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

(Together with the consolidated annual accounts and consolidated directors' report of Barings Core Spain Socimi, S.A.U. and subsidiaries for the year ended 31 December 2020)

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

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

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

Opinion

We have audited the consolidated annual accounts of Barings Core Spain Socimi, S.A.U. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2020, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the consolidated annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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

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Most Relevant Aspects of the Audit

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

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

The Group has investment property amounting to Euros 303,078,146.19 that is fully or partially used to earn rentals or for capital appreciation or both. The Group assesses investment property annually for indications of impairment, for the purpose of determining whether the carrying amount exceeds the recoverable amount. The recoverable amount of investment property is determined on the basis of a valuation performed by independent experts. In this regard, this amount is calculated by applying valuation techniques which often require the exercising of judgement by the independent expert and the Board of Directors, as well as the use of assumptions and estimates. Due to the high level of judgement, the uncertainty associated with these estimates and the significance of the carrying amount of the investment property, this has been considered a relevant aspect of our audit.

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

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

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

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020 and the content and presentation of the report are in accordance with applicable legislation.

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Directors' Responsibility for the Consolidated Annual Accounts

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

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- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

(*Signed on original in Spanish*)

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

28 June 2021

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

Consolidated Financial Statements corresponding to the financial year ending 31 December 2020

Consolidated Management Report
2020 Financial Year
(In conjunction with Audit Report)

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

Consolidated balance sheet at the end of 2020 and 2019

(Expressed in Euros)

ASSETS	Note	31/12/2020	31/12/2019	EQUITY AND LIABILITIES	Note	31/12/2020	31/12/2019
A) NON-CURRENT ASSETS		**306,089,924.86**	**260,819,292.61**	**A) NET EQUITY**		**86,978,070.94**	**75,415,816.77**
Intangible assets		**10,000.00**	**6,000.00**	**A-1) Shareholders' equity**		**86,978,070.94**	**75,415,816.77**
1. Consolidated Goodwill		10,000.00	6,000.00				
				Capital		**75,068,029.00**	**65,955,799.00**
Real estate investments		**303,078,146.19**	**258,208,239.61**	1. Issued capital	10.1	75,068,029.00	65,955,799.00
1. Land and buildings	6	**300,880,168.25**	**255,981,032.84**				
2. Technical plant		557,137.83	741,954.24	**Share premium or assumption**	**10.3**	**17,029,584.75**	**12,122,999.75**
3. Other plant		1,607,822.19	1,412,470.13				
				Reserves in consolidated companies	**10.4**	**(7,155,116.43)**	**(2,091,379.21)**
5 Transport elements		33,017.92	72,782.40				
				Profit (loss) for the year attributed to the Parent Company	**10.5**	**2,035,573.62**	**(2,732,397.25)**
				1. Consolidated profit (loss)		2,035,573.62	(2,732,397.25)
Non-current financial investments		**3,001,778.67**	**2,605,053.00**	**Other shareholders' contributions**	**10,6**	**0.00**	**2,160,794.48**
2. Long-term guarantees	8.1	3,001,778.67	2,605,053.00				
				B) NON-CURRENT LIABILITIES		**214,787,708.92**	**191,693,246.91**
				Non-current borrowings	8.3.	**60,521,961.05**	**60,293,536.05**
				1. Bank borrowings (loans and lines of credit)		55,941,051.71	55,990,556.67
				2. Other financial liabilities		4,580,909.34	4,302,979.38
B) CURRENT ASSETS		**12,274,899.63**	**14,703,132.23**	**Non-current borrowings with related parties**	**14.1**	**154,265,747.87**	**131,399,710.86**
Inventories		**3,830.19**	**338,860.29**	**C) CURRENT LIABILITIES**		**16,599,044.63**	**8,413,361.16**
6. Advanced payments		3,830.19	338,860.29				
				Current borrowings	**8.4.**	**47,512.60**	**68,198.47**
Trade debtors and other receivables		**1,570,138.10**	**5,036,168.37**	1. Bank borrowings (loans)		47,512.60	52,000.87
1. Trade receivables for sales and services	8.2	1,136,531.70	1,008,406.89	3. Other financial liabilities		0.00	16,197.60
5 Other tax receivables	12.1	433,606.40	4,027,761.48				
				Borrowings from group companies		**1,525,802.46**	**5,562,890.52**
Current accruals		**296,685.53**	**188,588.22**	1. Current accounts with group companies	**14.1**	1,525,802.46	5,562,890.52
Current financial investments		**0.00**	**977,169.22**	**Trade and other payables**		**15,025,729.57**	**2,782,272.17**
5 Other financial assets		0.00	977,169.22	2. Payable to suppliers, group companies			
				3. Creditors	8.4.	9,212,808.65	2,478,071.27
Cash and cash equivalents		**10,404,245.81**	**8,162,346.13**	4. Other creditors	8.4.	5,000,000.00	
1. Cash and cash balances	9	10,404,245.81	8,162,346.13	5 Payables to Public Administrations	12.1	812,920.92	304,200.90
TOTAL ASSETS (A+B)		**318,364,824.49**	**275,522,424.84**	**TOTAL EQUITY AND LIABILITIES (A+B+C)**		**318,364,824.49**	**275,522,424.84**

The consolidated financial statements for BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2020, which form a whole, comprise the consolidated balance sheet, the statement of changes in equity and the attached notes to the financial statements.

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

Consolidated Income Statement for the financial year ended on 31 December 2020 and 2019

(in euros)	Note	31-12-20	31-12-19
1. Net turnover of the Company		**20,949,156.51**	**14,037,135.20**
a) Sales			
b) Services rendered	**13.1**	20,949,156.51	14,037,135.20
5 Other operating income		**-**	**-**
c) Other current management income		-	-
7. Other operating costs	**13.2**	**(6,021,082.09)**	**(4,956,471.76)**
a) Outsourcing		(5,290,283.22)	(4,411,673.18)
b) Taxes		(670,798.87)	(418,891.58)
c) Losses, impairment and variation of provisions from trade	**8.2**	(60,000.00)	(125,907.00)
d) Other current management expenses			
8. Depreciation and amortisation	**6**	**(5,152,786.57)**	**(3,546,192.92)**
10. Impairment and profits from fixed asset transfers		**825,028.05**	**(2,003,605.00)**
a) Impairment		825,028.05	(2,003,605.00)
11. Exceptional income and expenses		**(3,920.29)**	**35,060.88**
a) Exceptional income		(3,920.29)	35,060.88
A.1. OPERATING PROFIT(LOSS) (1+2+3+4+5+6+7+8+9+10+11)		**10,596,395.61**	**3,565,926.40**
13. Finance costs	**13.3**	**(8,673,745.17)**	**(5,932,630.91)**
a) of Group Companies		(7,688,220.83)	(5,191,206.37)
b) Borrowings from third-parties		(985,524.34)	(741,424.54)
14. Variation in the fair value of financial instruments	8.3.	**112,923.18**	**(136,025.14)**
16. Impairment of financial instruments		**-**	
A2. FINANCIAL PROFIT(LOSS) (12+13)		**(8,560,821.99)**	**(6,068,656.05)**
A3. PROFITS BEFORE TAX (A.1+A.2)		**2,035,573.62**	**(2,502,729.65)**
14. Tax on Profit		-	(229,667.60)
A4. FINANCIAL YEAR PROFIT (LOSS) (A.3+14)		**2,035,573.62**	**(2,732,397.25)**
Profit(loss) attributable to the Parent Company		**2,035,573.62**	**(2,732,397.25)**
Profit(loss) attributable to non-controlling interests			**-**

The consolidated financial statements for BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2020, which form a whole, comprise the consolidated balance sheet, the statement of changes in equity and the attached notes to the financial statements.

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

Consolidated balance sheet at the end of 2019 and 2018 (in euros)

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 and 2019
(in euros)

	2020	2019
a) Consolidated profit or loss for the year	**2,035,573.62**	**(2,732,397.25)**
Income and expense recognised directly in equity		
I. Due to valuation of financial instruments	-	-
1. Available-for-sale financial assets	-	-
2. Other Income/expenditure	-	-
II. Due to cash flow hedges	-	-
III. Subsidies, gifts and legacies received	-	-
IV. Actuarial gains and losses and other adjustments	-	-
V. *Tax effect on equity*	-	-
B) Total income and expenditure directly allocated to the consolidated equity (I+II+III+IV+V)	-	-
Transfers to consolidated income statement		
VI. Due to valuation of financial instruments	-	-
1. Available-for-sale financial assets	-	-
2. Other Income/expenditure	-	-
VII. Due to cash flow hedges	-	-
VIII. Subsidies, gifts and legacies received	-	-
IX. Tax effect on income statement	-	-
C) Total transfers to consolidated income statement (VI+VII+VIII+IX)	-	-
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES (A+B+C)	**2,035,573.62**	**(2,732,397)**

The consolidated financial statements for BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2020, which form a whole, comprise the consolidated balance sheet, the statement of changes in equity and the attached notes to the financial statements.

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

Statement of changes in consolidated equity for the years ended 31 December 2020 and 2019

(Expressed in Euros)

CONSOLIDATED	Share capital	Share premium or assumption	Reserves in the consolidated companies and Reserves in Parent	Result for the financial year	Other shareholder contributions	Total
A. ADJUSTED BALANCE, START OF 2019 FINANCIAL YEAR	**48,601,844.00**	**2,778,562.75**	**(298,789.58)**	**(1,258,620.97)**	**634,503.88**	**50,457,500.08**
I. Total recognised consolidated income and expenses	-	-		(2,732,397.25)	-	**(2,732,397.25)**
II. Transactions with shareholders and owners				-		**-**
Capital increase with share premium	17,353,955.00	9,344,437.00				**26,698,392.00**
Shareholders' contributions					1,526,290.60	**1,526,290.60**
Bargins Logroño Adjustment			(533,968.66)			**(533,968.66)**
III. Other changes in consolidated net equity	-	-	(1,258,620.97)	1,258,620.97	-	**-**
B. BALANCE AT YEAR-END 2019	**65,955,799.00**	**12,122,999.75**	**(2,091,379.21)**	**(2,732,397.25)**	**2,160,794.48**	**75,415,816.77**
I. Total recognised consolidated income and expenses	-	-		2,035,573.62	-	**2,035,573.62**
II. Transactions with shareholders and owners				-		
Capital increase with share premium	9,112,230.00	4,906,585.00				**14,018,815.00**
Allocation of shareholders' contributions by the Parent					(2,160,794.48)	**(2,160,794.48)**
III. Other changes in consolidated net equity	-	-			-	
Allocation of 2019 consolidated profit			(2,732,397.25)	2,732,397.25		
Distribution of shareholders' dividends by the Parent			**(2,332,799.17)**			**(2,332,799.17)**
Other adjustments			1,459.20			**1,459.20**
C. BALANCE AT YEAR-END 2020	**75,068,029.00**	**17,029,584.75**	**(7,155,116.43)**	**2,035,573.62**	**-**	**86,978,070.94**

The consolidated financial statements for BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2020, which form a whole, comprise the consolidated balance sheet, the statement of changes in equity and the attached notes to the financial statements.

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

Statement of changes in consolidated equity for the years ended 31 December 2020 and 2019

(Expressed in Euros)

ITEM	Note	31/12/2020	31/12/19
A) CASH FLOWS FROM OPERATING ACTIVITIES (+/-1+/-2+/-3+/-4)		**18,145,253.09**	**2,447,096.49**
1. Profit before tax for the year		**2,035,573.62**	**(2,502,729.65)**
2. Adjustment to profit (loss)		**12,948,580.51**	**11,744,360.97**
a) Amortization of fixed assets (+)	**6**	5,152,786.57	3,546,192.92
b) Valuation adjustments due to impairment (+/-)	**6**	(765,028.05)	2,129,512.00
f) Results due to disposal and write-off of financial instruments			
h) Financial expenditure (+)	**13c**	8,673,745.17	5,932,630.91
J) change in fair value of financial instruments		(112,923.18)	136,025.14
3. Changes in working capital		**15,876,420.46**	**(3,052,560.71)**
b) Trade and other receivables (+/-)		3,741,060.37	(4,010,978.66)
c) Other current assets (+/-)		(108,097.31)	(145,695.22)
d) Trade and other payables (+/-)		12,243,457.40	1,104,113.17
4. Other cash flows from operating activities		**(12,715,321.50)**	**(3,741,974.12)**
a) Interest paid (-)		(12,715,321.50)	(3,741,974.52)
d) Receipt (payment) due to income tax (+/-)			0.40
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (7-6)		**(48,508,298.37)**	**(92,917,853.89)**
6. Payments due to investments (-)		**(48,508,298.37)**	**(92,917,853.89)**
a) Group and associated companies			
b) Intangible fixed assets	**5**	(4,000.00)	(4,000.00)
d) Real estate investments	**6**	(49,197,665.10)	(90,847,901.53)
e) Other financial assets		693,366.73	(2,065,952.36)
C) CASH FLOW FROM FINANCING ACTIVITIES (+/-9+/-10)		**32,604,944.96**	**90,026,090.53**
9. Proceeds and payments due to equity instruments		**11,859,479.72**	**27,690,714.02**
a) Issue of equity instruments (+)		14,018,815.00	28,224,682.23
b) Amortisation of equity instruments (-)		(2,160,794.48	(533,968.21)
c) Movements in reserves		1,459.20	
10. Proceeds and payments due to financial liability instruments		**23,078,264.41**	**62,335,376.51**
a) Issue		23,127,769.37	62,335,376.51
1. Bank borrowings (+)		0	11,850,601.05
2. Loans with group companies and associates (+)		22,866,037.01	49,582,725.86
3. Other liabilities (-)		261,732.36	902,049.60
b) Refund and amortisation of		(49,504.96)	
2. Bank borrowings (-)		(49,504.96)	
11. Dividends paid and remuneration of other equity instruments		**(2,332,799.17)**	

a) Dividends (-)	(2,332,799.17)	
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C/+D)	**2,241,899.68**	**(444,666.87)**
Cash and cash equivalents at beginning of financial year	8,162,346.13	8,607,013.00
Cash or cash equivalents at the end of the financial year	10,404,245.81	8,162,346.13

The consolidated financial statements for BARINGS CORE SPAIN, SOCIMI, S.A.U. and subsidiaries for 2020, which form a whole, comprise the consolidated balance sheet, the statement of changes in equity and the attached notes to the financial statements.

