totalled EUR 2,544,000 and was recorded under “Non-current payables – Other financial liabilities”.
2. 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 2020 and 31 December 2019 is as follows:

31 December 2020

	Euros				
	Gross cost			Accumulated depreciation	Net carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415.00	216,451.14	0.00	(41,153.43)	601,712.71
Asset 2	638,820.00	966,238.39	664.24	(218,642.62)	1,387,080.01
Asset 3	1,259,445.00	1,009,149.11	197,458.84	(191,791.67)	2,274,261.28
Asset 4	1,870,660.00	974,222.66	0.00	(151,983.57)	2,692,899.09
Asset 5	1,534,440.00	908,494.99	0.00	(169,779.17)	2,275,266.55
Asset 6	3,153,250.71	1,679,651.00	0.00	(372,866.22)	4,460,035.49
Asset 7	1,772,192.64	1,889,157.20	0.00	(195,437.98)	3,465,911.86
Asset 8	1,669,140.00	663,225.25	202,776.06	(86,345.04)	2,448,796.27
Asset 9	998,987.35	874,625.51	10,556.26	(103,531.85)	1,780,637.27
Asset 10	1,604,115.00	680,224.37	1,062,737.63	(71,670.22)	3,275,406.78
Asset 11	1,520,990.10	513,032.55	469,003.07	(47,351.00)	2,455,674.72
Asset 12	1,579,400.00	772,027.88	16,778.68	(67,339.86)	2,300,866.70
Asset 13	2,278,575.00	697,787.76	64,001.62	(62,294.83)	2,978,069.55
Asset 14	1,645,000.00	901,350.91	30,067.11	(73,891.18)	2,502,526.84
Asset 15	3,420,832.00	1,109,667.12	66,060.07	(46,595.58)	4,549,963.61
Total	**25,372,262.80**	**13,855,305.84**	**2,122,214.31**	**(1,900,674.22)**	**39,449,108.73**

31 December 2019

	Euros				
	Gross cost			Accumulated depreciation	Net carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415.00	216,451.14	0.00	(31,752.81)	611,113.33
Asset 2	638,820.00	959,280.89	0.00	(164,501.84)	1,433,599.05
Asset 3	1,259,445.00	972,072.43	6,544.48	(138,024.88)	2,100,037.03
Asset 4	1,870,660.00	896,905.56	3,119.92	(109,205.29)	2,661,480.19
Asset 5	1,534,440.00	906,898.57	0.00	(123,534.37)	2,317,804.20
Asset 6	3,153,250.71	1,675,651.00	4,000.00	(267,779.42)	4,565,122.29
Asset 7	1,772,192.64	1,884,808.39	3,913.13	(109,863.00)	3,551,051.16
Asset 8	1,669,140.00	663,225.25	129,796.21	(59,743.80)	2,402,417.66
Asset 9	998,987.35	874,625.51	14,193.27	(66,049.49)	1,821,756.64
Asset 10	1,604,115.00	680,224.37	94,184.71	(44,202.89)	2,334,321.19
Asset 11	1,520,990.10	505,744.32	47,856.23	(26,189.40)	2,048,401.25
Asset 12	1,579,400.00	771,301.88	13,686.96	(33,144.91)	2,331,243.93
Asset 13	2,278,575.00	697,787.76	42,559.91	(34,288.86)	2,984,633.81
Asset 14	1,645,000.00	900,473.66	27,597.52	(37,169.99)	2,535,901.19
Asset 15	3,420,832.00	1,109,667.12	35,349.42	(2,061.92)	4,563,786.62
Total	**25,372,262.80**	**13,715,117.85**	**422,801.76**	**(1,247,512.87)**	**38,262,669.54**

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		TOTAL	
	UNITS	SQUARE METRES	UNITS	SQUARE METRES	UNITS	SQUARE METRES	UNITS	SQUARE METRES
Asset 1	6	356	0	0	1	138	7	494
Asset 2	12	864	0	0	0	0	12	864
Asset 3	12	878	0	0	1	278	13	1,156
Asset 4	12	1,082	0	0	1	169	13	1,252
Asset 5	12	795	0	0	2	123	14	919
Asset 6	0	0	9	3,059	2	328	11	3,386
Asset 7	8	863	0	0	2	395	10	1,258
Asset 8	18	774	0	0	2	200	20	974
Asset 9	6	544	1	78	2	115	9	737
Asset 10	14	1,024	0	0	2	151	16	1,176
Asset 11	14	743	0	0	1	79	15	823
Asset 12	11	769	0	0	1	133	12	902
Asset 13	9	1,021	0	0	2	350	11	1,371
Asset 14	7	701	0	0	2	294	9	995
Asset 15	13	1,261	0	0	2	256	15	1,517
TOTAL	**154**	**11,676**	**10**	**3,137**	**23**	**3,010**	**187**	**17,823**

