CASTELLANA PROPERTIES

Madrid, 14 November 2019

CASTELLANA PROPERTIES SOCIMI, S.A. (the **“Company"** or “**Castellana**”), in accordance with Article 17 of Regulation (EU) No. 596/2014 on market abuse, Article 228 of the consolidated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4 of 23 October 2015, and all its related provisions, and Alternative Spanish Stock Exchange (Mercado Alternativo Bursátil, “**MAB**”) Circular 6/2018, hereby gives notice of the following:

1) Limited Review Report corresponding to the Interim Consolidated Financial Statements of the six-month period ended 30 September 2019.

2) Interim Consolidated Financial Statements of the six-month period ended 30 September 2019.

3) Stand-Alone Balance Sheet at 30 September 2019 and Stand-Alone Income Statement at 30 September 2019.

We remain at your complete disposal for any further clarification you may require.

Castellana Properties SOCIMI, S.A.
Mr. Alfonso Brunet
Chief Executive Officer

Castellana Properties SOCIMI, S.A. y sociedades dependientes

Limited review report on the interim condensed consolidated financial statements at 30 September 2019 pwc

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Report on limited review of condensed interim consolidated financial statements

To the Shareholders of Castellana Properties SOCIMI, S.A.:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements of Castellana Properties SOCIMI, S.A. (hereinafter, "the Parent company") and its subsidiaries (hereinafter, "the Group"), which comprise the balance sheet as at 30 September 2019, the income statement, the statement of comprehensive income, the statement of changes in equity, cash-flow statement and related notes to the financial statements, all condensed and consolidated, for the six-month period then ended. The parent company's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim information. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A limited review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed interim consolidated financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 September 2019 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to Note 2.1, in which it is mentioned that these condensed interim consolidated financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying condensed interim consolidated financial statements should be read together with the consolidated annual accounts of the group for the year ended March 31, 2019. Our conclusion is not modified in respect of this matter.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Other matters

Interim consolidated management´s Report

The accompanying interim consolidated management's Report for the six months period ended September 30, 2019 contains the explanations which the parent company´s directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management's Report is in agreement with that of the interim financial statements for the six months period ended September 30, 2019. Our work is limited to checking the interim consolidated management's Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Castellana Properties SOCIMI, S.A. and its subsidiaries´ accounting records.

Preparation of this review report

This report was prepared at the request of the directors in relation to the publication of the half-year information required under MAB Circular 6/2018 on "Information to be provided by expanding companies and SOCIMI listed for trading on the MAB".

PricewaterhouseCoopers Auditores, S.L.

Rafael Pérez Guerra

13 november 2019

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements
and Interim Management Report
for the six-month period ended
30 September 2019

CASTELLANA PROPERTIES

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(Thousands of euros)

		Thousands of euros	
ASSETS	**Note**	**30 September 2019 (*)**	**31 March 2019**
Assets			
Non-current assets			
Intangible assets		12	-
Property, plant and equipment		86	83
Investment property	6	1,028,400	916,470
Other non-current financial assets	7	6,844	5,982
Deferred tax assets		43	52
		1,035,385	**922,587**
Current assets			
Trade receivables for sales and services	7	3,340	2,714
Trade receivables from related companies	7 and 13	55	44
Other receivables from Public Administrations		973	1,714
Other financial assets		14	-
Short-term accruals		502	168
Cash and cash equivalents		53,151	29,722
		58,035	**34,362**
Total assets		**1,093,420**	**956,949**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.
(*) Figures not subject to limited review

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(Thousands of euros)

EQUITY AND LIABILITIES	Note	Thousands of euros 30 September 2019 (*)	31 March 2019
Equity and liabilities			
Equity			
Equity attributable to the owners of the Parent Company			
Share capital	8	86,271	74,894
Share premium	8	417,609	360,436
Legal Reserve	9	3,044	148
Other reserves	9	(4,793)	(4,742)
Treasury shares	8	(258)	(273)
Retained earnings	9	57,886	40,359
Interim dividend		-	(17,916)
Profit/(loss) for the year		33,847	46,489
Adjustments due to changes in value	9	(3,709)	(2,346)
		589,897	**497,049**
Liabilities			
Non-current liabilities			
Bank borrowings	10	477,107	437,115
Derivative financial instruments	10	3,709	2,346
Deferred tax liabilities		437	437
Other non-current financial liabilities	10	12,767	11,686
		494,020	**451,584**
Current liabilities			
Bank borrowings	10	2,530	144
Short-term payables to related companies	10 and 13	349	1,750
Trade and other payables	10	3,895	3,915
Other liabilities	10	1,306	1,008
Other amounts payable to Public Administrations		1,423	1,499
		9,503	**8,316**
Total liabilities		**503,523**	**459,900**
Total equity and liabilities		**1,093,420**	**956,949**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.
(*) Figures not subject to limited review

CASTELLANA PROPERTIES

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT
(Thousands of euros)

	Note	Thousands of euros	
		Six-month period ended 30 September 2019 (*)	**Six-month period ended 30 September 2018 (*)**
Continued operations			
Provision of services	5	44,411	13,404
Changes in fair value of investment property	5 and 6	7,579	12,095
Staff costs	5	(2,160)	(1,100)
Other operating expenses	5	(9,899)	(3,332)
Other profit/(loss)		(8)	77
OPERATING PROFIT/(LOSS)		**39,923**	**21,144**
Financial income		-	-
Financial expenses	5 and 10	(6,076)	(2,732)
NET FINANCIAL INCOME/(EXPENSE)		**(6,076)**	**(2,732)**
PROFIT/(LOSS) BEFORE TAX		**33,847**	**18,412**
Income tax		-	-
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		**33,847**	**18,412**
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Basic and diluted earnings per share	8	**0.45**	**0.57**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.
(*) Figures not subject to limited review

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

		Thousands of euros	
	Note	**Six-month period ended 30 September 2019 (*)**	**Six-month period ended 30 September 2018 (*)**
Profits for the financial year	5	**33,847**	**18,412**
Other comprehensive income			
Items that will not be reclassified to profit/(loss)			
Cash flow hedges			
Items that may subsequently be reclassified to profit/(loss)			
Cash flow hedges		(1,363)	(119)
Other comprehensive income for the financial year, after tax			
Total comprehensive income for the financial year		**32,484**	**18,293**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.
(*) Figures not subject to limited review

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Thousands of euros)