1. Group Companies

1.1. Parent Company

BARINGS CORE SPAIN, SOCIMI, S.A.U. (hereinafter, the Parent Company, or the Company) was incorporated in Spain in accordance with the Spanish Corporate Enterprises Act on 27 April 2016, under the name Manedulina S.L. via an instrument executed by the notary of Madrid Mr Andrés Domínguez Nafria under number 1349 of his protocol. Registered in the Commercial Registry of Madrid: Volume 34730, Book 0, Sheet 141, Section 8, Page M-62664 Entry 1. On 20 September 2016 the Company changed its name to Barings Core Spain S.L.U. and became a Public Limited Company via an instrument executed on 26 December 2017. On 20 July 2018 the Company changed its name to Barings Core Spain Socimi, S.A.U. via an instrument executed on 20 July 2018.

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

- The acquisition and development of real estate of an urban nature for lease.
- The ownership of shareholdings in the capital of listed real estate investment trusts ("REITs") or in that of other non-resident entities in Spanish territory whose Articles of Association indicate the same corporate purpose as that of the Company and which are subject to a similar system with regard to the legal or statutory obligation or the distribution of profits.
- The ownership of stakes in the capital of other entities, resident or non-resident, in Spanish territory, whose main corporate purpose is the acquisition of real estate of an urban nature for its lease and which are subject to the same system established for the REITs in respect of the obligatory, legal or statutory policy relating to the distribution of profit and which fulfils the investment requirements referred to in the Law concerning REITs.
- The ownership of shares or shareholdings in Real Estate Collective Investment Institutions governed by the Law 35/2003 of 4 November on Collective Investment Institutions.
- In addition, the Company may carry out other ancillary activities, these being understood as those in which the total income represents less than twenty percent (20%) of the income of the Company during each tax period (including, without limitation, real estate transactions other than those detailed in sections a) and d) above) or those that may be considered as ancillary pursuant to the Law on REITs at any time.

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

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

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

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

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

The figures included in the consolidated financial statements are expressed in euros, unless otherwise indicated.

The duration of the Company is indefinite and it began operations on the date of execution of the public deed of incorporation. The Company closes its financial years on 31 December of each year.

The attached consolidated financial statements include the financial statements of the Companies controlled by the Parent Company as at 31 December of each reporting period. The Parent Company is deemed to have control when it has the power to establish the financial and operational policies of its investees.

1.1.1. SOCIMI scheme

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

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

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

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

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

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

   The period will be calculated as follows:

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

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

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

4. The required minimum capital is 5 million euros.

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

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

The application of the REITs scheme detailed above has been implemented since 2016 notwithstanding the fact that the Company does not fulfil all the requirements established by the legislation for its application, as the Company may opt for the application of the special tax scheme by virtue of the terms established in Article 8 of the Transitory Provision One of Law 11/2009, of 26 October, amended by Law 16/2012 of 27 December governing Real Estate Investment Trusts, even when these do not fulfil the requirements established therein, on the condition that such requirements are fulfilled within a period of two years following the date of the option to apply for said scheme. At 31 December 2019 and 2018, the Company already fulfilled all the requirements established by this standard given that since the month of September 2018 the shares are traded on Euronext Access Paris.

1.2. Subsidiaries

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

The existence and effect of the potential voting rights which can currently be exercised or converted are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and they are excluded from consolidation on the date on which control ends.

The results of the investees acquired during the financial year are included within the consolidated result from the effective date that control is taken or until the loss of said control, as appropriate. The breakdown of the Subsidiaries of the Barings Group in 2020 as well as their activities, registered offices and shareholding percentages are as follows:

Subsidiaries	Euros			Equity	% Shareholding
	Subscribed Capital	Reserves	Profit (loss) for the year		Direct
Barings Core Madrid, S.L.	1,003,000	6,299,280	(418,081)	6,884,199	100%
Barings Core Toledo, S.L.	1,272,371	8,977,251	(26,826)	10,222,796	100%
Barings Core Plaza, S.L.	635,080	4,653,635	395,546	5,684,261	100%
Barings Core Logroño, S.L.	698,098	19,249,296	1,940,980	21,888,374	100%
Barings Core Logroño PFS S.L.	143,804	1,054,190	(262,827)	935,167	100%
Barings Core M50, S.L.	4,252,245	(18,431)	(190,914)	4,042,900	100%
Barings Core Crossroadas S.L.	13,107,710	2,528,123.17	3,305,132	18,940,965	100%
Barings Core Algete S.L.	9,115,230	3,106,044	171,484	12,392,758	100%

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

The breakdown of the Subsidiaries of the Barings Group in 2019 as well as their activities, registered offices and shareholding percentages are as follows:

Subsidiaries	Euros			Net Equity	% Shareholding
	Subscribed Capital	Reserves	Profit (loss) for the year		Direct
Barings Core Madrid, S.L.	1,003,000	6,326,351	(27,072)	7,302,280	100%
Barings Core Toledo, S.L.	1,272,371	11,316,558	(139,307)	12,449,622	100%
Barings Core Plaza, S.L.	635,080	5,488,138	315,497	6,438,715	100%
Barings Core Logroño, S.L.	698,098	19,249,296	2,028,624	21,976,018	100%
Barings Core Logroño PFS S.L.	143,804	1,173,266	(119,077)	1,197,994	100%
Barings Core M50, S.L.	6,540,300	1,525,802	(17,942)	8,048,160	100%
SANTLOU ITG, S.L.	20,164,092	(558)	(2,027,701)	18,135,833	100%

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

The circumstances in which these Companies are consolidated, using the full consolidation method, correspond to the situations referred to in Article 2 of the Rules for Preparing Consolidated Financial Statements, (NOFCAC), which are detailed as follows:

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

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

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

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

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

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

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

2. Basis of Presentation of the Consolidated Financial Statements

2.1 True and fair view

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

These consolidated financial statements have been prepared in accordance with the prevailing commercial legislation, established in the Commercial Code reformed in accordance with Law 16/2007 of 4 July on the reform and adaptation of the commercial legislation concerning accounting matters for their international harmonisation based on the regulations of the European Union, Royal Decree 1514/2007 of 20 November, approving the General Accounting Plan, and Royal Decree 1159/2010 of 17 September, approving the rules for preparing consolidated financial statements (NOFCAC), in all matters in which these are not in conflict with that established in the aforementioned commercial legislation, for the purpose of displaying a true and fair view of the assets and the consolidated financial situation at 31 December 2020 and the consolidated profit (loss) of operations, changes to consolidated net equity and the consolidated cash flows corresponding to the year ended on that date.

The Directors of the Parent Company consider that the consolidated financial statements for 2020, which have been authorised for issue, will be approved by the Sole Shareholder without any amendments.

2.2 Critical aspects concerning valuation and estimation of uncertainties and relevant judgements in the application of accounting policies

The preparation of the consolidated financial statements requires the use by the Directors of certain estimates and judgements in relation to the future that are continually assessed and based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

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

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

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

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

- *Estimation of uncertainties*

- On 11 March 2020, the World Health Organisation declared the outbreak of Coronavirus COVID-19 as a pandemic, due to its rapid spread around the world, having affected more than 150 countries. The majority of governments are implementing restrictive measures to contain its spread, including: isolation, confinement, quarantine and restriction of the free movement of people, closure of borders and drastic reduction in air, sea, train and overland travel. In Spain, the Government adopted Royal Decree 463/2020, of 14 March, which declared the state of emergency to manage the health crisis situation caused by COVID-19. This situation is significantly affecting the global economy, due to the interruption or delay in supply chains and the significant increase in economic uncertainty, shown by an increase in the price volatility of assets, exchange rates, and lowering of long-term interest rates. In order to mitigate the economic impact of this crisis, the Government has published a series of rules with extraordinary urgent measures

Subsequently, it is necessary to take into account that the relevant accounting estimations, judgements, and assumptions used when applying the accounting policies of the Parent company during the preparation of the consolidated financial statements may be affected by greater degree of uncertainty, as a result of the situation caused by the outbreak of the COVID-19 coronavirus.

Therefore, the Consolidated financial statements for the year ending 31 December 2020 have taken into account the effects of COVID-19 on the Group's activity and its impact on its measurements and estimates, without the Directors of the Parent company considering these to be material.

The Directors of the Parent Company have evaluated the current situation using the best information available, highlighting the following aspects:

— **Liquidity risk:** it is foreseeable that the general situation of markets may cause a general rise in the economy's liquidity pressures, as well as a contraction of the credit market. In this regard, the Group maintains the majority of its accounts receivable with clients with a low credit risk, given that the credit ratings of the client along with the implementation of specific plans for improved and more efficient management of the liquidity, will allow them to address any liquidity stress.

— **Asset valuation risk:** a change in the future forecasts of operations, operating and maintenance costs and financial costs of the Group may have a negative impact on the book value of certain assets as well as the need to record certain provisions or other types of liabilities. However, no material impact on the valuation of the Company's assets is envisaged given the high level of occupancy of the real estate it owns and the prices agreed in the lease agreements with customers.

2.3 Comparison of information

In accordance with commercial law, in addition to the figures for the year ending 31 December 2020, each of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement items are presented with the figures from 2019 , which form part of the consolidated financial statements for 2020, approved on 24 June 2020.

When comparing the items from both periods, it is necessary to take into account the variations in the scope of consolidation from one year to the next. In 2019, the scope of consolidation included the Parent Company and the subsidiaries Barings Core Madrid, S.L., Barings Core Toledo S.L., Barings Core Plaza S.L., Barings Core Logroño S.L., Barings Core Logroño PFS, S.L., Barings Core M50, S.L. and Barings Core Crossroads (formerly Santlou ITG, S.L.) whereas in 2020, the company acquired in 2020, Barings Core Algete, S.L. was added to the scope of consolidation.

2.4 Grouping of items

To facilitate the understanding of consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement, these statements are presented grouped, including the required analysis in the corresponding notes to the financial statements.

2.5 Functional currency and presentation currency

The consolidated financial statements are presented in euros, which is the Parent Company's functional and presentation currency.

2.6 Going concern principle

As at 31 December 2020, the consolidated balance sheet of the BARINGS CORE SPAIN, SOCIMI, S.A.U. group presented a negative working capital of 4,324,145 euros), mainly as a result of the debts contracted in 2020 due to the acquisition of a property, as well as in the amount of 5,000,000 euros, received in 2020 from the seller of the above-mentioned assets, as well as part of the future purchase price of a part of the aforementioned asset.

However, the Directors of the Parent Company have prepared these consolidated financial statements for 2020 in accordance with the going concern principle, taking into consideration the following circumstances:

- In line with the positive operating results generated by the Group during the 2019 and 2020 financial years, the latest cash projections of the BARINGS CORE SPAIN, SOCIMI, S.A.U. corresponding to the period comprising 1 January 2021 and 30 June 2022, demonstrate its capacity to generate sufficient cash to allow it to fulfil its payment commitments over said period.

- The Single Shareholder of the Company expressed its commitment to provide the Company with the necessary additional financial support so that it may fulfil its short and medium term payment commitments, thus being able to operate in accordance with the going concern principle.

- The current liability includes 5,000,000 euros in the form of an advance received from a Customer as payment on account of the final price agreed for part of a property owned by the Group, this being a debt that will not result in any outflow of cash, for its settlement.