The average occupancy level of property available for rental during 2020 and 2019 was as follows:

Average occupancy level				
	2020		2019	
	Availability	Occupancy	Availability	Occupancy
Asset 1	100%	100%	100%	99%
Asset 2	100%	58%	100%	87%
Asset 3	95%	84%	99%	91%
Asset 4	98%	89%	95%	86%
Asset 5	99%	84%	100%	94%
Asset 6	99%	86%	100%	94%
Asset 7	100%	69%	54%	75%
Asset 8	14%	100%	17%	100%
Asset 9	100%	74%	91%	95%
Asset 10	30%	98%	47%	100%
Asset 11	64%	97%	63%	99%
Asset 12	89%	88%	74%	96%
Asset 13	55%	100%	60%	100%
Asset 14	100%	96%	95%	100%
Asset 15	16%	100%	0%	N/A
TOTAL	**77%**	**85%**	**80%**	**93%**

In 2020 and 2019 rent revenue earned from investment property owned by the Company amounted to EUR 1,301,410.63 and EUR 1,672,729.97, respectively (Note 10.1).

At the end of 2020 and 2019 there were no restrictions on making new property investments, on the collection of rent revenue therefrom or in connection with the proceeds to be obtained from a potential disposal thereof.

Investment property is mortgaged to secure bank loans as disclosed in Note 8.

Based on the valuation of the assets, the appraisal value of investment property totalled EUR 58,040,000 at 31 December 2020 (2019: EUR 58,807.00).

The Company takes out insurance policies to cover the possible risks to which its investment property is subject. At 2020 and 2019 year-ends, those properties were adequately insured against these risks.

6. Leases

At the end of 2020 and 2019 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 2020 and 2019.

At the closing of 2020 the Company had received EUR 215,073.16 (EUR 148,079.83 recognised as non-current and EUR 66,993.33 recognised as current) from tenants in respect of security deposits and escrow accounts (31 December 2019: EUR 185,387.93; EUR 142,137.78 recognised as non-current and EUR 43,250.15 recognised as current), which had been placed into the corresponding Housing Institute in the amount of EUR 146,611.16 (EUR 105,233.83 recognised as non-current and EUR 41,377.33 recognised as current) (31 December 2019: EUR 127,005.29; EUR 103,291.78 recognised as non-current and EUR 23,713.51 recognised as current).

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.

On 18 February 2020, a seventh capital increase amounting to EUR 451,063 was executed in a public deed, through the issue of 451,063 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 396,935.44. fully subscribed paid-in.

At 31 December 2020 and 31 December 2019, the share capital of the Company was EUR 21,560,168 and EUR 21,109,105, respectively. At 31 December 2020 it was represented by 21,560,168 shares (31 December 2019: 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 5,013,858.88 (31 December 2019: 4,616,923.44).

At 31 December 2020 and 31 December 2019, the only company that owned 10% or more of the Company's share capital was Barcino Management, B.V., with an ownership interest of 41.74% (31 December 2019: 42.63%).

The Company's shares have been listed on the BME Growth market in the BME MTF Equity segment since 27 December 2017.

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 2020 and 31 December 2019, the legal reserve had not reached the legally required minimum.

7.3 Treasury shares

At 31 December 2020 and 31 December 2019, the Company held the following treasury shares:

31 December 2020

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 31 December 2020	50,102	50,102	1.347	67,473.66

31 December 2019

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 31 December 2019	50,102	50,102	1.331	66,661.66

8. Non-current and current liabilities

The detail of "Non-current payables" and "Current payables" at the end of 2020 and 2019 is as follows:

	Euros			
	Current		Non-current	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Bank borrowings	1,268,968.18	1,141,264.96	14,523,133.54	14,760,813.44
Asset suppliers	-	-	-	-
Other financial liabilities	6,938,930.60	1,555,615.15	953,049.48	2,877,820.83
Total	**8,207,898.78**	**2,696,880.11**	**15,476,183.02**	**17,638,634.27**

"Bank borrowings" reflects the outstanding amount under the mortgage loans, net of debt arrangement expenses. At 31 December 2020 the debt arrangement expenses recognised in the Company's balance sheet totalled EUR 429,610.71 (31 December 2019: EUR 442,003.19).