	Capital (Note 8)	Share premium (Note 8)	Legal Reserve (Note 9)	Other Reserves (Note 9)	Treasury shares (Note 8)	Retained Earnings (Note 9)	Profit/(loss) for the year	Interim dividend	Adjustments due to changes in value (Note 9)	TOTAL
BALANCE AT 31 MARCH 2018	**26,298**	**118,832**	**15**	**8,548**	**-**	**22,711**	**6,651**	**-**	**(210)**	**182,845**
Profit/(loss) for the period	-	-	-	-	-	-	18,412	-	-	**18,412**
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(119)	**(119)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**18,412**	**-**	**(119)**	**18,293**
Distribution of prior year profit/(loss)	-	-	133	-	-	5,316	(6,651)	-	-	**(1,202)**
Share capital increase	7,670	37,013	-	874)	-	-	-	-	-	**45,557**
Distribution of dividends	-	-	-	-	-	-	-	(10,948)	-	**(10,948)**
Treasury share transactions	-	-	-	-	(300)	-	-	-	-	**(300)**
Other changes	-	-	-	-	-	37	-	-	-	**37**
Total transactions with owners, recognised directly in equity	**7,670**	**37,013**	**133**	**874**	**(300)**	**5,353**	**(6,651)**	**(10,948)**	**-**	**33,144**
BALANCE AT 30 SEPTEMBER 2018 (*)	**33,968**	**155,845**	**148**	**9,422**	**(300)**	**28,064**	**18,412**	**(10,948)**	**(329)**	**234,282**
Profit/(loss) for the period	-	-	-	-	-	-	28,077	-	-	28,077
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(2,017)	(2,077)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**28,077**	**-**	**(2,017)**	**26,060**
Distribution of prior year profit/(loss)	-	-	-	-	-	-	-	-	-	-
Share capital increase	40,926	205,325	-	(14,167)	-	12,295	-	-	-	244,379
Distribution of dividends	-	(734)	-	-	-	-	-	(6,968)	-	(7,702)
Treasury share transactions	-	-	-	3	(27)	-	-	-	-	30
Total transactions with owners, recognised directly in equity	**40,926**	**204,591**	**-**	**(14,164)**	**(27)**	**12,295**	**-**	**(6,968)**	**-**	**236,707**
BALANCE AT 31 MARCH 2019	**74,894**	**360,436**	**148**	**(4,742)**	**(273)**	**40,359**	**46,489**	**(17,916)**	**(2,346)**	**497,049**
Profit/(loss) for the period	-	-	-	-	-	-	33,847	-	-	**33,847**
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(1,363)	**(1,363)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**33,847**	**-**	**(1,363)**	**32,484**
Distribution of prior year profit/(loss)	-	-	2,896	-	-	17,527	(46,489)	26,066	-	**-**
Share capital increase	11,377	64,623	-	(54)	-	-	-	-	-	**75,946**
Distribution of dividends	-	(7,450)	-	-	-	-	-	(8,150)	-	**(15,600)**
Treasury share transactions	-	-	-	3	15	-	-	-	-	**18**
Total transactions with owners, recognised directly in equity	**11,377**	**57,173**	**2,896**	**(51)**	**15**	**17,527**	**(46,489)**	**17,916**	**-**	**60,364**
BALANCE AT 30 SEPTEMBER 2019 (*)	**86,271**	**417,609**	**3,044**	**(4,793)**	**(258)**	**57,886**	**33,847**	**-**	**(3,709)**	**589,897**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

(*) Figures not subject to limited review

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(Thousands of euros)

	Note	Thousands of euros Six-month period ended 30 September 2019 (*)	Six-month period ended 30 September 2018 (*)
A) CASH FLOW FROM OPERATING ACTIVITIES			
Pre-tax profit/(loss) for the year	**5**	**33,847**	**18,412**
Adjustments to profit/(loss)		**(1,362)**	**(9,248)**
Fixed asset depreciation		5	-
Changes in fair value of investment property	6	(7,579)	(12,095)
Change in provisions		128	115
Financial expenses		6,076	2,732
Other income and expenses		8	-
Changes in working capital		**(1,699)**	**2,889**
Trade and other receivables	7	284	405
Other current assets	7	(348)	264
Trade and other payables	10	(1,841)	2,289
Other current liabilities		(12)	(516)
Other non-current assets and liabilities		218	447
Cash flows from operating activities		**30,786**	**12,053**
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments on investments		**(104,372)**	**(86,129)**
Property, plant and equipment		(21)	(14)
Investment property	6	(104,351)	(86,115)
Cash flow from investment activities		**(104,372)**	**(86,129)**
C) CASH FLOW FROM FINANCING ACTIVITIES			
Collections and payments from equity instruments		**75,964**	**45,257**
Issue of equity instruments	8	75,949	45,557
Acquisition of own equity instruments	8	(6)	(300)
Disposal of equity instruments		21	-
Collections and payments on financial liabilities	**10**	**36,651**	**39,174**
Receivables on financial borrowings		41,074	41,039
Interest paid		(4,423)	(1,865)
Dividend payments and return on other equity instruments:		**(15,600)**	**(12,150)**
Dividends	9	(15,600)	(12,150)
Cash flow from financing activities		**97,015**	**72,281**
NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENTS		**23,429**	**(1,795)**
Cash and cash equivalents at the start of the financial year		**29,722**	**16,026**
Cash and cash equivalents at the end of the financial year		**53,151**	**14,231**

Notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.
(*) Figures not subject to limited review

CASTELLANA PROPERTIES

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Thousands of euros)

1. ACTIVITIES AND GENERAL INFORMATION

Castellana Properties Socimi, S.A. (hereinafter, the “”) was incorporated in Spain on 19 May 2015 under the Spanish Capital Companies Act. Originally called Vinemont Investment, S.A., its name was changed to the current one on 30 May 2016. Its registered office is at Glorieta de Rubén Darío, 3 – 1ª Planta derecha, 28010 Madrid.

Its corporate purpose is described in Article 2 of its Articles of Association and consists of:

- The acquisition and development of urban properties intended for lease. The development activity includes refurbishment of buildings according to the terms of the Value Added Tax Act 37 of 28 December 1992.

- The ownership of interests in the share capital of other Spanish Real Estate Investment Trusts (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*, “SOCIMI”) or other companies that are not resident in Spain, that have the same corporate purpose, and that are governed by rules similar to those governing SOCIMIs in Spain as regards the compulsory, legal or statutory policy on profit distribution.

- The ownership of shares or interests in the share capital of other companies that are both resident and non-resident in Spain, whose main purpose is the acquisition of urban properties to let, and which are governed by the same legal framework that governs SOCIMIs as regards the compulsory, legal and statutory policy on profit distribution, and which meet the investment requirements set out in Article 3 of the Spanish SOCIMI Act 11, dated 26 October 2009.

- The ownership of shares or interests in Collective Real Estate Investment Institutions governed by Spanish Collective Investment Institutions Act 35 of 4 November 2003.

The Company may also engage in other ancillary activities, this being understood to mean activities that generate income accounting for less than 20% of the Company’s total income over a single tax period.

Any activity that must by law meet special requirements that are not met by the Company are excluded.

The aforementioned business activities may also be fully or partially engaged in indirectly by the Company through the ownership of interests in another company or companies with a similar corporate purpose.

The Company is in turn majority owned by the group of companies parented by Vukile Property Fund Limited, a South African company listed on the Johannesburg Stock Exchange.

On 21 December 2017, the General Shareholders' Meeting approved the change of financial year end date for the companies comprising the Group, to 31 March of each year (previously 31 December). Accordingly, the financial year of the Parent Company and its subsidiaries runs from 1 April to 31 March of the following year.

On 18 June 2019, the Castellana Properties Socimi, S.A General Shareholders' Meeting approved the individual and consolidated annual accounts for the financial year ended 31 March 2019.

These condensed consolidated interim financial statements have been prepared by the Board of Directors of the Holding Company on 13 November 2019.

a) Regulatory regime

The Company is regulated under the Spanish Capital Companies Act.

In addition, on 15 September 2016 the Company informed the Tax Authorities that it wished to opt for application of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs), and is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed. Article 3 of Act 11 of 26 October 2009 sets out certain requirements that must be met by this type of company, namely:

i) They must have invested at least 80% of the value of their assets in urban properties intended for lease, or in land for the development of properties that are to be used for the same purpose, provided that development begins within three years following its acquisition, or in equity investments in other companies, as set out in Article 2, Section 1 of the aforementioned Act.

ii) At least 80% of the income from the tax period corresponding to each year, excluding the income deriving from the transfer of ownership interests and real estate properties used by the Company to comply with its main corporate purpose, once the retention period referred to in the following paragraph has elapsed, must come from the lease of properties and from dividends or shares in profits associated with the aforementioned investments.

iii) The real estate properties that make up the Company's assets must remain leased for at least three years. Calculation of this term will include the time that the properties have been offered for lease, up to a maximum of one year.

The First Transitional Provision of the SOCIMI Act allows for application of the SOCIMI tax rules under the terms set out in Article 8 of the SOCIMI Act, even when the requirements it contains are not met on the date of incorporation, on the condition that these requirements are met during the two years following the date on which it is decided to opt for application of the said tax rules. It is the opinion of the Company's directors that these requirements are met in full.