3. Distribution of the profit (loss) of the Parent Company

At 31 December 2020, the Parent Company recorded losses of 7,012,073.40 euros. The Company's Board of Directors propose that the profits be distributed (applied) as follows:

(euros)	2020	2019
Results for the year (profit)	(7,012,073.40)	2,591,999.08
	(7,012,073.40)	**2,591,999.08**
Legal reserve		259,199.91
Accumulated losses	(7,012,073.40)	-
To dividends	-	2,332,799.17
	(7,012,073.40)	**2,591,999.08**

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

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

b) At least 50% of the profits deriving from the transmission of real estate and shares or shareholdings referred to in section 1 of article 2 of Law 11/2009, after the periods referred to in section 3 of article 3 of this Law have elapsed, for the purposes of compliance with its main corporate purpose. The remainder of these profits must be reinvested in other real estate or shareholdings for the purposes of complying with said purpose within a period of three years counted from the date of transmission. Failing that, said profits must be distributed in full together with the profits, if any, generated from the year in which the reinvestment period finalises. If the elements object of the reinvestment are transferred before the holding period established in section 3 of article 3 of the above-mentioned Law, those profits must be distributed in full together with the profits, if any, generated from the year in which they are transferred. This obligation of distribution does not extend, where applicable, to the portion of these profits taxable in financial years in which the company was not subject to tax under the special tax regime established in this Law.

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

The dividend must be paid within a month following the date of the resolution of its distribution.

4. Recognition and valuation standards

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

4.1 Subsidiaries

4.1.1 Acquisition of control

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

This method requires that the acquiring company recognises the identifiable assets acquired and liabilities assumed in a business combination on the acquisition date and where applicable, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which control is transferred to the Group and they are excluded from the consolidation on the date on which control ends.

The acquisition cost is determined as the total of the fair values on the acquisition date of the assets delivered, the liabilities assumed and the equity instruments issued by the acquirer and the fair value of any contingent consideration that depends on future events or the fulfilment of certain conditions, which must be recognised as an asset, liability or as equity depending on its nature.

The costs associated with issuing the equity instruments or the financial liabilities delivered do not form part of the cost of the business combination, with such being recognised in accordance with the rules applicable to financial instruments. The fees paid to legal advisors and other professionals involved in the business combination are recognised as costs when they are incurred. Neither the costs generated internally by these items shall be included in the cost of the combination, nor those, if any, that would have been incurred by the acquired entity.

The excess of the cost of the business combination, on the acquisition date, over the proportional part of the value of the identifiable assets acquired less that of the assumed liabilities representative of the shareholding in the capital of the acquiring Company shall be recognised as goodwill. In the exceptional case that this amount is greater than the cost of the business combination, the excess will be recognised in the consolidated income statement as income.

4.2 Acquisition of control by stages

When the control over a Subsidiary is acquired through several transactions made on different dates, the goodwill (or the negative difference) is obtained from the difference between the cost of the business combination, plus the fair value on the acquisition date of any prior investment made by the acquiring company in the acquired company, and the value of the identifiable assets less that of the liabilities assumed.

Any gain or loss arising as a result of the measurement at fair value on the date upon which control of the prior shareholding of the acquiring company in the acquired company, is recognised in the income statement. If the investment has been previously measured at fair value, the valuation adjustments to be recognised in profit(loss) for the year are transferred to the consolidated income statement.

4.2.1 Consolidation method

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

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

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

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

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

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

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

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

1. Changes in shareholdings without loss of control

Once control of a subsidiary has been obtained, any subsequent actions that give rise to a change in the shareholding of the Parent Company in the subsidiary, without the former losing its control over the latter, are considered in the consolidated financial statements as an operation with equity securities, with the following rules:

a) The recognised amount of goodwill or negative difference is not changed, neither are other recognised assets or liabilities.

b) The gain or loss that would have been recognised in the separate accounts is eliminated upon consolidation with the corresponding adjustment in the reserves of the Company whose shareholding is reduced;

c) The amounts under the headings “Adjustments due to changes in value” and “Subsidies, gifts and bequests” are adjusted to reflect the shareholding in the capital of the subsidiary maintained by the Group Companies.

d) The shareholding of the non-controlling interests in the equity of the subsidiary is indicated by the shareholding percentage that the third-parties external to the Group possess in the Subsidiary once the operation is complete, which includes the shareholding percentage in the goodwill recognised in the consolidated financial statements associated with the amendment generated;

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

2. Loss of control

When control of a subsidiary is lost, the following rules are observed:

a) The gain or loss recognised in the separate financial statements is adjusted for consolidation purposes.

   If the Subsidiary becomes classified as either multi-group or associated, it is consolidated, or initially, the equity method applied, taking into account for initial measurement purposes, the fair value of the retained shareholding on said date.

b) The shareholding in the equity of the Subsidiary that is retained after the loss of control and which does not belong to the scope of consolidation shall be measured in accordance with the criteria applicable to financial assets (Note 4.9) considering as the initial measurement the fair value on the date it ceases to form part of the aforementioned scope of consolidation.

c) An adjustment is recognised in the consolidated income statement to show the shareholding of the non-controlling interests in the income and expenses generated by the subsidiary up until the date of the loss of control, and in the transfer to the income statement of the income and expenses recognised directly in equity.

4.3 Consolidated goodwill

The acquisition by the Parent Company of the control of a subsidiary constitutes a business combination to which the acquisition method will be applied. In subsequent consolidations, the elimination of the investment-equity of the subsidiaries will be performed on a general basis according to the values resulting from applying the acquisition method described below on the date of control.

1. The business combinations are recognised by applying the acquisition method for which the acquisition date is determined and the cost of the combination calculated, recognising the identifiable assets acquired and the liabilities assumed at fair value on said date.

2. The goodwill or the negative difference of the combination is determined by the difference between the recognised fair values of the assets acquired and liabilities assumed and the cost of the combination, all referenced to the acquisition date.

3. The cost of the combination is determined by the aggregation of:

- The fair values on the acquisition date of the assets assigned, the liabilities incurred or assumed and equity instruments issued.
- The fair value of any contingent consideration that depends on future events or the fulfilment of predetermined conditions.

4. The costs relating to the issuance of equity instruments or the financial liabilities delivered in exchange for the acquired elements do not form part of the combination.

5. Likewise, and since 1 January 2010, the fees paid to legal advisers or other professionals who have been involved in the combination do not form part of the cost of the combination, and neither do the costs generated internally by these concepts. These amounts are directly allocated to the income statement.

6. If the business combination is performed by stages, in such a manner so that prior to the acquisition date (takeover date) there is a prior investment, the goodwill or negative difference is obtained by the difference between:

   - The cost of the business combination, plus the fair value on the acquisition date of any prior shareholding made by the acquiring company in the acquired company, and
   - The value of the identifiable assets less that of the liabilities assumed, determined in accordance with the above.

7. Any gain or loss arising as a result of the measurement at fair value on the date upon which control of the prior shareholding existing in the acquired company is obtained, will be recognised in the income statement. If the investment in this investee has been previously measured at fair value, the valuation adjustments to be recognised in profit(loss) for the year will be transferred to the income statement. Furthermore, it is assumed that the cost of the business combination is the best reference for estimating the fair value on the acquisition date of any previous shareholding.

The goodwill arising as a result of the acquisition of companies with a functional currency different to the euro shall be measured in the functional currency of the acquired company, with the translation into euros being performed using the exchange rate in force on the balance sheet date.

Goodwill is not amortised and is subsequently measured at its cost less impairment losses. The adjustments due to impairment recognised in goodwill are not subject to reversals in subsequent financial years.

In the exceptional circumstance that there is a negative difference in the combination, this shall be recognised in the income statement as income.

If at the close of the financial year in which the combination arises the measurement process necessary to apply the previously described acquisition method cannot be completed, this recognition will be considered as provisional, with these provisional values subject to change during the period necessary in order to obtain the information it required, which under no circumstance may exceed one year. The effect of the adjustments made in this period are recognised retrospectively, amending the comparative information as required.

The subsequent changes in the fair value of the contingent consideration are adjusted against profit and loss, unless said consideration has been classified as equity, in which case the positive changes in their fair value will not be recognised.

If there are shareholding sale or purchase transactions of subsidiary after control is obtained, without said control being lost, the impacts of these transactions without changes of control are recognised in equity and the amount of the goodwill from consolidation is not changed.

4.4 Real estate investments

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

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

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

The conservation and maintenance costs of the different elements making up the real estate investments are allocated to the profit and loss account of the financial year in which they are incurred. In contrast, the amounts invested in improvements which contribute to increasing the capacity or efficiency or extending the useful life of said assets are entered at the greater cost thereof.

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

	Years of useful life
Properties for letting	50
Technical plant and machinery	19
Other plant, tools and moveables	19

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

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

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

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

4.4.1 Impairment of real estate investments

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

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

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

4.5 Leases

Leases are classified as financial leases provided that from their condition it is deduced that the risks and rewards inherent in the ownership of the asset object of to the contract are substantially transferred to the lessee. The other leases are classified as operating leases.

As at 31 December 2020 and 2019, the Company, which acts as a lessor in several operating leases, does not hold any financial leases.

<u>Operating lease</u>

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

The income and costs deriving from operating leases are recognised in the consolidated income statement in the financial year in which they are incurred (Note 7).

Any money received which may be made on contracting an operating lease will be treated as an early collection which is charged to results throughout the lease period, as the profits of the assets leased are ceded or received.

4.5.1 Bonds delivered

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

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

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

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

4.6 Financial Assets

4.6.1 Classification

The consolidated Group's financial assets are classified in the following categories:

a) Loans and accounts receivable: Financial assets arising from the sale of assets or the provision of services in the course of normal business, or those which, even though they do not have a commercial origin, are not equity instruments or derivatives and their collections are of a fixed or determinable amount and they are not traded in an active market.

b) Cash and cash equivalents. Cash comprises both cash at hand and demand deposits. The other cash equivalents are short-term investments, with a maturity of less than three months, and which are not subject to a relevant risk of changes in their value.

4.6.2 Valuation

Initial valuation

The financial assets are initially entered, in general terms, at the fair value of the consideration received plus the costs of the transaction that are directly attributable.

Subsequent valuation

The loans and accounts payable are valued at their amortised cost, recognising the interest accrued in accordance with their effective interest rate, understood as the update rate that equals the book value of the instrument with all the estimated cash flows until their maturity.

Nevertheless, trade receivables maturing in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

4.6.3 Cancellation

The Group derecognises the financial assets when they expire or the rights over the cash flows of the corresponding financial assets are assigned and the risks and rewards of ownership have been substantially transferred. In contrast, the Group does not derecognise the financial assets, and recognises financial liabilities for an amount equal to the compensation received, in the assignments of financial assets where the risks and rewards of ownership are substantially retained.

4.6.4 Transfer of financial assets

The transfers of financial assets are measured according to the following criteria:

- When the risks and rewards are substantially transferred, the financial asset is derecognised from the balance sheet and any right or obligation retained or created during the transfer is recognised.
- When the risks and rewards are substantially retained, the financial asset is not derecognised from the balance sheet and a financial liability is recognised for the amount of the transaction which is measured at amortised cost.
- When the risks and rewards are substantially transferred, the financial asset is derecognised from the balance sheet and any right or obligation retained or created during the transfer is recognised. Should the Entity retain control, the financial asset is not derecognised from the balance and the asset continues to be recognised.

4.6.5 Impairment of value of financial assets

A financial asset or group of financial assets are deemed to be impaired and an impairment loss is recognised if there is objective evidence of the impairment as a result of one or more events that have occurred after the initial recognition of the asset and that this event resulting in the loss has an impact on the estimated future cash flows of the asset or group of financial assets, and can be reliably estimated.

The Group follows the criteria of recognising the appropriate valuation adjustments due to the impairment of loans and other receivables and debt instruments when there is a reduction or delay in the estimated future cash flows caused by the insolvency of the debtor. Similarly, in the case of equity instruments, impairment exists when there is a lack of recoverability of the book value of the asset due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at fair value or cost: the amount of the impairment loss of financial assets measured at amortised cost is the difference between the fair value of the financial asset and the current value of the estimated future cash flows, excluding the future credit losses not incurred, discounted at the original effective interest rate of the asset. In the case of variable interest rate financial assets, the interest rate in effect according to the contractual terms and conditions is used. With regard to debt instruments classified as investments held to maturity, the Group uses the market value, provided that this is sufficiently reliable to consider it representative of the value that could be recovered.

  The impairment loss is recognised with a charge to profit and loss and is reversible in subsequent financial years, if the decrease can be objectively related to an event after its recognition. Notwithstanding, the reversal of the loss is limited to the amortised cost that the assets would have had if the impairment loss had not been recognised.