8.1. Non-current and current bank borrowings

The detail of the line item "Bank borrowings" at the end of 2020 and 2019 is as follows:

31 December 2020

	Euros	
	Current	Non-current
Bank borrowings:		
- Mortgage loans	1,268,398.18	14,952,744.25
- Debt arrangement expenses	0.00	((429,610.71))
Total	**1,268,398.18**	**14,523,133.54**

31 December 2019

	Euros	
	Current	Non-current
Bank borrowings:		
- Mortgage loans	1,176,882.96	15,167,198.63
- Debt arrangement expenses	(35,618.00)	(406,385.19)
Total	**1,141,264.96**	**14,760,813.44**

The detail, by maturity, of the items which form part of total bank borrowings at the end of 2020 and 2019 is as follows:

31 December 2020

	Euros					
	Current	2022	2023	2024	2025 and after	Total non-current
Mortgage loans	1,268,398.18	1,435,041.76	1,525,517.30	1,553,470.41	10,438,714.78	14,952,744.25
Total	**1,268,398.18**	**1,435,041.76**	**1,525,517.30**	**1,553,470.41**	**10,438,714.78**	**14,952,744.25**

31 December 2019

	Euros					
	Current	2021	2022	2023	2024 and after	Total non-current
Mortgage loans	1,176,882.96	1,213,166.00	1,235,642.00	1,258,539.00	11,459,851.63	15,167,198.63
Total	**1,176,882.96**	**1,213,166.00**	**1,235,642.00**	**1,258,539.00**	**11,459,851.63**	**15,167,198.63**

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 2020.

During 2020, the Company signed four new loan agreements with various banks, three of them being Government-guaranteed loans (ICO lines) granted in the context of COVID-19 for a total nominal amount of EUR 373,800 and a fourth loan with no Government guarantee for a nominal amount of EUR 600,000. Also, a 24-month forbearance period was obtained for two existing mortgage loans.

The average interest rate of bank borrowings in 2020 and 2019 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

The heading "Other non-current financial liabilities" at 31 December 2020 was comprised, mainly, of the following items:

- the provision of exit fee accrued as per the Management Agreement (Notes 1 and 11.3) amounting to EUR 11,978 (31 December 2019: EUR 197.894).

- a loan formalised with the Manager for EUR 792,991.65 related to the outstanding payment on the aforementioned Management Agreement, which accrues interest at 3% p.a. maturing on 4 May 2022 (31 December 2019: EUR 655,365 under "Other current financial liabilities").

This line item also includes long-term security deposits amounting to EUR 148,079.83 at 31 December 2020 (31 December 2019: EUR 142,137.78).

In turn, the heading "Other current financial liabilities" included mainly the following:

- a loan with the company Soverino BCN Investments, S.L. amounting to EUR 2,544,000 resulting from the purchase of Asset 15 on 12 December 2019 (Note 5), which matures on 12 December 2021 and accrues interest at 8% the first year and at 9% the second year.

- and 16 capitalisable loans amounting to EUR 4,297,721.60. On the date of issue of these financial statements, the Company had capitalised such loans through a capital increase (Note 14). Said loans accrued a 3% interest until their date of capitalisation. At 31 December 2020 accrued interest totalled EUR 20,530.67, as disclosed in this heading.

Also, the Company recognised the amount of interest accrued at 31 December 2020 on the loan formalised with the Manager for EUR 792,991.65.

This line item also includes short-term security deposits for EUR 66,993.33 at 31 December 2020 (2019: EUR 43,250.15) (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 manages 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 disclosed 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.