All of the shares of Castellana Properties Socimi, S.A. have been listed on the Spanish Alternative Stock Exchange (MAB) since 25 July 2018, within the SOCIMI segment.

(Thousands of euros)

b) Subsidiary companies

As at 30 September 2019, Castellana Properties Socimi, S.A. is the parent company of a Group of companies which is comprised of the following subsidiaries:

Company	Registered Address	Corporate Purpose	Shareholding %	Date of takeover
Junction Parque Castellón S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Principado, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Randolph Spain, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Roxbury Spain, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Huelva, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Motril, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Granada, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Cáceres, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Mérida, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Villanueva 1, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Villanueva fase 2, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	30 June 2017
Junction Parque Alameda, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	5 December 2017
Junction Parque Habaneras, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	9 May 2018
Morzal Property Iberia, S.L.U.	Glorieta Rubén Darío, no. 3 (Madrid)	Shopping Centre Leasing	100%	27 November 2018

On 30 June 2017, the Parent Company acquired 100% of the stakes in 11 of the companies listed in the table above. The companies engage in real estate investment, as the Parent Company does, and they own a variety of properties. This transaction is considered and defined as a property investment, as it does not conform to the business definition established in IFRS 3.

On 5 December 2017, the Company acquired two properties via its subsidiary, Junction Parque Alameda, S.L.U. (previously known as Netece Servicios Empresariales, S.L.): Pinatar Park Retail Park (San Pedro del Pinatar, Murcia) and Alameda Shopping Centre (Pulianas, Granada).

On 9 May 2018, the Company acquired Habaneras Shopping Centre (Torrevieja, Alicante) via its subsidiary, Junction Parque Habaneras, S.L.U. (previously known as Socatena Servicios y Gestiones, S.L.).

Business combinations

On 27 November 2018, via a non-cash contribution share capital increase, the Company acquired a 100% stake in the Company Morzal Properties Iberia S.L.U., whose shareholders were Vukile Properties Limited (50.85%), Morze European Real Estate Ventures (34.19%) and Westbrooke Yield Plus, S.à r.l. (14.96%).

This share capital increase was made in the amount of €39,000 thousand, 39,000 thousand shares at the par value of €1 per share and a share premium of €195,000 thousand, i.e. five euros per share. Morzal Property Iberia, S.L.U. owns four shopping centres, el Faro (Badajoz), Vallsur (Valladolid), Bahía Sur (San Fernando, Cadiz) and Los Arcos (Seville).

Set out below is a breakdown of the purchase consideration, net assets acquired and negative consolidation difference:

	Thousands of euros
Purchase consideration:	
Shares issued	39,000
Share premium on share issue	195,000
Consolidated reserves	12,295
	246,295
Assets and liabilities entered as a result of this acquisition:	
Investment property	491,700
Cash and banks	12,235
Other long-term assets	3,141
Trade receivables	1,529
Other short-term assets	122
Financial borrowings	(249,921)
Other long-term liabilities	(6,635)
Trade payables	(5,233)
Other payables	(340)
Taxes payable	(303)
	246,295

2. BASES FOR THE PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The main accounting policies adopted in the preparation of these condensed consolidated interim financial statements are described below. These policies have been applied consistently to all the periods shown, unless otherwise stated.

2.1 Bases for presentation

These condensed consolidated interim financial statements for the six-month period ended 30 September 2019 have been prepared under IAS 34 "Interim Financial Reporting" and do not therefore include all the information that would be required of full consolidated financial statements drawn up under the International Financial Reporting Standards adopted by the European Union, so the accompanying condensed consolidated interim financial statements must be read together with the Group's consolidated annual accounts for the financial year ended 31 March 2019, prepared in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union (jointly, IFRS-EU), pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council and its successive amendments.

The preparation of these condensed consolidated interim financial statements in accordance with IFRS-EU requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Group's accounting policies. Note 2.3 explains the areas that require a higher level of judgement or complexity and the areas in which assumptions and estimates have a significant effect on the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, though values have been modified as the result of the restatement to fair value of investment properties, financial assets and financial liabilities (including derivatives), with changes shown in the profit/(loss) or in equity.

Unless otherwise stated, the figures contained in these condensed consolidated interim financial statements are expressed in thousands of euros.

These condensed consolidated interim financial statements have been prepared by the Board of Directors on 13 November 2019. These condensed consolidated interim financial statements have been submitted for limited review, but they have not been audited.

2.2 New IFRS-EU standards, amendments and IFRIC interpretations issued

a) Standards, amendments and obligatory interpretations for the years commencing 1 January 2019:

- IFRS 16 – Leases: In January 2016, the IASB published this new standard, resulting from a joint project with the FASB, which replaces IAS 17 "Leases". IFRS 16 defines a lease as an agreement, or a part of an agreement, giving the right to use an asset (underlying asset) for a period of time in exchange for a consideration. Lessees recognise a lease liability that reflects future payments under the lease and a "right-of-use asset" for almost all lease agreements. This is a significant change compared with IAS 17, whereby lessees had to make a distinction between a finance lease (recognised in the balance sheet) and an operating lease (carried off-balance sheet)). IFRS 16 provides lessees with optional exemptions for certain short-term leases and those in which the underlying asset has little value.
  No substantial changes were made to the accounting treatment to be afforded by the lessor, the requirements being similar to those previously applicable under IAS 17. This standard applies to annual periods beginning on or after 1 January 2019.

- IFRS 9 (Amendment) "Prepayment features with negative compensation": The terms of instruments that include prepayment features with negative compensation, whereby the lender may be obliged to accept a prepayment amount that is substantially less than the unpaid amounts of principal and interest, were incompatible with the notion of "reasonable additional compensation" for the early termination of a contract under IFRS 9. Consequently, the instruments would not have contractual cash flows that are merely payments of principal and interest, which entailed recognition at fair value through profit or loss. The IFRS 9 amendment clarifies that a party may pay or receive a reasonable consideration when a contract is terminated in advance, which may allow these instruments to be measured at amortised cost or at fair value through other comprehensive income.

  The amendment applies to annual periods beginning on or after 1 January 2019.

- IFRIC 23, "Uncertainty over income tax treatments": The interpretation provides requirements in addition to those of IAS 12 "Income taxes", specifying how to reflect the effects of uncertainty when accounting for income tax. This interpretation clarifies how the IAS 12 recognition and measurement requirements are applied when there is uncertainty regarding the accounting treatment.

  The amendment applies to annual periods beginning on or after 1 January 2019.

- IAS 28 (Amendment) "Long-term interests in associates and joint ventures": This limited scope amendment clarifies that a long-term interest in an associate or joint venture which, in substance, forms part of a net investment in the associate or joint venture, but the equity method is not applied, are accounted for in accordance with IFRS 9 "Financial instruments". The IASB has also published an example illustrating how the requirements of IAS 28 and IFRS 9 are to be applied to such long-term interests.

  The amendment applies to annual periods beginning on or after 1 January 2019.

- IAS 19 (Amendment) "Plan amendment, curtailment or settlement": This amendment specifies how companies must determine pension expenses when changes to a define benefit pension plan occur.

  The amendment applies as from 1 January 2019.

- Annual IFRS Improvements. 2015 – 2017 Cycle: The amendments affect IFRS 3, IFRS 11, IAS 12 and IAS 23, and they apply to annual periods beginning from 1 January 2019 onwards, all being subject to adoption by the EU. The main amendments relate to the following:

✓ IFRS 3 "Business combinations": A previously held interest in a joint operation is remeasured when control over the business is obtained.
✓ IFRS 11 "Joint arrangements": A previously held interest in a joint operation is not remeasured control over the business is obtained.
✓ IAS 12 "Income taxes": All the tax consequences of the payment of dividends are recognised in the same way.
✓ IAS 23 "Borrowing costs": Any specific loan originally made to develop a qualifying asset is treated as part of general borrowings when the asset is ready for use or sale.