- Impairment of available-for-sale financial assets: in the case of available-for-sale financial assets, the decrease in the fair value that has been recognised directly in recognised income and expenses in equity is recognised in profit and loss when there is objective evidence of an impairment. The amount of the impairment loss recognised in profit and loss is calculated as the difference between the cost or amortised cost, less any impairment loss previously recognised in profit and loss and the fair value.

An available-for-sale financial asset or group of available-for-sale financial assets with similar risk characteristics measured jointly is impaired as a result of one or more events that have occurred after their recognition, and which result in:

- In the case of debt instruments acquired, a reduction or delay in the estimated future cash flows which may be caused by the insolvency of the debtor.

- In the case of equity instruments, a lack of recoverability of the book value of the asset, demonstrated by a prolonged or significant fall in its fair value.

The accumulated losses recognised in equity due to the decrease in the fair value, provided that there is objective evidence of the impairment, are recognised in the income statement for the year.

If during subsequent financial years the fair value increases, the valuation adjustment will be reversed with a credit to the income statement for the year. However, in the case that the fair value corresponding to the equity instrument should increase, the valuation adjustment recognised in previous financial years is not reversed with a credit to the income statement, but rather the increase in fair value is recognised directly against equity.

In the case of equity instruments measured at fair value, due to it not being possible to reliably determine their fair value, it will not be possible to reverse the valuation adjustment recognised in previous financial years. The increase in the fair value of the debt instruments that can be objectively related to an event after the recognition of the impairment is recognised against profit and loss up to the amount of the previously recognised impairment loss and the excess, if any, against recognised income and expenses in equity.

4.7 Financial Liabilities

Financial liabilities are those debits and accounts payable of the Group which have arisen in the purchase of goods and services in the ordinary course of business, or those which, without having a commercial origin, cannot be considered as derivative financial instruments. These borrowings are classed as current liabilities unless the Company has an unconditional right to defer their settlement during at least 12 months after the balance date.

The liabilities and payables are initially measured at fair value, which, unless otherwise indicated, is the transaction price, this being the equivalent of the fair value of the consideration received, adjusted for the directly attributable transaction costs.

After their initial recognition, these financial assets are valued at their amortised cost according to the effective interest rate method. The accrued interests are entered in the profit and loss account applying the effective interest rate method. This effective interest is the update rate which equals the book value of the instrument with the expected flow of future payments planned until maturity of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

The Group derecognises financial liabilities when the obligations generated have been eliminated.

4.8 Financial Derivatives

The Group uses derivative financial instruments to cover the risk of changes in interest rates.

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

At the start of the hedge, the Group designates and formally documents the hedge relations, and the objective and the strategy that it assumes with respect to them. The hedge operation accounting shall only be applicable when it is expected that the hedge is highly effective at the start of the hedge and in the following financial years to compensate for the changes in the fair value or in the cash flows attributable to the risk covered, during the period for which it has been designated (prospective analysis) and the actual efficacy is in a range of 80-125% (retrospective analysis) and it can be reliably determined.

The Group Companies have not classified the derivative financial instruments as hedge.

The changes in fair value of the derivative financial instruments are recognised in the income statement as they arise.

4.9 Income Tax

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

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

Current and deferred income tax is recognised in profit and loss, except to the extent that the tax arises from a transaction or event recognised, in the same or a different year, in equity or from a business combination.

The taxable temporary differences are recognised in all cases unless they arise from the initial recognition of the goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and that neither affects accounting profit nor taxable income at the time of the transaction.

The deductible temporary differences are recognised provided that it is probable that sufficient future positive taxable income will be available to offset these assets, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit.

Tax planning opportunities are considered in assessing the recoverability of deferred tax assets only if the Group intends to avail itself of them or is likely to do so. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws in force or approved and pending publication and having considered the tax consequences that would follow from the manner in which the Group expects to recover the assets and or settle the liabilities.

The Group only offsets the income tax assets and liabilities if there is a legal right to do so before the tax authorities and it has the intention to settle the resulting amounts for their net amount or realise the assets and settle the liabilities simultaneously.

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

4.9.1 Special SOCIMI Scheme

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

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

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

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

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

   - Corporate Income Tax rate: 0%.

   - The offsetting of tax loss carryforwards is not applicable (Art. 25 TRLIS) in the event that they are generated when subject to a tax rate of 0%, neither are the tax deductions or credits established in Chapters II, III and IV of Title VI of the TRLIS.

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

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

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

4. In any event, tax withholding will be applied to these dividends or shares in profits received by corporate income tax, non-resident income tax (with and without permanent establishment) and Spanish income tax payers, to whom the tax scheme provided for in Art. 10.1 of Law 11/2009 applies.

These must comply with several requirements which are detailed below.

Corporate Purpose

Their main corporate purpose must be:

1. The acquisition and development of real estate of an urban nature for lease.
2. The ownership of shareholdings in the capital of other REITs or in that of other non-resident entities in Spanish territory with the same corporate purpose as these or which are subject to a similar system with regard the distribution of profits.
3. The ownership of shareholdings in the capital of other entities resident or non-resident in Spanish territory, whose main corporate purpose is the acquisition of real estate of an urban nature for its lease (these cannot have shareholding in the capital of other entities) and which are subject to the same system relating to the distribution of profit and investment. The entirety of its capital must belong to other REITs or non-resident entities referred to in point 2 above.
4. The ownership of shares or shareholdings in Real Estate Collective Investment Institutions governed by the Law 35/2003 of 4 November, on CIIs.

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

Investment

1. They must invest at least 80% of the value of the assets in:
   - real estate of an urban nature for leasing,
   - in land earmarked for real estate development provided that the development is initiated within a period of three years following acquisition
   - shareholdings in the capital or equity of other entities that have the same corporate purpose as the REIT.

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

- the leasing of real estate for the purpose of complying with its main corporate purpose with persons or entities that do not form a group irrespective of the residency, and/or
- dividends or shares in profits originating from shareholdings subject to the compliance with its main corporate purpose.

Minimum period of ownership or maintenance

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

Obligation to be listed

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

Commercial Requirements

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

Application of Results

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

1. 100% of the profit originating from the dividends or shares in profits distributed by the entities whose main corporate purpose is that established in this Law.

2. 50% of the profit deriving from the transfer of real estate and shares or shareholdings after the maintenance periods have elapsed, for the purposes of compliance with its main corporate purpose. The remainder of these profits must be reinvested in other real estate or shareholdings subject to the period of three years since transfer.

3. 80% of the remainder of the profit obtained.

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

- The dividend must be paid the month following the date of the resolution of its distribution.
- The legal reserve cannot exceed 20% of the share capital.
- The articles of association cannot establish any other reserve of an unavailable nature other than the legal reserve.

4.10 Revenue and expenses

Income and expenditure 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. This income is measured at the fair value of the consideration received, having deducted discounts and taxes.

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

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

4.11 Transactions between related parties

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

4.12 Provisions and contingent liabilities

Provisions are recognised when the Group companies have a present obligation, whether legal, contractual, implicit or tacit, as a result of a past event; that it is possible that there will be an outflow of resources that include future economic benefits for cancelling said obligations; and it is possible to make a reliable estimate of the amount of the obligation.

The amounts recognised in the consolidated balance sheet correspond to the best estimate at the year-end of the outgoings necessary to cancel the present obligation, once having considered the risks and uncertainties associated with the provision and, where significant, the financial effect caused by the imbalance, provided that the outgoings can be reliably determined.

The financial effect of the provisions are recognised as financial expenses in the income statement. The provisions do not include the tax effect, nor the expected earnings from the disposal or retirement of assets. In those cases, in which the Group has outsourced the hedged risk to a third-party via a legal or contractual agreement, the provision is recognised exclusively for the part of the risk assumed. The provisions are reversed against profit and loss when it is unlikely that there will be an outflow of resources to cancel such an obligation.

As at 31 December 2020 and 2019 there are no contingencies that meet the characteristics for their consideration as provisions, therefore none are recognised on the liability side of the balance sheet, should there be any, these would be included in the notes to the financial statements, provided they are not considered as remote.

4.13 Assets of an environmental nature

Environmental assets are those used on a lasting basis in the Group's operations and whose main purpose is to minimise environmental impact and to protect and restore the environment, including the reduction or elimination of future pollution.

4.14 Classification of assets and liabilities as current and non-current

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

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

- Liabilities are classified as current when they are expected to be settled in the normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

4.15 Financial information by segments

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

The geographic distribution has been identified as an operational segment.

Below follows the financial information by geographic segment for 2020 and 2019 (in euros).

(Expressed in Euros)

4.15.1 Income statement

2020 Financial Year	Madrid	Aragon	La Rioja	Castille La Mancha	Other Autonomous Communities	Total
A) CONTINUING OPERATIONS						
Net turnover of the Company	5,033,371.76	1,668,964.76	8,239,121.23	2,473,025.03	3,800,649.30	21,215,132.08
Other operating income	-	-	-	-	-	-
Other operating costs	(979,982.51)	(304,405.07)	(3,890,119.50)	(399,592.15)	(712,958.43)	(6,287,057.66)
Depreciation of property, plant and equipment	(1,110,016.00)	(312,634.34)	(2,517,667.47)	(662,242.60)	(550,226.16)	(5,152,786.57)
Impairment of real estate investments	1,290,338.78	-	(246,398.68)	-	(218,912.05)	825,028.05
Extraordinary income	-	-	(3,920.29)	-	-	(3,920.29)
OPERATING RESULTS	**4,233,712.04**	**1,051,925.35**	**1,581,015.29**	**1,411,190.28**	**2,318,552.65**	**10,596,395.61**
Finance costs	(2,463,639.36)	(656,379.54)	(2,781,783.65)	(1,438,016.25)	(1,221,003.19)	(8,560,821.99)
FINANCIAL RESULTS	**(2,463,639.36)**	**(656,379.54)**	**(2,781,783.65)**	**(1,438,016.25)**	**(1,221,003.19)**	**(8,560,821.99)**
PROFIT BEFORE TAX	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**
Corporate Income Tax	-	-	-	-	-	-
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**
B) INTERRUPTED OPERATIONS					**-**	
Profit (loss) for financial year from discontinued operations net of taxes (Note 12)						
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**1,770,072.68**	**395,545.81**	**(1,200,768.36)**	**(26,825.97)**	**1,097,549.46**	**2,035,573.62**

2019 Financial Year	Madrid	Aragon	La Rioja	Castille La Mancha	Other Autonomous Communities	Total
A) CONTINUING OPERATIONS						
Net turnover of the Company	1,049,337.30	1,658,835.38	8,860,974.37	2,453,748.40	14,239.75	14,037,135.20
Other operating income	0.00		0.00		0.00	-
Other operating costs	-386,123.28	-376,971.99	-3,679,940.22	-511,840.48	-1,595.79	(4,956,471.76)
Depreciation of property, plant and equipment	-81,337.64	-311,780.18	-2,492,641.90	-660,433.20	0.00	(3,546,192.92)
Impairment of real estate investments	-2,003,605.00				0.00	(2,003,605.00)
Extraordinary income	0.00		21,755.47	13,305.41	0.00	35,060.88
OPERATING RESULTS	**-1,421,728.61**	**970,083.21**	**2,710,147.72**	**1,294,780.13**	**12,643.95**	**3,565,926.40**
Finance costs	-640,600.31	-654,586.15	-3,316,351.93	-1,434,087.25	-23,030.41	(6,068,656.05)
FINANCIAL RESULTS	**-640,600.31**	**-654,586.15**	**-3,316,351.93**	**-1,434,087.25**	**-10,386.46**	**(6,068,656.05)**
PROFIT BEFORE TAX	**-2,062,328.92**	**315,497.06**	**-606,204.21**	**-139,307.12**	**-10,386.46**	**(2,502,729.65)**
Corporate Income Tax	0.00	0.00	-229,667.60		0.00	(229,667.60)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**-2,062,328.92**	**315,497.06**	**-835,871.81**	**-139,307.12**	**-10,386.46**	**(2,732,397.25)**
B) INTERRUPTED OPERATIONS		**-**	**-**	**-**	**0.00**	**-**
Profit (loss) for financial year from discontinued operations net of taxes (Note 12)		**-**	**-**	**-**	**0.00**	**-**
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**-2,062,328.92**	**315,497.06**	**-835,871.81**	**-139,307.12**	**-10,386.46**	**(2,732,397.25)**

(Expressed in Euros)

4.15.2 Cash flows by activity

2020 Financial Year	Madrid	Aragon	Castile-La Mancha	La Rioja	Other Autonomous Communities	Total
A) NET FLOW FROM OPERATING ACTIVITIES	11,305,472.65	747,635.00	714,935.16	3,094,304.55	2,282,905.73	18.145.253,09
B) NET FLOWS FROM INVESTING ACTIVITIES	-44,427,220.17	125.44	-234.72	-4,764,150.16	683,181.24	(48.508.298,37)
C) NET FLOWS FROM FINANCING ACTIVITIES	33,349,361.56	0.00	0.00	-146,392.14	-598,024.46	32.604.944,96
2019 Financial Year	**Madrid**	**Aragon**	**Castile-La Mancha**	**La Rioja**	**Other Autonomous Communities**	**Total**
A) NET FLOW FROM OPERATING ACTIVITIES	-2,357,354.77	202,517.81	528,587.34	3,956,673.19	116,672.92	2.447.096,49
B) NET FLOWS FROM INVESTING ACTIVITIES	-39,255,155.96	0.00	0.00	525,284.92	-54,187,982.96	(92.917.854,00)
C) NET FLOWS FROM FINANCING ACTIVITIES	54,533,708.30	-578,968.21	200.00	-6,651,112.24	42,732,263.16	90.036.091,01

4.15.3 Assets and liabilities

4.15.4

	2020 Financial Year		2019 Financial Year	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Madrid	112,777,448.12	-89,584,158.72	64,095,769.01	-50,656,733.78
Aragon	18,001,773.10	-12,256,867.41	18,714,647.00	-12,275,932.29
La Rioja	99,318,513.97	-77,743,596.41	100,991,472.58	-84,950,265.28
Castile-La Mancha	34,747,694.36	-24,505,271.72	37,022,725.08	-24,573,102.98
Other Autonomous Communities	53,517,394.51	-27,296,858.81	54,697,811.17	-27,650,573.74
Total	318.364.824,49	-231.386.753,55	275.522.424,84	-200.106.608,07

4.15.5 Clients

The customers at Group level with more than 10% of turnover at the 2020 year-end are as follows:

a. CEVA Logísticas España S.L. (B79271615) with 11.79% of the turnover for 2020

b. CARREFOUR through its two companies, SUPERMERCADOS CHAMPION, S.A. (A28090108) and GRUP SUPECO MAXOR, S.L. (B-60981057) with 24.46% of the turnover for 2020.