	31/12/2020	31/12/2019
	Days	
Average period of payment to suppliers	38.24	21.54
Ratio of transactions settled	40.14	21.86
Ratio of transactions not yet settled	13.96	10.76
	Euros	
Total payments made	4,120,972	3,412,483
Total payments outstanding	322,015	101,425

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 2020 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 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 2020 and 31 December 2019 is as follows:

	Euros			
	30/06/2019		31/12/2019	
	Tax receivables	Tax payables	Tax receivables	Tax payables
VAT refundable	192,954.70		139,231.50	-
Income tax refundable	78,218.66		140,277.09	-
Personal income tax withholdings payable		27,528.02	-	14,066.52
Accrued social security taxes payable		5,006.25	-	4,340.46
Other tax payables		-	-	57,937.12
Total	**271,173.36**	**32,534.27**	**279,508.59**	**76,344.10**

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 provisional percentage of non-deductible VAT on its activities is 58%.

9.2. Income tax

2020

	Euros		
	Increases	Decreases	Total
Accounting loss before tax			(1,470,736.10)
Permanent differences	267.09		267.09
Temporary differences	-	-	-
Tax loss		**-**	**(1,470,469.01)**
Tax charge at 0%			**-**
Total income/(expense) recognised in profit or loss			**-**

2019

	Euros		
	Increases	Decreases	Total
Accounting loss before tax			(999,836.14)
Permanent differences	118.24		118.24
Temporary differences	-	-	-
Tax loss	**118.24**	**-**	**(999,717.90)**
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 2020 the Company was subject to withholdings of EUR 23.06 (2019: EUR 78,195.60).

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 2020 year-end, the Company had all years since 2016 open for review for the income tax, and since 2017 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 expenses

10.1. Revenue

The breakdown of revenue by line of business for 2020 and 2019 is as follows:

Activities	Euros	
	2020	2019
Residential buildings	927,480.59	1,277,616.47
Non-residential buildings (offices and commercial premises)	373,930.04	395,113.50
Total	**1,301,410.63**	**1,672,729.9716**

In 2020 rental income was earned fully in Spain in different locations in Barcelona, in the amount of EUR 1,216,436.42 (2019: EUR 1,326,886) and in L'Hospitalet de Llobregat in the amount of EUR 84,974.21 (2019: EUR 345,844).

10.2. Employee benefit costs

The detail of "Employee benefit costs" in 2020 and 2019 is as follows:

	Euros	
	2020	2019
Social Security paid by the Company	19,542.61	25,764.58
Total	**19,542.61**	**25,764.58**

10.3. Other operating expenses

The breakdown of the items “Outside services”, “Taxes”, “Impairment losses” and “Other current operating expenses” in the statement of profit or loss for fiscal years 2020 and 2019 is as follows:

	2020	2019
Rent and royalties	1,490.34	1,399.22
Repair and upkeep costs	82,294.75	75,881.22
Independent professional services	1,252,900.22	1,314,284.85
Insurance premiums	27,673.10	23,204.22
Banking and similar services	1,399.60	885.05
Advertising, publicity and public relations	653.40	2,270.61
Utilities	87,177.04	84,709.15
Other expenses	97,122.29	228,253.38
Taxes other than income tax	39,357.69	80,546.85
Losses, impairment and changes in trade provisions	15,265.01	18,008.79
Other current operating expenses	50,969.68	25,258.75
Total	**1,656,303.12**	**1,854,702.09**

The heading “Independent professional services” mostly includes the compensation accrued by the Manager in 2020 as management fee totalling EUR 880,876, the amount of non-deductible VAT corresponding to the settlement of the previous management agreement amounting to EUR 103,219.99 and the exit fee provision in the amount of EUR 11,978 (2019: EUR 806,930.40 on account of management fee and EUR 197,894 of exit fee provision) (Notes 1 and 11.3).

11. Related-party transactions and balances

11.1. Remuneration and other benefits of directors and senior executives

During 2020 and 2019 the annual gross remuneration earned by the Company’s directors totalled EUR 26,000. No credits, advance payments, guarantees, fund benefits or pension plans were granted to the Company’s directors either.

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

At the closing of 2020 and 2019 the Company’s directors were three men.

The directors’ third-party liability insurance premiums paid in 2020 and 2019 amounted to EUR 1,867.36 and EUR 1,805.88 respectively.