The analysis of accounting standards and interpretations applicable as from 1 January 2019 has revealed no material impact that must be included in these condensed consolidated interim financial statements.

b) Standards, amendments and interpretations of existing rules that cannot be adopted early or have not been adopted by the European Union

On the date on which these condensed consolidated financial statements are being prepared, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations that are outlined below, and which are pending adoption by the European Union.

- IFRS 10 (Amendment) and IAS 28 (Amendment) “Sales or contributions of assets between an investor and its associates/joint ventures”.
- IFRS 17 “Insurance contracts”
- IFRS 3 (Amendment) “Definition of a business”
- IAS 1 (Amendment) and IAS 8 (Amendment) “Definition of material”
- IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) “Interest rate benchmark reform”

These new standards, amendments and interpretations are not expected to have a significant impact on these condensed consolidated financial statements.

2.3 Critical aspects relating to the measurement and assessment of uncertainty

The preparation of these condensed consolidated interim financial statements requires the parent company's directors to make judgements, estimates and assumptions that affect the application of the accounting policies and the balances of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and judgements are continually reassessed and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates, by definition, will rarely match actual results. The adjustments that arise after estimates are regularised will be prospective.

The estimates and judgements that entail a significant risk of giving rise to a substantial adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Fair value of investment property

The Group obtains independent valuations of its investment properties every six months. In their end-of-year reports for each financial year, the Directors make a valuation of each property at its fair value, taking account of the most recent independent valuations. The Directors determine the value of a property within a range of reasonably acceptable estimated values.

The best evidence of the fair value of investment property in an active market is the price of similar assets. In the absence of such information and in light of the current market situation, the Company determines fair value using a range of reasonable values. When making such judgements, the Company uses a series of sources, including:

i. The current prices in an active marketplace of different kinds of properties in varying states of repair and different locations, adjusted to reflect differences with the Company’s own assets.
ii. The recent prices paid for properties in other, less active marketplaces, adjusted to reflect changes in economic conditions since the transaction date.

iii. The discounting of cash flows based on estimates resulting from the terms and conditions contained in current lease agreements and, where possible, evidence of the market prices of similar properties in the same location, through the use of discount rates that reflect the uncertainty of the time factor.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, off-exchange derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and develop hypotheses that are based on current market conditions at each balance sheet date. The Group has used discounted cash flow analyses for various interest rate contracts that are not traded on active markets.

Income tax

The Parent Company applies the system provided for in Act 11 of 26 October 2009, which governs Spanish Real Estate Investment Trusts (SOCIMIs), which in practice means that, provided that it meets certain requirements, the Parent Company is subject to a Corporate Income Tax rate of 0% (Note 1).

The Directors monitor compliance with the requirements set out in the relevant legislation in order to secure the tax advantages offered.

In this regard, the Directors consider that the necessary requirements will be met within the established terms and periods, and they have therefore not entered any income or expense in respect of Corporate Income Tax.

Notwithstanding the fact that the criteria for making estimates are based on reasonable assessments and objective methods of analysis, it is possible that events may arise in the future that make it necessary to modify such estimates (upwards or downwards) during future periods; the method applied, when necessary and pursuant to IAS 8, is to enter the amended estimate prospectively in the income statement.

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are all the companies (including structured institutions) over which the Group has control. The Group controls a company or institutions when it obtains, or has the right to obtain, variable returns as the result of its involvement in the subsidiary and also has the ability to use its power over the company in question in order to influence these returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated on the date on which such control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts presented by subsidiaries have been adjusted to bring them into line with the Group’s accounting policies.

(b) Changes to shareholdings held in subsidiaries without any change of control

Transactions involving non-controlling shareholdings that do not result in a loss of control are entered as equity transactions, i.e. as transactions with the owners in their capacity as such. The difference between the fair value of the consideration paid and the corresponding proportion of the carrying amount of the subsidiary’s net assets is entered under equity. Any gains or losses resulting from the disposal of non-controlling shareholdings are entered under equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any shareholding retained in the company is remeasured at its fair value on the date on which control is lost, and the change is entered in the carrying amount in the income statement. Fair value is the initial carrying amount for the purposes of the subsequent entry of the shareholding maintained as an associate, joint venture or financial asset. In addition, any amount previously entered in respect of the company in question under other comprehensive income is accounted for as if the Group had directly sold the related assets and liabilities. This could mean that the amounts previously entered under other comprehensive income are moved to the income statement.

2.5 Financial information by segment

Information on business segments is reported on the basis of the internal information supplied to the body with ultimate authority to make decisions. The investments committee has been identified as the body with ultimate authority to make decisions, since it is responsible for allocating resources and assessing the performance of operating segments, as well as being in charge of strategic decision-making, with final approval from the Board of Directors (Note 5).

2.6 Intangible assets

Computer software

The IT programme licences acquired by third parties are capitalised applying the costs incurred when purchasing and preparing them to use the specific programmes.
These costs will be amortised over their estimated useful lives.

Costs related to IT programme maintenance are accounted for as costs once they have been incurred.
Costs that are directly related to the production of unique and identifiable IT programmes controlled by the Company, and which are likely to generate profits for more than one year, are accounted for as intangible assets.

Direct costs include personnel costs for developing IT programmes and a suitable percentage of general costs.

2.7 Property, plant and equipment

Property, plant and equipment items are entered at their acquisition price or production cost, minus accumulated depreciation and the accumulated value of any recognised losses.

Subsequent expenses are capitalised at the asset's carrying amount only when it is likely that future profits associated with these expenses will flow to the Group and the item's cost may be reliably measured. Recurring maintenance costs are charged to the income statement for the period in which they are incurred.

The depreciation of property, plant and equipment (except for land, which is not depreciated) is systematically calculated by the straight-line method according to its estimated useful life, taking account of the actual depreciation caused by its operation, use and benefit. Estimated useful life figures are as follows:

	Depreciation rate (%)
Other facilities	10%
Furniture	10%
Data processing equipment	25%

The useful life of all property, plant and equipment is reviewed and, where applicable, adjusted on the date of each balance sheet.

When the carrying amount of a fixed asset is higher than its estimated recoverable value, its carrying amount is immediately reduced to its recoverable value (Note 2.8).

2.8 Investment property

Property that is held in order to obtain long-term rent or capital gains or both and is not occupied by Group companies is classified as investment property. Investment property includes shopping centres, retail parks and other items owned by the Group. Investment property also includes property that is under construction or being developed for future use as investment property.

Investment property is initially valued at cost, including related transaction costs and financing costs, if applicable (developments). Following its initial entry, investment property is accounted for at fair value.

The fair value of the investment property is presented at the end of the reference period and is not amortised in accordance with the contents of IAS 40.

The fair value of investment property reflects, inter alia, income from leasing and other assumptions that market players would take into account when valuing the property under current market conditions. Calculation of the fair value of these items is described in Note 6.

Subsequent expenses are capitalised at the asset's carrying amount only when it is likely that future profits associated with these expenses will flow to the Group and the item's cost may be reliably measured. Any remaining costs for repairs and maintenance are entered in the income statement when they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is written down.

Any changes to fair value are entered in the income statement. When the Group disposes of a property at fair value in an arm's-length transaction, the carrying amount immediately prior to the sale is adjusted to the transaction price and the adjustment is entered in the income statement as part of the net gain from the adjustment to the fair value of investment properties.

If an investment property becomes an owner-occupied property, it is reclassified as property, plant and equipment. Its fair value on the date on which it is reclassified becomes its cost for subsequent accounting purposes.