4.16 Equity

The share capital is represented by ordinary shares. When any Group Company acquires shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental cost, is deducted from equity until its cancellation, re-issue or disposal. When these shares are sold or later re-issued, any amount received, net of any incremental cost of the transaction that is directly attributable, is included in the equity.

The costs of issuing new shares are presented directly against net equity, as a reduction in reserves.

5. Business combinations versus Acquisition of assets and liabilities

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

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

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

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

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

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

Financial year 2016

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

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

Financial year 2017

- On 3 February 2017, the Parent Company incorporated the Company Barings Core Toledo S.L., comprising 3,000 shares with a par value of 1 euro for a total of 3,000.00 euros. On 6 February 2017, it increased the share capital by 12,693,712.15 euros, 1,269,371 euros in share capital and 11,424,341.15 euros as share premium, therefore, the net book value of this shareholding stood at 12,696,712.15 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium in the amount of 2,200,000.00 euros was agreed, thus reducing the cost of the shareholding by this amount. Therefore, the net book value of this shareholding stood at 10,496,712.00 euros as at 31 December 2020.

- On 25 July 2017, the Parent Company acquired all the shareholdings of the company Tepozán S.L. (Sole Proprietorship), comprising a total of 3,000 shares at one euro par value, for a total of 5,000.00 euros. The name of the Company was later changed to Barings Core Plaza, S.L. On 20 October 2017, it increased the share capital by 6,320,800 euros, 632,080 euros in share capital and 5,688,720 euros as share premium, therefore, the net book value of this shareholding stood at 6,325,800 euros as at 31 December 2019.

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

- On 29 December 2017, the Parent Company acquired all the shareholdings of the Company Barings Core Logroño, S.L. (formerly RPFI Activos Inmobiliarios S.L)., comprising 698,098 equity interests with a par value of 1 euro each one for a total of 64,110,490,50 euros, plus an amount of 735,034 euros corresponding to the costs related to the acquisition of said company, having agreed at different reductions in the original price of the purchase of the shareholdings, with the cost of the shareholdings standing at 63,395,683.99 euros as at 31 December 2019.

  In 2020, a reimbursement of share premium in the amount of 1,800,000.00 euros was agreed, thus reducing the cost of the shareholding by this amount.

  The Company also recognised a valuation adjustment due to impairment of 3,799,920.86 euros in 2020, therefore, the net book value of this shareholding stood at 57,795,763.00 euros as at 31 December 2020.

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

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

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

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

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

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

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

Financial year 2018

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

  In 2020, the Company recognised a valuation adjustment due to impairment of 477,873.45 euros, therefore, the net book value of this shareholding stood at 935,167.00 euros as at 31 December 2020.

2019 Financial Year

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

In 2020, a reimbursement of share premium and shareholders contributions in the amount of 3,814,345.60 euros was agreed, thus reducing the cost of the shareholding in Barings Core M50 S.L. by this amount. Therefore, the net book value of this shareholding stood at 4,254,245.00 euros as at 31 December 2020.

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

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

2020 Financial Year

On 25 February 2020, the Parent Company acquired all the shareholdings of the Company Barings Core Algete S.L., comprising 3,000 shares with a par value of 1 euro each one for a total of 5,000.00 euros. On 3 March 2020, it increased the share capital by 12,990,059 euros, 8,443,539 euros in share capital and 4,546,520 euros as share premium. On 12 March 2020, the capital was increased in the amount of 1,028,756 euros, of which 668,691 euros was in the form of share capital and 360,065 euros as share premium. On 29 October 2020 and 18 November 2020, the capital was reduced due to the reimbursement of the share premium in the amount of 1,200,000 euros and 600,000 euros respectively, therefore, the net book value of this shareholding stood at 12,223,815.00 euros as at 31 December 2020.

6. Real estate investments

The breakdown of the operations carried on by the Parent Company in relation to the real estate investments, which at the close of the financial year 2020 totalled 303,078,146.19 euros and which form the main purpose of the Group's activities, are:

- On 4 July 2016, the Parent Company acquired the Company Barings Core Madrid S.L., and then acquired a premises located at calle Velázquez 64, in Madrid, which was acquired via a sale deed on 5 July 2016. This investment is recognised in the books for the value of 21,956,290 euros which correspond to both the value of the real estate and the costs associated with said acquisition.
- On 3 February 2017, the Parent Company incorporated the Company Barings Core Toledo S.L., which then acquired a warehouse located in the "Dehesa de la Plata I" sector in Ontígola, in the province of Toledo, via a real estate sale deed on 9 March 2017. This investment is recognised in the books for the value of 35,658,637 euros which correspond to both the value of the real estate and the costs associated with said acquisition.
- On 26 July 2017, the Parent Company acquired the Company Barings Core Plaza S.L., which then acquired a Logistics warehouse located at calle Boletum, number 8, in the province of Zaragoza, on 24 October 2017. This investment is recognised in the books for the value of 18,015,823 euros which correspond to both the value of the real estate and the costs associated with said acquisition.
- On 29 December 2017, it acquired the Company Sociedad Barings Core Logroño S.L. (Note 5), which, at the date of acquisition, was already the owner of the Berceo Shopping Centre in the province of La Rioja. The properties owned by the group located in the Berceo Shopping Centre are mortgaged in guarantee of the loan referred to in note 8.3 of these Notes to the financial statements.

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

- On 6 February 2018, the Parent Company acquired all the shareholdings of the Company Plenasa ITG S.L. It then changed the company name to Barings Core Logroño PFS S.L.. On 26 February 2018 it acquired a petrol station, located in the "Berceo" Shopping Centre, in Logroño (La Rioja). The amount corresponding to the purchase of this asset totalled 3,967,276 euros.

- On 8 October 2019, the Parent Company acquired all the shareholdings of Barings Core M S.L. (formally Yumkas ITG S.L.). On 11 December 2019, it acquired a commercial property located in Madrid which is leased to Conforama España S.A. The purchase of this asset amounted to 17,401,368 euros.

- On 17 December 2019, the Parent Company acquired all the shareholdings of Barings Core Crossroads S.L., (formerly Santlou ITG S.L.). On 30 December 2019 it acquired the supermarket properties of various Spanish companies which are leased to Supermercados Champion S.A. The sale of these assets amounts to 72,093,719 euros, with a valuation adjustment of 2,003,605.00 euros in 2019 which was reversed in 2020.

- During 2019 an amount of 686,666.10 euros has been recorded in Reserves in consolidated companies in relation to an error in the depreciation costs of the 2018 property investments of Barings Core Logroño S.L., as a result of the reassessment of the useful life of the property for that year.

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

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

On 31 December 2019, the subsidiary Barings Core Crossroads S.L recognised a valuation adjustment of 2,003,605.00 euros, which has been fully reversed during the 2020 financial year. The real estate investments of the companies Barings Core Madrid S.L. and Barings Core Logroño PFS S.L. and Barings Core Crossroads S.L. showed impairments as at 31 December 2020 of 480,898.03 euros, 246,398.68 euros and 451,280.24 euros respectively.

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

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

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

The breakdown and changes in this heading of the consolidated balance sheet for the year ended 31 December 2020 and 2019 is as follows (in euros):

2020 Financial Year

2020	Initial Balance	Additions or Resources	Final balance
COST			
Investments in land and natural assets	21,362,192.54	8,304,921.10	29,667,113.64
Investments in constructions	251,541,174.96	40,438,017.00	291,979,192.41
Technical plant	3,696,328.36	0.00	3,696,328.36
Other plant	5,047,820.46	454,726.57	5,502,547.03
Moveables	222,228.50	0.00	222,228.50
Transport elements	722,199.89	0.00	722,199.89
Other tangible assets	6,869,254.33	0.00	6,869,254.33
Total cost	**289,461,199.04**	**49,197,664.67**	**338,658,864.16**
DEPRECIATION			
Accumulated depreciation	(29,249,354.43)	(5,152,786.59)	(34,402,141.02)
Total Depreciation	**(29,249,354.43)**	**0**	**(34,402,141.02)**
IMPAIRMENT	**(2,003,605.00**	**825,028.05**	**(1,178,576.95)**
TOTAL REAL ESTATE INVESTMENTS	**258,208,239.61**	**44,869,906.13**	**303,078,146.19**

2019 Financial Year

2019	Initial Balance*	Additions or Resources	Final balance
COST			
Investments in land and natural assets	3,960,824.54	17,401,368.00	21,362,192.54
Investments in constructions	178,122,516.81	73,418,658.15	251,541,174.96
Technical plant	3,696,328.36	-	3,696,328.36
Other plant	4,800,495.29	247,325.17	5,047,820.46
Moveables	222,228.50	-	222,228.50
Transport elements	722,199.89	-	722,199.89
Other tangible assets	6,869,254.33	-	6,869,254.33
Fit Out in progress	219,450.00	(219,450.00)	-
Total cost	**198,613,297.72**	**90,847,901.32**	**289,461,199.04**
DEPRECIATION			
Accumulated depreciation	(25,703,161.51)	(3,546,192.92)	(29,249,354.43)
Total Depreciation	**(25,703,161.51)**	**(3,546,192.92)**	**(29,249,354.43)**
IMPAIRMENT		**(2,003,605.00)**	**(2,003,605.00)**
TOTAL REAL ESTATE INVESTMENTS	**172,910,136.21**	**85,298,103.40**	**258,208,239.61**

7. Leases

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

The most relevant information concerning the real estate included in the real estate investments heading, as at the close of 2020 and 2019 is as follows:

- Distribution of real estate in Spain:

	2020		2019	
	Commercial premises	Industrial warehouses	Commercial premises	Industrial warehouses
Aragon				
Zaragoza	-	1	-	1
Community of Madrid				
Madrid	2		2	
Aluche	1		1	
Alcalá de Henares	1		1	
Algete		1		
Castile-La Mancha				
Toledo	-	1	-	1
La Rioja				
Logroño	3	-	3	-
Catalonia		-		-
Viladecans	1		1	
Olerdola	1		1	
Berga	1		1	
Igualada	1		1	
Almeria	1		1	
Bilbao	1		1	
Cadiz	1		1	
Salamanca	1		1	

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

	SQUARE METRES	
	2020	2019
Offices - Commercial Premises*	74,370	74,370
Industrial Warehouses	147,549	99,620
Stores - Parking spaces	18,094	18,094
Other	4,553	

- Income and expenditure generated by the real estate investments:

  The income deriving from the leasing of real estate investments owned by the Company amounted to 20,949,156.51 euros and 14,037,135.20 euros (Note 13.1), in 2020 and 2019 respectively. For its part, other operating costs amounted to 6,021,082.09 euros and 4,956,471.76 euros, in 2020 and 2019, respectively.

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

Operating leases: Lessor information	2020	2019
Future minimum collections from non-cancellable operating leases		
_ Up to one year	19,148,215	16,537,182
_ Between one and five years	64,790,634	52,084,710
_ More than five years	158,984,295	149,427,526

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

8. Financial Instruments

8.1. Non-current financial assets

According to the classification established by the General Accounting Plan in its rules governing recognition and measurement for financial assets, the Company maintains the following non-current balances as at the close of the 2020 and 2019 financial years (in euros):

Categories/Classes	Loans, Derivatives and Others	
	2020	2019
Non-current guarantees	3,001,778.67	2,605,053.00

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

8.2. Current financial assets

According to the classification established by the GAP in its rules governing recognition and valuation for financial assets, the Company maintains the following current balances as at the close of the 2020 and 2019 financial years (in euros).