11.2. Related-party transactions

a) Related-party transactions

The breakdown of related-party transactions in 2020 and 2019 is as follows:

2020

	Euros (*)
	Services received and other
Vistalegre Property Management, S.L.	996,073.99
(Note 10)	**996,073.99**

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

2019

	Euros (*)
	Services received and other
Vistalegre Property Management, S.L.	1,004,824.40
(Note 10)	**1,004,824.40**

(*) 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 with the aforementioned company in 2020 totalled EUR 996,073.99 of which EUR 880,876 were on account of management fee and EUR 103,219.99 related to non-deductible VAT on the performance fee, as per the aforementioned agreement novation, retroactively effective to 1 January 2019. In turn, the exit fee provision totalled EUR 11,978.

The total amount accrued with the aforementioned company in 2019 totalled EUR 1,004,824.40 of which EUR 806,930.40 were on account of management fee and EUR 197,894.00 on account of exit fee provision.

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 transactions with related parties at 31 December 2020 and 31 December 2019 is as follows:

31 December 2020

	Euros		
	Other current financial liabilities	Other non-current financial liabilities	Sundry accounts payable
Vistalegre Property Management, S.L.	12,723.28	804,969.65	-
	12,723.28	**804.969.65**	**-**

31 December 2019

	Euros		
	Other current financial liabilities	Other non-current financial liabilities	Sundry accounts payable
Vistalegre Property Management, S.L.	655,365.00	197,894.00	-
	655,365.00	**197,894.00**	**-**

The balance of “Other non-current financial liabilities” at 31 December 2020 includes EUR 11,978 on account of the exit fee provision recognised in 2020, and EUR 792,991.65 of the performance fee basket accrued in prior years and which is to be settled under the Management Agreement novation.

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 8,789.71 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 1,470,736.10, EUR 999,836.14, EUR 1,632,573.02, EUR 2,853,886.59 and EUR 91,291.28 incurred in 2020, 2019, 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 at 12/31/2020
Asset 1	12/02/2015	1,220,000
Asset 2	29/05/2015	3,690,000
Asset 3	09/03/2016	4,030,000
Asset 4	09/03/2016	4,860,000
Asset 5	16/06/2016	4,630,000
Asset 6	01/12/2016	6,680,000
Asset 7	20/12/2016	4,350,000
Asset 8	07/09/2017	4,310,000
Asset 9	28/12/2017	3,460,000
Asset 10	14/05/2018	3,820,000
Asset 11	13/09/2018	2,640,000
Asset 12	13/09/2018	3,060,000
Asset 13	04/10/2018	3,620,000
Asset 14	20/12/2018	3,110,000
Asset 15	12/12/2019	4,560,000

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 net book value of the properties described in section f) above total EUR 39,449,108, recognised under "Investment property" in the accompanying balance sheet, and represent 91% 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 2020 and 2019, was as follows:

Categories	2020	2019
Managers and university graduates	1.02	2
Clerical staff	2.72	2
Total	**3.73**	**4**

Also at 31 December 2020 and 31 December 2019, the headcount, by professional category and gender was as follows:

Categories	2020		2019	
	Men	Women	Men	Women
Managers and university graduates	-	1	-	2
Clerical staff	5	-	2	-
Total	**5**	**1**	**2**	**2**

At the end of 2020 and 2019 there were no employees with a disability equal to or greater than 33%.

13.2. Fees paid to auditors

In 2020 and 2019 the fees for financial audit and other services provided by the Company's auditor (KPMG Auditores, S.L. in 2020 and Deloitte, S.L. in 2019) or by firms related to the auditor as a result of a relationship of control, common ownership or common management, were as follows:

	Euros	
	2020	2019
Audit services	22,125	25,925
Other attest services	8,850	14,220
Total audit and related services	**30,975**	**40,145**
Other attest services	3,000	-
Total professional services	**33,975**	**40,145**

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 28 January 2021, the Company held a Universal Extraordinary General Meeting that approved a new capital increase through the conversion of loans and the issue of 2,963,942 new ordinary shares and a share premium of EUR 0.45 per share, in order to increase the Company's shareholders' equity by EUR 4,297,715.90. This capital increase has been registered at the Trade Register on February 24, 2021.