If an owner-occupied property becomes an investment property, due to a change of use, the resulting difference between the carrying amount and fair value of that asset on the transfer date is treated in the same way as a restatement under IAS 16. Any resulting increase in the book value of the property is entered in the income statement, insofar as it reverses a previous loss due to impairment. Any remaining increase is entered under other comprehensive income, directly increasing equity in the revaluation reserve. Any resulting fall in the carrying amount of the property is initially entered under other comprehensive income against any previously entered revaluation reserve, and any remaining fall in value is entered in the income statement.

When an investment property is subject to a change of use, as demonstrated by the beginning of development work with a view to its sale, the property is transferred to stocks. The cost allocated to property for subsequent entry under inventories is its fair value on the date on which the change of use occurs.

2.9 Losses due to the value impairment of non-financial assets

Assets subject to depreciation are subjected to impairment reviews whenever some event or a change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is entered in the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is calculated as either the fair value minus sale costs or the operational value, whichever is higher. In order to assess impairment losses, assets are grouped at the lowest level for which there are generally independent identifiable cash flows (cash generating units). Previous impairment losses on non-financial assets (other than goodwill) are reviewed for their possible reversal on each financial reporting date.

The value of non-financial assets subject to amortisation is not significant.

2.10 Financial assets

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included under current assets unless they mature more than 12 months after the balance sheet date, in which case they are entered under non-current assets. Loans and receivables are entered on the balance sheet under "Trade and other receivables".

These financial assets are initially valued at fair value, including directly attributable transaction costs, and are subsequently valued at amortised cost. Accrued interest is entered at the effective interest rate, this being understood to be the updated rate that brings the instrument's carrying amount into line with all estimated cash flows through to maturity. Notwithstanding the foregoing, trade receivables that are due within less than one year are valued at their par value, both when initially entered and on subsequent valuation, provided that the effect of not updating cash flows is not significant.

At least at the end of each financial year, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

Losses due to impairment are calculated as the difference between the carrying amount of the asset in question and the current value of estimated future cash flows, discounted at the effective interest rate at the time of initial entry. Value adjustments, as well as any applicable reversions, are accounted for in the income statement.

2.11 Financial liabilities

Creditors and payables

This category includes trade and non-trade payables. These third-party resources are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

These payables are initially entered at their fair value, adjusted for directly attributable transaction costs, and subsequently entered at amortised cost using the effective interest rate method. The effective interest rate is the updated rate which brings the instrument's carrying amount into line with expected future payment flows until maturity of the liability.
However, trade receivables that are due within less than one year and do not have a contractually agreed interest rate are valued at their par value, both when initially entered and on subsequent valuation, provided that the effect of not updating cash flows is not significant.

Financial borrowings

Financial borrowings are initially entered at their fair value, minus any transaction costs incurred. Subsequently, financial borrowings are valued at amortised cost: any difference between the proceeds obtained (net of the costs required to obtain them) and the redemption value is entered in the income statement over the life of the borrowings using the effective interest rate method.

2.12 Financial derivatives and hedge accounting

Financial derivatives are measured at fair value both on initial entry and on subsequent measurement. The method used to enter any resulting gains or losses depends on whether the derivative is designated as a hedging instrument or not and, if so, the type of hedging applied.

Hedging instruments are valued and entered according to their characteristics, insofar as they do not provide, or cease to provide, effective coverage.

In the case of derivatives that do not qualify for hedge accounting, gains or losses in their fair value are immediately entered in the income statement.

The Group designates certain derivatives as hedges for a specific risk associated with a recognised asset or liability or with a highly probable forecast transaction (cash flow hedges).

Upon initiating the transaction, the Group documents the relationship between the hedging instruments and hedged items and its risk management objectives and strategy for arranging various hedging transactions. The Group also documents its evaluation, both at the outset and continuously thereafter, as to whether the derivatives being used in the hedging transactions are expected to be highly effective in order to offset changes in fair value or in cash flows from hedged items.

The total fair value of a hedging derivative is entered under non-current assets or liabilities if the time remaining to maturity of the hedged item is more than 12 months and under current assets or liabilities if the time remaining to maturity of the hedged item is less than 12 months. Derivatives held for trading are entered under current assets or liabilities.

Cash flow hedges

The effective portion of changes in the fair value of a derivative designated as a cash flow hedge is entered under other comprehensive income. The profit or loss on the ineffective portion is entered immediately in the income statement under “other net (losses)/profits”.

Amounts accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). Gains or losses on the effective part of interest rate swaps used to hedge loans at variable rates are entered in the income statement under “financial income/expenses”. However, when the forecast transaction that is being hedged results in the entry of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial valuation of the cost of the asset. The deferred amounts are definitively entered as the cost of the assets sold, in the case of stocks, or as depreciation in the case of property, plant and equipment.

When a hedging instrument matures or is sold or when the requirements for the application of hedge accounting cease to be met, any gains or losses accumulated in equity to that date will remain in equity and will be entered when the forecast transaction is finally entered in the income statement. When it is expected that the scheduled transaction is not going to take place after all, the profit or loss accumulated in the equity is immediately transferred to the income statement under the heading “other net (losses)/profits”.

2.13 Offsetting financial instruments

Financial assets and financial liabilities are offset and are shown in the net amount on the balance sheet when there is a legally enforceable right to offset the amounts recognised and the Group intends to settle them for the net amount or realise the asset or cancel the liability simultaneously. The legally enforceable right should not be contingent on future events and should be enforceable in the normal course of business and in the event of a breach or the insolvency or bankruptcy of the company or counterparty.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash holdings, instantly accessible deposits with credit institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.15 Share capital

The share capital is made up of ordinary shares.

The costs of issuing new shares or options are entered directly in equity as a reduction in reserves.

In the event that the Company acquires treasury shares, the consideration paid including any incremental cost that is directly attributable, is deducted from equity until the shares are redeemed, issued again or otherwise disposed of. When treasury shares are subsequently sold or reissued, any amount received is moved to equity, net of any directly attributable incremental costs.

Basic earnings per share are calculated by dividing the profit attributable to the company's owners, excluding the cost of servicing equity other than ordinary shares, among the weighted average number of ordinary shares in circulation during the year, adjusted for incentives in ordinary shares issued during the year and excluding treasury shares.

For diluted earnings per share, the figures used in determining basic earnings per share are adjusted, taking account of the effect after income tax of interest and other financial costs associated with potential ordinary shares with dilutive effects and the weighted average number of additional ordinary shares that would have been in circulation, assuming the conversion of all potential ordinary shares with dilutive effects.

2.16 Current and deferred income tax

In accordance with the SOCIMI tax rules, the Parent Company is subject to a Corporate Income Tax rate of 0%.

As established in Article 9.2 of Act 11 of 26 October 2009, with the amendments incorporated via Act 16 of 27 December 2012, the Company shall be subject to a special rate of 19% on the overall sum of the dividends or profit distributions received by shareholders whose stake in the share capital of the Company is equal to or greater than 5%, when those dividends, in the possession of its shareholders, are exempt from or have a tax rate of less than 10% (to this effect, the tax due will be taken into consideration under the Non-Resident Income Tax Act).

However, that special rate will not apply when the dividends or profit shares are received by entities whose purpose is the ownership of interests in the share capital of other SOCIMIs or other companies that are not resident in Spain, that have the same corporate purpose, and that are governed by rules similar to those governing SOCIMIs as regards the compulsory, legal or statutory policy on profit distribution, with respect to companies that have a share that is equal to or greater than 5% of the share capital of the SOCIMIs and that pay tax on those dividends or profit shares at a rate of at least 10%.

For each Company in the Group that does not form part of the aforementioned tax rules, the income tax expense (income) is the sum that, for this concept, accrues in the financial year and comprises the expense (income) related to both current tax and deferred tax.

Both the current tax expense and deferred tax expense (income) is entered in the income statement. However, the tax effect related to entries that are directly registered in the equity have been entered in equity.