Categories/Classes	Loans, Derivatives and Others	
	2020	2019
Clients	1,136,531.70	1,008,406.89

<u>Valuation adjustments</u>

As at 31 December 2020, the balance for Customers includes a valuation adjustment due to impairment of 60,000 euros corresponding to the Company Barings Core Logroño S.L. The movements in these adjustments are as follows:

2020 Initial Balance	(291,653.70)
Net Reversal/(Provisions)	(60.000.0)0
2020 Final balance	(351,653.70)

As at 31 December 2020,the balance for Customers includes a valuation adjustment due to impairment of 291,654 euros corresponding to the Company Barings Core Logroño S.L. The movements in these adjustments are as follows:

2019 Initial Balance	(165,747.00)
Net Reversal/(Provisions)	(125,907.00)
2019 Final balance	(291,654.00)

8.3. Long-term financial liabilities

According to the classification established by the GAP in its rules governing recognition and valuation for financial liabilities, the Company maintains the following non-current balances as at the close of the 2020 and 2019 financial years (in euros).

Categories/Class	Derivatives and others	Derivatives and others
	2020	**2019**
Bank borrowings	55,941,051.71	55,990,556.67
Other financial liabilities	4,580,909.34	4,302,979.38
Non-current amounts owed to group companies and associates	154,265,747.87	131,399,710.86
Total	**214,787,708.92**	**191,693,246.91**

The breakdown of the balances forming the heading “Non-current financial liabilities” is as follows:

<u>Bank borrowings</u>

a) On 5 September 2016, a loan was granted in the amount of 6,480,000 euros by BANKINTER S.A. to the Subsidiary Barings Core Madrid S.L. The agreed interest rate is a fixed rate of 1.30%. It matures 7 years after the date the loan is granted, in other words, on 4 August 2022. This loan agreement establishes the non-compliance with the LTV ratio, which has a limit of 50%, as grounds for the maturity of the loan.

   The amount at amortised cost of this loan at 31/12/2020 amounts to 6,435,707.14 euros (6,419,671.14 euros at 31/12/2019).

   On 31 December 2020, the Company had an LTV ratio of 30.71%, thus complying with the requirements set forth in the agreement.

b) On 29 December 2017, the renewal of the Mortgage Loan for the amount of 31,740,000 euros was signed, granted by ING REAL ESTATE FINANCE E.F.C. S.A to the Subsidiary Barings Core Logroño S.L. It matures 12 years from the date of signing. An extension of 5 years to the maturity date was later agreed via renewal deed 1274. The agreed interest rate is a fixed rate of the Euribor + 1.35%.

The amount at amortised cost of this loan at 31/12/2020 amounts to 31,620,544.57 euros. (31,570,885.53 euros at 31/12/2019).

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

The ratios established in the loan agreement are the following:

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

ICR = EBIT / Interest expenses > 3.00x

As at 31 December 2020, the Company complies with both ratios as indicated in the following table:

	Limit	2020 ratio
LTV	60.00%	34.50%
ICR	3.00x	7.95x

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

Financial occupancy rate > 85%

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

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

The company scores 97.38% for this financial occupancy rate as at 31 December 2020, therefore complying with the established rate.

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

<u>Other non-current financial liabilities</u>

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

a) Long-term deposits, with a balance of 208,105 euros as at 31 December 2020 (207,385 euros in 2019).

b) Non-current bonds for an amount of 3,699,661 euros in 2019 (3,309,528 euros in 2019).

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

c) Long-term derivative liabilities for an amount of 673,143 euros in 2020 (786,067 euros in 2019).

On 14 February 2018, the Company Barings Core Logroño S.L. contracted a derivative with the bank ING Bank NV with maturity on 29 December 2022, with the fixed interest rate payable by the company being 0.5% and charging a six-monthly Euribor. The gain generated by the swap valuation was recognised in the income statement for an amount of 113,000 euros in 2020 (136,000 euros in 2019). Likewise, during 2020, 293 thousand of euros have been recognised (270 thousand euros in 2019) (Note 13.3) in the income statement corresponding to interests.

	2020		2019	
(Euros)	**Notional**	**Fair Value**	**Notional**	**Fair Value**
Interest rate financial swap ING Bank	31,740,000.00	-673,143.20	31,740,000.00	-786,066.38

<u>Debts with group companies</u>

The balance of this heading mainly includes the principal of the loans granted by the Company Barings European Core Property Fund Topco S.C.A. to the Parent Company Barings Core Spain S.L.U. and its Subsidiaries (Note 14)

The interest accruing on a quarterly basis for these loans is recognised as a current liability (Note 8.4).

8.4. Current financial liabilities

According to the classification established by the GAP in its rules governing recognition and measurement for financial liabilities, the Company maintains the following current balances as at the close of the 2020 and 2019 financial years (in euros):

Categories/Class	Derivatives and others	
	2020	**2019**
Bank borrowings	47,512.60	52,000.87
Other financial liabilities	0.00	16,197.60
Borrowings between related parties (note 14.1)	1,525,802.46	5,562,890.52
Trade and other payables	9,212,808.65	2,478,071.27
Other creditors	5,000,000.00	
Total	**15,786,123.71**	**8,109,160.26**

*Excluding Payables to Public Administrations

At the close of the financial year 2020 and 2019, the amount for bank borrowings corresponds to the interest pending payment of the loans arranged by the Company, as well as the amount of principal to be amortised over the following 12 months.

The balance detailed under the heading “Trade and other payables” includes the amounts pending payment with creditors for trade operations and any other balances pending payment to a group company (Note 14), Barings Real Estate LLP and Barings Real Estate LLP, Sucursal en España, for the services rendered for “asset management” during 2020 and 2019. The group also includes under this heading the current liability as at 31 December 2020 of the debt in the amount of 7,250,035 euros with the sellers of the logistics premises and warehouses acquired by the subsidiary Barings Core Algete S.L. in 2020 (Note 6).

Other currents creditors include the amount of 5,000,000 euros received in 2020 by the subsidiaries Barings Core Algete from the sellers of the logistics premises and warehouses acquired by the subsidiary Barings Core Algete S.L., as well as the purchase option and payment on account of a part of these assets. This operation will be perfected after certain urban planning procedures have been completed with the aim of dividing the plot and buildings in order to transfer them to this third party.

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

The company has implemented the necessary mechanisms to control the exposure to changes in the interest rates as well as credit and liquidity risk. The main financial risks faced by the Group are detailed below:

a) Credit risk:

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the Parent Company and Subsidiaries. In other words, the possibility of not recovering the financial assets for the recognised amount and within the established period. For the management of this risk, the Consolidated Group regularly updates a list of accounts receivable in order to manage their payment. Overdue accounts are reclaimed monthly by the Property Managers of the Consolidated Group.

There is a market risk from the fluctuations in the fair value or future cash flows of a financial instrument due to the changes in market prices (interest rate and exchange rates). As such, the main risk to which the Consolidated Group is exposed is that of interest rates (it is not exposed to exchange rates given that the Company’s activities are settled in euros, which is the Consolidated Group’s functional currency). To manage this risk, finance from third parties is received at a fixed rate and where appropriate, with minimum variable interest. In addition, in order to achieve this objective, the Company performs hedging transactions on the corresponding loans and those exposed to greater risk.

b) Liquidity risk

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

For the management of this risk, the available cash and the current payment obligations from financing or management contracts are regularly checked. Similarly, given that the Parent Company and the Subsidiaries belong to the same group, in the event of any potential cash requirements, financing from the Group to which they belong would be possible.

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

Although the Company had a negative working capital at the 2020 year-end mainly as a result of debts obtained during 2020 through the acquisition of a property, as well as in the amount of 5,000,000 euros, received in 2020 from the seller of the aforementioned assets, as part of the future sale price of a part of these assets, the Directors of the Parent Company have prepared the consolidated financial statements for 2020 in accordance with the going concern principle, taking into consideration the following circumstances:

— In line with the positive operating results generated by the Group during the 2019 and 2020 financial years, the latest cash projections of the BARINGS CORE SPAIN, SOCIMI, S.A.U. corresponding to the period comprising 1 January 2021 and 30 June 2022, demonstrate its capacity to generate sufficient cash to allow it to fulfil its payment commitments over said.

- The Single Shareholder of the Company expressed its commitment to provide the Company with the necessary additional financial support so that it may fulfil its short and medium term payment commitments, thus being able to operate in accordance with the going concern principle.

- The current liability includes 5,000,000 euros in the form of an advance received from a Customer as payment on account of the final price agreed for part of a property owned by the Group, this being a debt that will not result in any outflow of cash, for its settlement.

c) Investment risk

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

9. Cash and cash balances

The Company has the following cash balances at the close of 2020 and 2019 (in euros).

	2020	2019
Cash and cash equivalents	10,404,245.81	8,162,346.13

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

10. Equity

10.1 Share Capital

At year-end 2016, the Parent Company's share capital came to 5,003,000 euros represented by 5,003,000 fully subscribed and paid-in shares with a par value of 1 euro each, all of the same class. In 2017 and 2016, the Company was wholly owned by Barings Core Fund Spain S.à.r.l. with registered office in Luxembourg (Note 1.1).

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

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

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

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

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

in 2019, two capital increases were carried out:

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

In 2020 there was a capital increase:

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

As a result, as at year-end 2020, the Parent Company's share capital came to 75,068,029 euros represented by 75,068,029 fully subscribed and paid-in shares with a par value of 1 euro each, all of the same class, with the same voting and economic rights as those in circulation.

10.2 Legal reserve

In accordance with the Spanish Corporate Enterprises Act, the limited liability company must allocate a figure equal to 10% of the year's profits to the legal reserve until this reaches at least 20% of the share capital.

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

At 31 December 2020, the legal reserve of the Parent Company stood at 259,199.91 euros.

10.3 Share premium

The share premium, originating as a consequence of the incorporation of the Company and the subsequent capital increases, was increased as a result of the capital increase in 2020 up to the amount of 17,029,584.75 euros as at 31 December 2020 (12,122,999.75 euros as at 31 December 2019), is freely available up to the limit of the amount of the losses for the year and previous years, including its conversion into share capital.

10.4 Reserves in consolidated companies

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

	2020	2019
Reserves in consolidated companies	**(7,155,116.43)**	**(2,091,379.21**
Barings Core Spain S.L.	(2,385,998.39)	(209,774.85)
Barings Core Madrid S.L.	(472,331.74)	(452,211.34)
Barings Core Toledo S.L.	(242,517.29)	(107,782.93)
Barings Core Plaza S.L.	0.00	80,417.65
Barings Core Logroño S.L.	(1,897,382.60)	(1,311,012.23)
Barings Core Logroño PFS S.L.	(213,046.18)	(93,969.54)
Barings Core M50 S.L.	83,861.05	1,511.58
Barings Core Crossroads S.L.	(2,027,701.28)	1,442.45

10.5 Profit (loss) for the year attributed to the Parent Company

The Parent Company's profit (loss) for the years ended 31 December 2020 and 2019 have been provided by the following companies (in euros):

	2020	2019
CONSOLIDATED PROFIT(LOSS)	**2,035,573.62**	**(2,732,397.25)**
Barings Core Spain S.L.	(2,055,540.19	(1,922,038.89)
Barings Core Madrid S.L.	(418,080.52)	(27,071.67)
Barings Core Toledo S.L.	(26,825.97)	(139,307.1
Barings Core Plaza S.L.	395,545.81	315,497.06
Barings Core Logroño S.L.	1,117,599.10	1,205,243.72
Barings Core Logroño PFS S.L.	(262,827.27)	(119,076.64)
Barings Core M50 S.L.	(190,914.07)	(17,942.43)
Barings Core Crossroads S.L.	3,305,132.31	(2,027,701.28)
Barings Core Algete S.L.	171,484.42	-

10.6 Other shareholder contributions

On 10 December 2020, the Company's Sole Shareholder agreed to reimburse the contributions of shareholders in the amount of 2,160,793.84 euros to BARINGS CORE M50, S.L., which was paid in cash.

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

10.7 Distribution of dividends

Given its condition as a REIT, the Company is obligated to distribute the profit obtained in the year in the form of dividends to its shareholders once the corresponding commercial obligations have been met, pursuant to the provisions of article 6 of Law 11/2009 of 26 October 2009, governing the Real Estate Investment Trusts (REITs).