The Company's capital position after the capital increase is as follows:

	31/12/2020	Capital increase	28/01/2021
Registered capital	21,560,168.00	2,963,942.00	24,524,110.00
Share premium	5,013,858.88	1,333,773.90	6,347,632.78
	26,574,026.88	**4,297,715.90**	**30,871,742.78**

On 30 January 2021, Royal Decree 1/2021, of 12 January, was published, whereby the Spanish Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, was amended, together with the General Accounting Plan for Small- and Medium-sized Enterprises approved by Royal Decree 1515/2007, of 16 November, the Financial Reporting Standards for Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September, and the standards for the Adaptation of the Spanish Chat of Accounts to non-profit organisations approved by Royal Decree 1491/2011, of 24 October. Furthermore, on 13 February 2021, the Resolution issued on 10 February 2021 by the Spanish Accounting and Audit Institute (ICAC) was published. Such Resolution sets out the standards for the recognition, valuation and preparation of financial statements in recording revenue from the delivery of assets and services.

The changes to the aforementioned standards apply to the fiscal years starting on 1 January 2021 and are mainly concerned with the criteria for the recognition, valuation and breakdown of revenue from the delivery of assets and services, financial instruments, hedge accounting, valuation of commodities quoted by brokers that buy and sell them, and determination of fair value.

The financial statements for the first reporting period starting on 1 January 2021 will include the relevant comparative information. However, restating the information reported on the previous period is not mandatory. Comparative information will then be restated only if all the criteria approved by the aforementioned Royal Decree can be applied with no retrospective bias and notwithstanding the exceptions set forth in the interim provisions.

In general, standards are applied retroactively, although following alternative practical solutions. Hedge accounting, however, is applied prospectively, classification criteria for financial instruments can be applied prospectively and the criteria relating to revenue from sales and delivery of services can also be applied prospectively to the contracts starting on 1 January 2021.

The Company's Directors are assessing the applicable transition options and accounting impacts arising from the aforementioned amendments, albeit at the date of authorisation for issue of these individual financial statements there is no sufficient information available to draw any conclusions on the matter.

From the end of the reporting period to the date of formal preparation of these financial statements no other significant events 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.

Barcelona, 25 March 2021

Barcino Property Socimi, S.A.

Directors' Report
for the year ended
31 December 2020

Businesses and activities

During 2020 the Company started refurbishing some assets in order to stabilise its revenue stream. In the last quarter of 2020 the Company finished the overall renovation of a total of 10 assets comprised of 14 residential units and 2 commercial establishments that were made operational over the same period. The first phase for the renovation of Asset 11 started in the first quarter of 2020 with the asset being ready for marketing over the same period. As a result, the Company now has 6 new residential units under operation. A lift was also installed in Asset 3 and a total of 5 individual units in different assets of the Company were refurbished. The portfolio of assets generated rent revenue of EUR 1,301,410.63 in 2020 (2019: EUR 1,672,730.17).

In 2021 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 2020 the Company incurred a loss of EUR 1,470,736.10 (2019: EUR 999,836.14).

This result derives from the combination of the following factors:

a) COVID-19 effect. This impact is chiefly due to lower occupancy and prices of furnished property units coupled with the difficulty of filling vacant properties during the lockdown, as well as due to delays in completing works and rent payment easing for vulnerable tenants. Despite the virus spikes reported in July and August, the Company's portfolio proved its resilience and, at the date of issue of these financial statements, its level of occupancy is similar to pre-pandemic levels.

b) A total of 30% of the portfolio assets are not fully operational yet, since they are going through renovation work.

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 settlements made in the year ended 31 December 2020 was 38 days (22 days for the year ended 31 December 2019).

Other disclosures

As a requirement to be listed on the BME Growth market in the BME MTF Equity segment, 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 2020 the Company neither sold nor purchased any treasury shares; therefore, the balance of treasury shares held by the Company at 31 December 2020 remains the same as that at 31 December 2019 amounting to 50,102 shares.

No research and development activities are performed.

On 28 January 2021, the Company held a Universal Extraordinary General Meeting that approved a new capital increase through the conversion of loans and the issue of 2,963,942 new ordinary shares and a share premium of EUR 0.45 per share, in order to increase the Company's shareholders' equity by EUR 4,297,715.90.

From the end of the reporting period to the date of formal preparation of these financial statements no other significant events

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 and directors' report for 2020

These Financial Statements and Directors' Report of Barcino Property Socimi, S.A. for the year ended 31 December 2020 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 34 pages.

Barcelona, 25 March 2021

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Mateu Turró Calvet

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Francesc Ventura Teixidor

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Ralph Weichelt