The assets and liabilities related to current tax will be valued at the amounts expected to be paid or recovered from the tax authorities, in line with the legislation in force or approved and pending publication at the end of the financial year.

Deferred taxes are calculated, in accordance with the liability method, on the time-period differences arising between the tax bases for assets and liabilities and their carrying amounts.
However, the deferred taxes will not be entered if they arise from the initial entry of an asset or liability in a transaction that is not a combination of businesses which, at the time of transaction, does not affect the accounting result or the taxable income. The deferred tax is determined by applying the regulation and tax rates approved or about to be approved at the date of the balance sheet, and that are expected to be applied when the relevant deferred tax asset is realised or the deferred tax liability is paid.

As regards assets due to deferred taxes, these are only recognised to the extent that it is probable that the company will earn future taxable profits that will allow these time-period differences to be offset.

2.17 Leases

a) When the Group is the lessee - Operating lease

Leases in which the lessor maintains a significant part of the risks and benefits arising from ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged to the income statement for the year in which they accrue on a straight-line basis over the lease period.

b) When the Group is the lessor

Properties let out under operating lease are included with investment property on the balance sheet. Income earned from the leasing of property is entered on a straight-line basis over the lease period (Note 2.20).

2.18 Long-term incentive plans

According to the prospectus for admission to the Spanish Alternative Stock Market, executive directors' remuneration may include long-term incentive plans consisting of the delivery of shares or stock options, or cash-settled share-based remuneration. The General Shareholders' Meeting has the authority to decide whether remuneration is supplemented by Company shares, stock options or cash-settled share-based remuneration.

Company management is currently analysing these long-term remuneration options and plans to implement the option chosen over the course of the second half of 2020.

2.19 Provisions and contingent liabilities

Provisions are set aside: when the Group has a present legal or implied obligation as a result of past events; when it is likely that an outflow of resources will be required to settle the obligation; and when the amount has been reliably estimated. No provisions are set aside for future operating losses.

Provisions are valued at the current value of the payments that are expected to be required to settle the obligation, using a pre-tax rate that reflects the current market assessment of the time value of money and the specific risks of the obligation. The adjustments to provisions as the result of their restatement are entered as an expense as they accrue.

Provisions that mature in one year or less and have non-significant financial effects are not discounted. When it is expected that a portion of the payment necessary to cancel the provision will be reimbursed by a third party, this reimbursement is entered as an independent asset, provided that its receipt is practically certain.

Contingent liabilities are those possible obligations resulting from past events, the crystallisation of which is contingent on future events that are not entirely under the Group's control. These contingent liabilities are not recognised in the accounts.

2.20 Revenue recognition

Revenue is stated at the fair value of the consideration to be received and it represents the amounts to be collected for the services rendered during the ordinary course of the Group's activities, minus returns, discounts, rebates and VAT.

Provision of services

The Group provides leasing services. Income earned from the leasing of property is entered on a straight-line basis over the lease period. When the Group offers incentives to its tenants, the cost of the incentive is entered during the lease period on a linear basis, as a reduction in rental income. The costs associated with each rental payment are entered as an expense.

Interest income

Interest income is entered using the effective interest method. When the value of a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is calculated as the estimated future cash flow discounted at the original effective interest rate of the instrument, and the receivable is continuously updated as interest income.

2.21 Transactions between related parties

Generally speaking, transactions performed between related parties are initially entered in the accounts at their fair value. Where applicable, if the agreed price differs from the fair value, this difference will be entered, taking account of the real financial conditions of the transaction. It will subsequently be valued in accordance with the provisions set out in the relevant standards.

2.22 Dividend distribution

The payment of dividends to the Company's shareholders is entered as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

The parent company falls into the special category of SOCIMI (Spanish Real Estate Investment Trust) and is thus governed by the special tax rules established under Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed.

They are required to distribute the profits they obtain over the course of the year to their shareholders in the form of dividends, after complying with the relevant corporate obligations. Distribution must be approved within the six months following the year end, in the following way:

a) 100% of the profits resulting from dividends or profit shares received from the companies referred to in Article 2.1 of this Act.

b) At least 50% of the profits earned from the transfer of the property, shares or ownership interests referred to in Article 2.1. of the Act, where this occurs after the deadlines referred to in Article 3.3 of the Act have expired, when the property, shares or interests are used to comply with the Company's primary corporate purpose. The remainder of these profits must be reinvested in other property or investments related to the performance of this corporate purpose within three years of the transfer date. Otherwise, these profits must be distributed in full together with any profit earned, where applicable, in the year in which the reinvestment period expires. If the items in which the reinvestment has been made are transferred prior to the end of the holding period, profits must be distributed in full, together, where applicable, with the part of the profits attributable to the years in which the Company was not taxed under the special tax scheme provided for in the aforementioned Act.

c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month of the distribution agreement.
When dividends are distributed with a charge to reserves originating from profits for a year in which the special tax rules were applied, the distribution must compulsorily be approved by means of the resolution referred to above.

2.23 Comparison of information

In accordance with the International Financial Reporting Standards adopted by the European Union, for comparative purposes, the condensed interim consolidated income statement, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated cash flow statement at 30 September 2019 are presented together with information for the six-month period ended 30 September 2018, and the condensed interim consolidated balance sheet is presented together with information for the financial year ended 31 March 2019.

2.24 Going concern

These condensed consolidated interim financial statements have been drawn up on a going concern basis, assuming that the Group will realise its assets and settle its commitments in the ordinary course of business.

3. SIGNIFICANT CHANGES DURING THE CURRENT REPORTING PERIOD

During the six-month period ended 30 September 2019, the Group acquired four properties: two via the Parent Company and two via its subsidiary, Morzal Property Iberia, S.L.U.
Of the first two, one is phase II of the Pinatar Park Retail Park (phase I is owned by the subsidiary of the Grupo Junction Parque Alameda, S.L.U) located in San Pedro del Pinatar (Murcia), acquired for €3,796 thousand (including acquisition costs) and the other is the Puerta Europa Shopping Centre (Algeciras, Cádiz) acquired for €57,887 thousand (including acquisition costs). The third and fourth are two ancillary units belonging to the Bahía Sur and Los Arcos buildings that are already owned by the Company, acquired for €20,072 and €17,784 thousand respectively (including acquisition costs) (Note 6).

On 29 March 2019, the Parent Company arranged an extension of the syndicated loan, in the form of a CAPEX line, for a total amount of €8,000 thousand, maturing in 2023, with the banks CaixaBank and Banco Santander. As of 31 March 2019, €6,019 thousand has been drawn down and on 24 July 2019 the remaining €1,981 thousand were drawn down.

On 31 July 2019, the parent company arranged a syndicated loan of €23,000 thousand, maturing in 2031, from the banks Liberbank and Banco Pichincha to finance the purchase of the Puerta Europa shopping centre.

On 24 September 2019, the subsidiary Morzal Property Iberia, S.L. arranged an extension of the loan from the bank Aareal bank AG for a maximum of €47,490 thousand, maturing in 2025, for the purchase of two assets annexed to two shopping centres already owned, "Bahía Sur" and "Los Arcos", the amount of €18,500 thousand having been drawn down at 30 September 2019 (see Note 10).

On 11 july 2019, the Board of Directors agreed a share capital increase via a monetary contribution of €3,892 thousand, via the issue of 3,892,216 shares with a par value of €1 and a share premium of €5.68 per share, equating to €22,108 thousand.

On 17 September 2019, the General Shareholders' Meeting agreed a share capital increase by capitalising accounts payable/ (or loans) of €7,485 thousand, via the issue of 7,485,029 new shares with a par value of €1 and a share premium of €5.68 per share, equating to €42,515 thousand.

Following these two share capital increases, at 30 September 2019, share capital rose to €86,271 thousand, represented by 86,271,047 shares (Note 10).

4. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's risk management programme focuses on uncertainty in financial markets and seeks to minimise any potential adverse impact on its financial profitability.

Risk management is overseen by the Group's Finance Department, which identifies, evaluates and hedges financial risks in accordance with the policies approved by the Board of Directors. The Board provides policies for overall risk management and policies covering specific areas such as interest rate risk, liquidity risk, the use of derivatives and non-derivatives and investing excess liquidity.

4.1 Financial risk management

a) Market risk

The Group's interest rate risk originates from its financial borrowings. Borrowings issued at floating rates expose the Group to interest rate risk on cash flow. At 30 September 2019 circa 39.59% (33.76% at 31 March 2019) of its financing was linked to a variable rate. The Group's borrowings at variable interest rates are denominated in euros.

The Group analyses its exposure to interest rate risk dynamically. Several scenarios are generated, taking account of financing and hedging alternatives. Based on these scenarios, the Group estimates the impact of a certain interest rate change on the result (scenarios are only used for liabilities that represent the most significant positions affected by interest rates).

These analyses take the following into account:

- The economic environment in which it conducts its business: The design of different economic scenarios, modifying the key variables that may affect the group (interest rates, share price, percentage occupancy of investment property, etc.). The identification of interdependent variables and the degree to which they are connected.
- The timeframe within which the evaluation is being made: The timeframe for the analysis and any potential divergence will be taken into account.

Based on the simulations carried out, the maximum recalculated impact that a 1% interest-rate variation would have on profit after tax would be a respective €816 thousand increase or a €816 thousand reduction in financial expenses (€742 thousand in the same period last year). Simulations are performed regularly to ensure that the potential maximum loss remains within the limits established by Management.

On the basis of these different scenarios, the Group manages the cash flow interest rate risk through variable to fixed interest rate swaps. These interest rate swaps have the economic effect of converting variable interest borrowings to fixed interest borrowings. In general, the Group obtains long-term borrowings at variable interest rates and swaps them for borrowings at fixed interest rates lower than those which would be available if the Group obtained borrowings directly at fixed interest rates. Under interest rate swaps, the Group undertakes with third parties to exchange on a regular basis the difference between fixed and variable interest, calculated on the basis of the notional principal amount contracted. Fixed interest rates vary between 1.80% and 1.90% and variable interest rates vary between 1.40% and 2.25%.

b) Credit risk

Credit risk is managed at Group level. The Group defines its policy for managing and analysing the credit risk of its new customers before offering them normal terms and conditions. Credit risk mainly arises from deposits made with the relevant organisations, financial derivatives and receivables for sales and services rendered, as well as various debtors.

The Group's credit risk controls set out the credit quality that must be displayed by customers, taking account of their financial situation, past experience and other factors. Individual credit limits are established on the basis of internal and external ratings, in accordance with the limits established by the Board of Directors. The use of credit limits is regularly reviewed.

The Group believes that it does not have any significant concentrations of credit risk, this being understood to refer to the possible impact that a default on receivables could have on the income statement.

The Group's maximum exposure to credit risk by type of financial asset (excluding financial derivatives and deposits) is as follows:

Description	Thousands of euros	
	30 September 2019	**31 March 2019**
Current assets net of impairment provisions		
Trade and other receivables (Note 7)	3,395	2,758
Cash and cash equivalents	53,151	29,722
	56,546	**32,480**

The fair value of "Cash and cash equivalents" is close to the carrying amount shown in the above table.

c) Liquidity risk

Cash flow predictions are carried out by the Group's Finance Department. This Department monitors forecasts of the Group's liquidity requirements in order to ensure that it has sufficient cash to meet its operational needs while maintaining sufficient available liquidity at all times to ensure that the Group continues to comply with its financing limits and covenants. These forecasts take account of the Group's financing plans, ratio compliance, compliance with internal objectives and, where applicable, any regulatory or legal requirements.

The periods over which Company bank borrowing matures in nominal terms are shown in the following table:

	Thousands of euros			
Description	**30.09.2019**		**31.03.2019**	
	Non-Current	**Current**	**Non-Current**	**Current**
2020	933	2,530	2,508	144
2021	46,012	-	45,204	-
2022	40,439	-	39,000	-
2023	66,688	-	65,307	-
>2024	337,358	-	298,330	-
	491,430	**2,530**	**450,349**	**144**

The cash surplus maintained by the Group is usually deposited in current accounts that attract interest at market rate. On the date of this balance sheet, the Group has cash assets totalling €53,151 thousand (€29,722 thousand at 31 March 2019).

At 30 September 2019, the Company's working capital amounted to €48,532 thousand (€26,046 thousand at 31 March 2019).

d) Tax risk

As mentioned in Note 1, the Parent Company has applied the special tax regime for Spanish Listed Real Estate Investment Trusts (SOCIMIs). Pursuant to the contents of Article 6 of Act 11 of 26 October 2009, as amended by SOCIMI Act 16 of 27 December 2012, companies that have applied this regime are required to distribute the profits they obtain over the course of the year to their shareholders in the form of dividends, after complying with the relevant corporate obligations. Distribution must be approved within the six months following the year end and paid within one month of the date of the distribution agreement (Note 9).

If the General Shareholders' Meeting of such Companies does not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements of the said Act, they will be in breach of the Act and will therefore be taxed under the general tax rules, rather than the rules that apply to SOCIMIs.

4.2 Capital management

The Group's main capital management objectives are to ensure long- and short-term financial stability, the positive performance of Castellana Properties Socimi, S.A.'s shares, the appropriate financing of investments and a reduction in debt levels. Financial leveraging ratios, calculated as: (Net borrowings / (Net borrowings + Equity), where Net borrowings is understood to mean debt at face value + value of derivatives – cash and cash equivalents. As of 30 September 2019 and 31 March 2019:

Description	Thousands of euros	
	30 September 2019	**31 March 2019**
Net borrowings (Note 10)	444,518	423,117
Equity	589,897	497,049
Leveraging	**43.0%**	**46.0%**

The Management believes that the Group's level of indebtedness is low.

The investment property leveraging ratio, calculated as: (Net financial borrowings) / (Fair value of investment property) at 30 September 2019 and 31 March 2019 was 43.2% and 46.2% respectively, and the Group's aim is to keep these ratios at between 40%-50%:

	Thousands of euros	
	30 September 2019	**31 March 2019**
Net borrowings (Note 10)	444,518	423,117
Fair value of investment property (Note 6)	1,028,400	916,470
Leveraging	**43.2%**	**46.2%**

4.3 Estimation of fair value

The table shown below contains an analysis of the financial instruments that are measured at fair value, classified by valuation method. The different levels have been defined as follows:

- Quoted prices (non-adjusted) in active markets for identical assets and liabilities (Level 1).
- Inputs that differ from the quoted price included in Level 1, that are observable for the asset or liability, either directly (the prices themselves) or indirectly (derived from prices) (Level 2).
- Data for the asset or liability, which is not based on observable market input (i.e., unobservable inputs) (Level 3).

The following table shows the Group's financial assets and liabilities at fair value. See Note 6, which reports on the fair value of investment property.

30 September 2019	Thousands of euros			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term financial investments				
Interest rate hedging derivatives	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Long-term payables				
Interest rate hedging derivatives	-	(3,709)	-	**(3,709)**
Total liabilities	**-**	**(3,709)**	**-**	**(3,709)**

31 March 2019	Thousands of euros			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term financial investments				
Interest rate hedging derivatives	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Long-term debts				
Interest rate hedging derivatives	-	(2,346)	-	**(2,346)**
Total liabilities	**-**	**(2,346)**	**-**	**(2,346)**

The fair value of interest rate swaps is calculated as the current value of estimated future cash-flows, based on the estimated interest rate curve.

During the six-month period ending on 30 September 2019, no transfers between levels occurred.