11. Information on deferred payments to suppliers. Additional provision three. "Duty of information" of Act 15/2010, of 5 July

Below, the information required by the Additional Provision Three of Act 15/2010, of 5 July (amended through the Second final provision of Act 31/2014, of 3 December) is detailed below, prepared according to the ICAC (Spanish Institute of Accounting and Audit) Resolution of 29 January 2016 on the information to include in the notes to the financial statements in relation to the average payment period to suppliers in commercial transactions.

	Days	
	2020	2019
WAPT (days) for payments	41.77	3.72
Ratio of transactions paid	2.75	3.40
Ratio of outstanding payments	252.69	37.54
	Amount (euros)	
Total payments made	47,627,764	99,230,782
Total payments pending	8,812,205	939,393

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

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

The "Average supplier payment period" is understood as the period elapsing between delivery of the goods or provision of the services for which the supplier is responsible, and material payment for the operation. This “Average period for payment to suppliers” is calculated as the ratio of transactions paid times the total amounts of payments made plus the ratio of outstanding payments and the total amount of outstanding payments, divided by the total amount of payments made plus the total amount of outstanding payments.

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

The maximum legal payment period applicable to the Company in financial year 2020 according to Law 3/2004, of 29 December, whereby measures to combat late payment in commercial transactions are established, is 30 days as of the publication of said Act and until the present (unless the conditions established therein are fulfilled, which would allow the maximum payment period to be increased raised to 60 days).

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

12. Public Administrations and fiscal position

12.1 Balances with Public Administrations

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

	2020	**2019**
VAT/IGIC (Canary Islands Tax) payable	798,557.64	300,436.59
Withholdings payable Rentals	14,363.30	3,764.31
Tax Authorities, Income Tax payable		
Total balance payable	**812,920.94**	**304,200.90**
Tax Authorities, VAT/IGIC (Canary Islands Tax) receivable	21,410.17	3,758,986.19
Withholdings receivable	412,196.23	268,775.29
Total balance receivable	**433,606.40**	**4,027,761.48**

12.2 Conciliation of accounting result and tax base

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

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

2019	Euros
Consolidated accounting result of the period	(2,732,397.25)
Consolidation adjustment:	5,337,418.85
Accounting base of the tax	2,605,021.60
Adjustments to the Accounting Base	
Of individual companies	(356,636.87)
Temporary differences:	
Taxable income	2,248,384.73

	Euros	Euros
	2020	**2019**
Pre-tax result	2,035,573.62	(2,732,397.25)
Taxable income	(2,099,191.20)	(2,732,397.25)
Total Tax Due 25%		
Accounts Payable/Corporate Income Tax expense		

All rents for 2020 and 2019 comply with the requirements to fall under the REITs scheme, for which the tax rate is 0 (Note 1).

12.3 Deferred tax assets

The breakdown and movements in the various items of deferred tax assets and liabilities in 2019 are as follows:

(euros)	Initial Balance	Income Statement	Other	Final balance
Temporary differences activation	229,667.60	(229,667.60)	-	-
	229,667.60	(229,667.60)	-	-

In 2019, the deferred tax asset item balance was eliminated, in the amount of 229,667.60 euros.

12.4 Years open for review and tax audits

According to the legislation in force, taxes may not be considered to have been definitively settled until such time as the tax returns filed have been inspected by the tax authorities or the period of limitation of four years has expired. At the close of 2020, the Group companies had the years 2020, 2019, 2018 and 2017 open to inspection with regard to all the taxes to which they are subject.

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

TAX LOSS CARRYFORWARDS TO 2020	2005	2006	2008	2011	2016	TOTAL
B.C. LOGROÑO	(301,192.84)	(12,718.28)	(575,035.77)	(113,546.94)		(1,002,493.83)
B.C. MADRID					(90,878.86)	(90,878.86)
B.C SPAIN SOCIMI						

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

The Real Estate Investment Trusts (SOCIMI) are companies that are used as real estate investment vehicles and benefit from a special tax scheme regulated under articles 8 through to 13 of Law 11/2009 of 26 October, which establish the information obligations of this scheme which is included as Annex I attached to these Notes to the financial statements of which it forms a part.

13. Income and expenditure

13.1Net turnover of the Company

The total net business turnover corresponding to 2020 and 2019 is broken down by activity as follows (in euros):

	2020	2019
Rental income	20,949,156.51	14,037,135.20
Total	20,949,156.51	14,037,135.20

The breakdown by geographic area of the revenue from rentals during 2020 and 2019 is as follows (in euros):

	2020	2019
Aragon	1,668,964.76	1,658,835.38
Community of Madrid	5,033,371.76	1,063,577.05
Castile-La Mancha	2,473,025.03	2,453,748.40
La Rioja	7,973,145.66	8,860,974.20
Barcelona	2,271,542.66	
Almeria	157,711.08	
Vizcaya	488,923.89	
Cadiz	387,358.42	
Salamanca	495,113.26	
Total	20,949,156.51	14,037,135.03

13.2Other operating costs

The breakdown of the heading of this account at 31 December 2020 and 2019 is as follows (in euros):

	2020	2019
Repairs and conservation	25,958.62	82,093.75
Independent professional services	2,398,545.49	1,658,983.59
Insurance premiums	277,593.89	155,072.05
Bank costs	17,242.25	16,830.02
Other costs *	2,570,942.97	2,498,693.77
Loan impairment losses for commercial operations	60,000.00	125,907.00
Taxes	670,798.87	418,891.58
Total	6,021,082.09	4,956,471.76

*this amount mainly corresponds to the residents' association expenses

The amount corresponding to the independent professional services heading includes the fees for external advisors for the provision of management services for the Group of companies taking into account that neither the Parent Company nor its Subsidiaries have their own personnel.

It also includes the costs deriving from the notary services provided, Commercial Registry, appraisal fees for the valuation of assets, etc.

13.3Finance income and expenses

The finance costs detailed in the following balance at the close of 2020 and 2019 (in euros) are:

	2020	2019
Finance costs		
Third party borrowings	985,524.34	741,424.54
Borrowings from Group companies (Note 14.2)	7,688,220.83	5,191,206.37
Variation in the fair value of financial instruments (Note 8.3)	(112,923.18)	136,025.14
Total Financial Result	**8,560,821.99**	**6,068,656.05**

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

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

14 Transactions and balances with related parties

14.1 Balances with related parties

The amount of the balances with related parties in 2020 and 2019 is as follows (in euros):

2020 Financial Year

	Group companies	Parent Company	Total
a) NON-CURRENT LIABILITIES			
1. Non-current borrowings			
a) Other non-current borrowings	154,265,747.87		154,265,747.87
B) CURRENT LIABILITIES			
1. Current borrowings			
a) Other current borrowings	1,513,802.46	12,000.00	1,537,802.46

2019 Financial Year

	Group companies	Parent Company	Total
a) NON-CURRENT LIABILITIES			
1. Non-current borrowings			
a) Other non-current borrowings	131,399,710.86		131,399,710.86
B) CURRENT LIABILITIES			
1. Current borrowings			
a) Other current borrowings	5,550,890.52	12,000.00	5,562,890.52

14.2 Related party transactions

The breakdown of the related party transactions during 2020 and 2019 is as follows (in euros):

	Group companies	
	2020	2019
Costs due to trade operations	1,252,275.06	786,279.52
Expenses for accrued interest but unpaid	1,525,802.46	3,157,480.13
Costs due to accrued and paid interest	6,162,418.37	2,033,726.24

The finance cost detailed in the operations with related parties corresponds to the accrued interest of the loans granted by Barings European Core Property Fund Topco S.C.A. to the Parent Company and Subsidiaries, detailed as follows:

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

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

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

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

- On 28 December 2017 a loan for the amount of 42,923,582.62 euros was granted to the Subsidiary Barings Core Madrid S.L. The agreed interest rate is a fixed rate of 5.5%. It matures 15 years after the date the loan is granted, in other words, 28 December 2033.

- On 16 February 2018 a loan for the amount of 2,614,932.00 euros was granted to the Subsidiary Barings Core Logroño PFS S.L. The agreed interest rate is a fixed rate of 5.5% maturing 15 years after the date the loan is granted, in other words, on 16 February 2034.

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

- On 19 December 2019 a loan for the amount of 30,442,027.00 euros was granted to the Subsidiary Barings Core Crossroads S.L. The agreed interest rate is a fixed rate of 4% maturing 15 years after the date the loan is granted, in other words, on 19 December 2034.

- On 2 March 2020 a loan in the amount of 26,034,941.00 euros was granted to the Subsidiary Barings Core Algete S.L. The agreed interest rate is a fixed rate of 4% maturing 15 years after the date the loan is granted, in other words, on 2 March 2035.

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

MONEYLENDER	INTEREST RATE	ESTABLISHMENT	MATURITY	PRINCIPAL AT 31/12/2020	PRINCIPAL AT 31/12/2019
Barings Core Fund Madrid SL	6.00%	05/07/2016	05/07/2031	7,965,902.25	7,965,902.25
Barings Core Toledo, S.L.	6.00%	15/03/2017	01/02/2032	23,574,036.85	23,574,036.85
Barings Core Plaza, S.L.	5.50%	09/10/2017	09/10/2032	11,738,531.14	11,738,531.14
Barings Core Fund Logrono PFS	5.50%	16/02/2018	16/02/2033	2,614,932.00	2,614,932.00
Barings Core Spain, S.A.	5.50%	28/12/2017	28/12/2032	40,823,582.62	42,923,582.62
Barings Core M50, S.L.	4.00%	29/11/2019	29/11/2034	12,140,699.00	12,140,699.00
Barings Core Crossroads, S.L.	4.00%	19/12/2019	19/12/2034	29,373,123.01	30,442,027.00
Barings Core Algete, S.L.	4.00%	02/03/2020	02/03/2035	26,034,941.00	-
Non-current borrowings with related parties				**154,265,747.87**	**131,399,710.86**

MONEYLENDER	PRINCIPAL AT 31/12/2020	INTEREST OUTSTANDING AT 31/12/2020	INTEREST OUTSTANDING AT 31/12/2019
Barings Core Fund Madrid SL	7,965,902.25	122,143.83	122,143.83
Barings Core Toledo, S.L.	23,574,036.85	361,468.57	361,468.58
Barings Core Plaza, S.L.	11,738,531.14	164,991.58	164,991.58
Barings Core Fund Logrono PFS	2,614,932.00	36,754.31	36,754.32
Barings Core Spain, S.A.	40,823,582.62	137,945.26	4,787,171.78
Barings Core M50, S.L.	12,140,699.00	124,104.92	37,771.06
Barings Core Crossroads, S.L.	29,373,123.01	300,259.04	40,589.37
Barings Core Algete, S.L.	26,034,941.00	266,134.95	
Non-current borrowings with related parties	**154,265,747.87**	**1,513,802.46**	**5,550,890.52**

14.3 Remuneration payable to Governing Body and Senior Management

The detail of the remuneration received during 2020 and 2019 is as follows (in euros):

	2020	2019
Remuneration payable to the Governing Body	28,306	21,875

In 2020 and 2019 the Directors were not granted any advances or loans, nor were any obligations undertaken on their behalf in the form of guarantees, nor were civil liability insurance premiums paid for damages caused through their actions or omissions while discharging their duties. The Company likewise has in place no obligations regarding pensions or life insurance on behalf of current or former Company Directors.

14.4 Information regarding director conflicts of interest.

At 31 December 2020 and 2019, Directors of the Company had not informed of any direct or indirect conflicts of interest, either with them or persons related to them, as defined in the Corporate Enterprises Act, who may have such with the interests of the Group.

15 <u>Auditor fees</u>

KPMG Auditores, S.L., the auditing company of the Group's financial statements, issued invoices during the years ended 31 December 2020 and 2019 for fees and charges for professional services, according to the following breakdown:

	In euros	
	2020	2019
Auditing services	41,918.76	29,500
	41,918.76	28,500

The amounts included in the above table include all the fees relating to the services carried out during the years 2020 and 2019, irrespective of when they were billed.

16 Information on the environment

In 2020 and 2019 the Parent Company and the Subsidiaries did not carry out any investment of an environment nature for a significant amount.

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

17 Information on greenhouse gas emission rights

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

18 SUBSEQUENT EVENTS

On 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November, the General Accounting Plan for Small and Medium-sized Companies approved by Royal Decree 1515/2007 of 16 November; the Standards for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010of 17 September; and the Standards for Adapting the General Accounting Plan to non-profit organisations approved by Royal Decree 1491/2011 of 24 October. On 13 February 2021, the resolution of 10 February 2021 of the Institute of Accounting and Accounts Auditing was published, which lays out the standards for recognition, measurement and preparation of the financial statements for the recognition of revenue from the delivery of goods and the provision of services.

The changes to the standards are applicable to the years beginning after 1 January 2021 and focus on the criteria for recognition, measurement and breakdown of revenue from the delivery of goods and services, financial instruments, hedge accounting, valuation of stocks of raw materials listed by intermediaries that trade in such and the definition of fair value.

In this regard, the consolidated financial statements corresponding to the first year commencing as of 1 January 2021 will be presented including comparative information, although there is no obligation to restate the information from the previous year. The comparative information will only be restated in the event that all the criteria approved by the Royal Decree can be applied without resulting in a retrospective bias, without prejudice to the exceptions established in the transitory provisions.

The application of the standards is in general retroactive, although there are alternative practical solutions. However, the application of hedge accounting is prospective, the classification criteria of financial instruments can be applied prospectively and the criteria for revenue from sales and the provision of service can be applied on a prospective basis to those contracts commencing after 1 January 2021.

The Directors of the Parent Company are carrying out an evaluation of the applicable transition options and the accounting impacts that these amendments will represent, although as at the date of preparation of these consolidated financial statements there was not sufficient information to form a conclusion on the results of this analysis.

Annex I - Information relating to the Company Barings Core Spain Socimi, S.A.U.

Description	2020	2019
a) Reserves originating from financial years prior to the application of the tax legislation established in Law 11/2009, amended by Law 16/2012 of 27 December.	N/A	N/A
b) Reserves of each financial year during which the special tax regime established by the Law has been applicable • Profit from rentals subject to the general interest rate • Profit from rentals subject to the interest rate of 19% • Profit from rentals subject to the interest rate of 0%	N/A NOTE 3.1	N/A
c) Dividends distributed with a charge to the profits of each financial year during which the special tax regime established by the Law has been applicable • Dividends from rentals subject to the general interest rate • Dividends from rentals subject to the interest rate of 18% (2009) and 19% (2010 to 2012) • Dividends from rentals subject to the interest rate of 0%	N/ NOTE 3.1	N/A
d) Dividends distributed with a charge to reserves, • Distribution with a charge to reserves subject to the general interest rate. • Distribution with a charge to reserves subject to the interest rate of 19% • Distribution with a charge to reserves subject to the interest rate of 0%	N/A	N/A
e) Date of agreement of the distribution of dividends referred to in letters c) and d) above	24/06/2020	N/A
f) Acquisition date of the real estate earmarked for leasing which produce rentals subject to this special scheme.	NOTE 5	NOTE 5
g) Acquisition date of the shareholdings in the capital of entities referred to in section 1 of article 2 of this Law.	NOTE 6	NOTE 6
h) Identification of the asset which is counted within the 80% referred to in section 1 of article 3 of this Law	NOTE 6	NOTE 6
i) Reserves originating from financial years during which the special tax scheme established under this Law is applicable, which have been drawn down during the tax period, and not for distribution or for offsetting losses. The financial year from which said reserves originate must be identified.	Legal reserve constituted in 2020. NOTE 10.2	N/A

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

CONSOLIDATED MANAGEMENT REPORT 2020

BARINGS CORE SPAIN SOCIMI, S.A.U. (the Parent Company) is a holding company for shareholdings in the capital of other listed investment companies in the property market ("REITs") and is controlled by the entity Barings Core Spain S.à.r.l., with registered address in Luxembourg.

The Company is the Parent of a Group as it holds the shares of the Subsidiaries. The Group Barings Core Spain Socimi, S.A.U. and Subsidiaries close 2020 with losses of 7,012,073.40 euros and 82,669,541.86 euros of net consolidated equity. At the close of 2020, the Parent Company's direct shareholdings in group companies are as follows:

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

The main activity of the Subsidiaries is the acquisition and development of urban property for leasing.

a. Barings Core Madrid, S.L. owns commercial premises in Madrid with a book value of 21,110,000.00 euros.

b. Barings Core Toledo, S.L. owns two industrial warehouses in Toledo with a book value of 33,138,141,37 euros.

c. Barings Core Plaza, S.L. owns an industrial warehouse in Zaragoza with a book value of 17,021,654.46 euros.

d. Barings Core Logroño, S.L. owns a shopping centre in Logroño with a book value of 51,011,583.01 euros.

e. Barings Core Logroño PFS, S.L. owns a petrol station in Logroño with a book value of 3,500,000.00 euros.

f. The company Barings Core Spain S.A.U. owns a property awaiting refurbishment in Logroño with a book value of 378,252.78 euros.

g. Barings Core M50 ,S.L. owns an industrial warehouse and commercial premises in Majadahonda-Madrid with a book value of 17,325,173.32 euros.

h. Barings Core Crossroads, S.L. owns ten commercial premises designed for supermarkets in various Spanish cities with a book value of 73,006,372.07 euros.

i. Barings Core Algete. owns a warehouse in Algete (Madrid) with a book value of 47,888,067.40 euros.

In 2020, the Parent Company acquired all the shareholdings of Barings Core Algete, S.L., which it invested in a property that is currently leased.

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

In 2020, the Parent Company and the Subsidiaries obtained a consolidated income of 20,949,156 euros compared to 14,037,135 euros in 2019, which has increased largely due to the rentals and the incorporation of the company Barings Core M50, S.L. and Sanlou ITG, S.L in December 2019 and the company Barings Core Algete, S.L. in 2020.

All of the property that was already owned in 2017 continues to be occupied by the same tenants in 2020. With regards the shopping centre, occupation stands at 97.38% compared to 98.26% in 2019.

Given its condition as an REIT, a scheme which the Parent Company joined in 2016, the Parent Company began to be listed on the regulated trading market Euronext Access Paris in 2018, as one of the requirements established by the REIT legal regulations.

With regards the possible risks faced by the Consolidated Group, the main risks due to the normal course of operations of the consolidated group can be classified into two main groups, in line with the criteria considered most suitable for their effective management.

The company has implemented the necessary mechanisms to control the exposure to changes in the interest rates as well as credit and liquidity risk. The main financial risks faced by the Group are detailed below:

a) Credit risk

This risk arises from the potential loss caused by the non-compliance of the contractual obligations of the counterparties of the Parent Company and Subsidiaries. In other words, the possibility of not recovering the financial assets for the recognised amount and within the established period. For the management of this risk, the Consolidated Group regularly updates a list of accounts receivable in order to manage their payment. Overdue accounts are reclaimed monthly by the Property Managers of the Consolidated Group.

There is a market risk from the fluctuations in the fair value or future cash flows of a financial instrument due to the changes in market prices (interest rate and exchange rates). As such, the main risk to which the Consolidated Group is exposed is that of interest rates (it is not exposed to exchange rates given that the Company's activities are settled in euros, which is the Consolidated Group's functional currency). To manage this risk, finance from third parties is received at a fixed rate and where appropriate, with minimum variable interest. In addition, in order to achieve this objective, the Company performs hedging transactions on the corresponding loans and those exposed to greater risk.

b) Liquidity risk

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

For the management of this risk, the available cash and the current payment obligations from financing or management contracts are regularly checked. Similarly, given that the Parent Company and the Subsidiaries belong to the same group, in the event of any potential cash requirements, financing from the Group to which they belong would be possible.

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

Although the Company had a negative working capital at the 2020 year-end mainly as a result of debts obtained during 2020 through the acquisition of a property, as well as in the amount of 5,000,000 euros, received in 2020 from the seller of the aforementioned assets, as part of the future sale price of a part of these assets, the Directors of the Parent Company have prepared the consolidated financial statements for 2020 in accordance with the going concern principle, taking into consideration the following circumstances:

- In line with the positive operating results generated by the Group during the 2019 and 2020 financial years, the latest cash projections of the BARINGS CORE SPAIN, SOCIMI, S.A.U. corresponding to the period comprising 1 January 2021 and 30 June 2022, demonstrate its capacity to generate sufficient cash to allow it to fulfil its payment commitments over said.

- The Single Shareholder of the Company expressed its commitment to provide the Company with the necessary additional financial support so that it may fulfil its short and medium term payment commitments, thus being able to operate in accordance with the going concern principle.

- The current liability includes 5,000,000 euros in the form of an advance received from a Customer as payment on account of the final price agreed for part of a property owned by the Group, this being a debt that will not result in any outflow of cash, for its settlement.

c) Investment risk

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

On 11 March 2020, the World Health Organisation declared the outbreak of Coronavirus COVID-19 as a pandemic, due to its rapid spread around the world, having affected more than 150 countries. The majority of governments are implementing restrictive measures to contain its spread, including: isolation, confinement, quarantine and restriction of the free movement of people, closure of borders and drastic reduction in air, sea, train and overland travel. In Spain, the Government adopted Royal Decree 463/2020, of 14 March, which declared the state of emergency to manage the health crisis situation caused by COVID-19. This situation is significantly affecting the global economy, due to the interruption or delay in supply chains and the significant increase in economic uncertainty, shown by an increase in the price volatility of assets, exchange rates, and lowering of long-term interest rates. In order to mitigate the economic impact of this crisis, the Government has published a series of rules with extraordinary urgent measures

Subsequently, it is necessary to take into account that the relevant accounting estimations, judgements, and assumptions used when applying the accounting policies of the Parent company during the preparation of the consolidated financial statements may be affected by greater degree of uncertainty, as a result of the situation caused by the outbreak of the COVID-19 coronavirus.

Therefore, the Consolidated financial statements for the year ending 31 December 2020 have taken into account the effects of COVID-19 on the Group’s activity and its impact on its measurements and estimates, without the Directors of the Parent company considering these to be material.

The Directors of the Parent Company have evaluated the current situation using the best information available, highlighting the following aspects:

— **Liquidity risk:** it is foreseeable that the general situation of markets may cause a general rise in the economy’s liquidity pressures, as well as a contraction of the credit market. In this regard, the Group maintains the majority of its accounts receivable with clients with a low credit risk, given that the credit ratings of the client along with the implementation of specific plans for improved and more efficient management of the liquidity, will allow them to address any liquidity stress.

— **Asset valuation risk:** a change in the future forecasts of operations, operating and maintenance costs and financial costs of the Group may have a negative impact on the book value of certain assets as well as the need to record certain provisions or other types of liabilities. However, no material impact is envisaged on the valuation of the Company's assets given the high level of occupancy of the real estate that it owns and the prices agreed in the lease agreements with customers.

Operations with derivative financial instruments

In 2018 the Group Company Barings Core Logroño S.L. contracted a derivative with the bank ING Bank NV with maturity on 29 December 2022, with the fixed interest rate payable by the company being 0.5% and charging a six-monthly Euribor.

Average period for payment

The average period for payment to suppliers in 2020 was 41.77 days.

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

Research and development

The Group did not carry out research and development activities in 2020.

Transactions with own shares

The Group did not possess or acquire own shares during the 2020 financial year.

Events after the reporting period

On 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November, the General Accounting Plan for Small and Medium-sized Companies approved by Royal Decree 1515/2007 of 16 November; the Standards for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010of 17 September; and the Standards for Adapting the General Accounting Plan to non-profit organisations approved by Royal Decree 1491/2011 of 24 October. On 13 February 2021, the resolution of 10 February 2021 of the Institute of Accounting and Accounts Auditing was published, which lays out the standards for recognition, measurement and preparation of the financial statements for the recognition of revenue from the delivery of goods and the provision of services.

The changes to the standards are applicable to the years beginning after 1 January 2021 and focus on the criteria for recognition, measurement and breakdown of revenue from the delivery of goods and services, financial instruments, hedge accounting, valuation of stocks of raw materials listed by intermediaries that trade in such and the definition of fair value.

In this regard, the consolidated financial statements corresponding to the first year commencing as of 1 January 2021 will be presented including comparative information, although there is no obligation to restate the information from the previous year. The comparative information will only be restated in the event that all the criteria approved by the Royal Decree can be applied without resulting in a retrospective bias, without prejudice to the exceptions established in the transitory provisions.

The application of the standards is in general retroactive, although there are alternative practical solutions. However, the application of hedge accounting is prospective, the classification criteria of financial instruments can be applied prospectively and the criteria for revenue from sales and the provision of service can be applied on a prospective basis to those contracts commencing after 1 January 2021.

The Directors of the Parent Company are carrying out an evaluation of the applicable transition options and the accounting impacts that these amendments will represent, although as at the date of preparation of these consolidated financial statements there was not sufficient information to form a conclusion on the results of this analysis.

Madrid, 23 June 2021

Mr Carlos de Oya Jiménez

Mr Adolfo Favieres Ruiz

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

CONSOLIDATED MANAGEMENT REPORT 2020

Mr Neil Kenneth Robertson

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

Signatures

At its meeting of the Directors of the Company Barings Core Spain Socimi, S.A., on 23 June 2021 and in compliance with the requirements set forth in Article 253 of the Consolidated Text of the Spanish Corporate Enterprises Act and in Article 37 of the Commercial Code, the Directors issued the consolidated financial statements and the consolidated management report for the year comprising 1 January 2020 to 31 December 2020. The consolidated financial statements comprise the annexed documents preceding this text along with three signatures.

Board of Directors

Mr Carlos de Oya Jiménez

Mr Adolfo Favieres Ruiz

Mr Neil Kenneth Robertson