4.4 Offsetting financial assets and liabilities

The Group's only financial assets and liabilities are, respectively, deposits made with official bodies and deposits to be returned to tenants. It is the Group's intention that if these amounts are repaid, they will be settled on a gross basis, meaning they have not, therefore, been offset.

5. FINANCIAL INFORMATION BY SEGMENT

The Investments Committee acting together with the Board of Directors represent the Group's highest decision-making authority. Management has defined operating segments, based on information which is reviewed by these bodies for the purposes of allocating resources and evaluating the Group's performance. Management identifies three reporting segments: Retail, Offices and Corporate.

The information by segment for these activities is as follows:

Six-month period ended 30 September 2019

	Thousands of euros			
Description	**Retail**	**Offices**	**Corporate**	**Total**
Provision of services	43,321	1,090	-	**44,411**
Changes in fair value of investment property	7,569	10	-	**7,579**
Staff costs	-	-	(2,160)	**(2,160)**
Other operating expenses	(8,767)	(144)	(988)	**(9,899)**
Other profit/(loss)	(2)	-	(6)	**(8)**
Operating profit/(loss)	**42,121**	**956**	**(3,154)**	**39,923**
Financial income	-	-	-	**-**
Financial expenses	(5,923)	(153)		**(6,076)**
Financial income	**(5,923)**	**(153)**	**-**	**(6,076)**
Profit/(loss) before tax	**36,198**	**803**	**(3,154)**	**33,847**
Income tax	-	-	-	**-**
Profit/(loss) for the period	**36,198**	**803**	**(3,154)**	**33,847**

Six-month period ended 30 September 2018

	Thousands of euros			
Description	**Retail**	**Offices**	**Corporate**	**Total**
Provision of services	11,961	1,106	337	**13,404**
Changes in fair value of investment property	11,709	386	-	**12,095**
Staff costs	-	-	(1,100)	**(1,100)**
Other operating expenses	(2,188)	(103)	(1,041)	**(3,332)**
Other profit/(loss)	27	-	50	**77**
Operating profit/(loss)	**21,509**	**1,389**	**(1,754)**	**21,144**
Financial income	-	-	-	**-**
Financial expenses	(2,583)	(149)	-	**(2,732)**
Financial income	**(2,583)**	**(149)**	**-**	**(2,732)**
Profit/(loss) before tax	**18,926**	**1,240**	**(1,754)**	**18,412**
Income tax	-	-	-	**-**
Profit/(loss) for the period	**18,926**	**1,240**	**(1,754)**	**18,412**

The amounts provided to the Investments Committee and the Board of Directors in respect of total assets and liabilities are valued in accordance with the same criteria as those applied in the condensed consolidated interim financial statements. These assets and liabilities are assigned on the basis of segment activities.

30 September 2019

	Thousands of euros			
Description	**Retail**	**Offices**	**Corporate**	**Total**
Investment property	1,002,090	26,310	-	1,028,400
Other non-current assets	6,530	299	156	6,985
Non-current assets	**1,008,620**	**26,609**	**156**	**1,035,385**
Trade and other receivables	3,310	-	1,058	4,368
Other current assets	33,002	-	20,665	53,667
Current assets	**36,312**	**-**	**21,723**	**58,035**
Total assets	**1,044,932**	**26,609**	**21,879**	**1,093,420**
Bank borrowings	477,107	-	-	477,107
Other non-current liabilities	16,619	294	-	16,913
Non-current liabilities	**493,726**	**294**	**-**	**494,020**
Current liabilities	**5,176**	**-**	**4,327**	**9,503**
Total liabilities	**498,902**	**294**	**4,327**	**503,523**

31 March 2019

	Thousands of euros			
Description	**Retail**	**Offices**	**Corporate**	**Total**
Investment property	890,170	26,300	-	916,470
Other non-current assets	5,676	299	142	6,117
Non-current assets	**895,846**	**26,599**	**142**	**922,587**
Trade and other receivables	2,584	101	1,787	4,472
Other current assets	29,238	38	614	29,890
Current assets	**31,822**	**139**	**2,401**	**34,362**
Total assets	**927,668**	**26,738**	**2,543**	**956,949**
Bank borrowings	437,115	-	-	437,115
Other non-current liabilities	14,175	294	-	14,469
Non-current liabilities	**451,290**	**294**	**-**	**451,584**
Current liabilities	**3,215**	**95**	**5,006**	**8,316**
Total liabilities	**454,505**	**389**	**5,006**	**459,900**

6. INVESTMENT PROPERTY

Investment property primarily includes shopping centres and retail parks owned by the Group that are held to obtain long-term rental income and are not occupied by the Group.

The following table contains a breakdown of the entries shown for investment property and the movements in these figures:

	Thousands of euros
Balance at 31.03.2018	**308,050**
Acquisitions	576,545
Subsequent capitalised disbursements	6,059
Profit/(loss) net of adjustments at fair value	25,816
Balance at 31.03.2019	**916,470**
Acquisitions	99,539
Subsequent capitalised disbursements	4,812
Profit/(loss) net of adjustments at fair value	7,579
Balance at 30.09.19	**1,028,400**

During the six-month period ended 30 September 2019, the Group acquired four properties: two via the Parent Company and two via its subsidiary, Morzal Property Iberia, S.L.U.
Of the first two, one is phase II of the Pinatar Park Retail Park (phase I is owned by the subsidiary of the Grupo Junction Parque Alameda, S.L.U) located in San Pedro del Pinatar (Murcia), acquired for €3,796 thousand (including acquisition costs) and the other is the Puerta Europa Shopping Centre (Algeciras, Cádiz) acquired for €57,887 thousand (including acquisition costs). The third and fourth are two ancillary units belonging to the Bahía Sur and Los Arcos buildings that are already owned by the Company, acquired for €20,072 and €17,784 thousand respectively (including acquisition costs).

On 09 May 2018, the Group acquired Habaneras Shopping Centre (Torrevieja, Alicante) via its subsidiary Junction Parque Habaneras, S.L.U. for €83,807 thousand (including acquisition costs). On 27 November 2018, some of the shareholders of the Parent Company of the Group carried out a share capital increase via a non-monetary contribution, providing their shares in the subsidiary Morzal Properties Iberia, S.L.U. This subsidiary owns four shopping centres, el Faro (Badajoz), Vallsur (Valladolid), Bahía Sur (San Fernando, Cadiz) and Los Arcos (Seville), which at the integration date had a value of €491,700 thousand (including acquisition costs).

Note 15 contains detailed information on the properties included in this item.

Several mortgage guarantees have been put in place for certain properties, the market values of which stand at €1,028,400 thousand (€916,470 thousand at 31 March 2019), by way of guaranteeing the Company will meet the terms and conditions upon which it has obtained financing. At 30 September 2019, the nominal value of this financing amounted to €493,830 thousand (€450,349 thousand at 31 March 2019) (Note 10).

a) Income and expenses on investment property

The following income and expenses on investment property have been detailed in the income statement:

	Thousands of euros	
Description	**Six-month period ended 30 September 2019**	**Six-month period ended 30 September 2018**
Rental income	44,411	13,067
Expenses for the operations resulting from investment property that generate rental income	(8,911)	(2,291)
Expenses for the operations resulting from investment property that does not generate rental income	-	-
	35,500	**10,776**

Within "rental income", an income of 8,600 thousand euros has been recorded for the accelerated rental settlement of a lease agreement in El Faro property, owned by the subsidiary Morzal Property Iberia, S.L.U.

b) Operating leases

The total amount of future minimum collections from non-cancellable operating leases is as follows:

Description	Thousands of euros	
	30.09.2019	31.03.2019
Less than one year	49,433	46,735
Between one and two years	35,213	32,751
Between two and three years	26,691	25,026
Between three and four years	17,292	16,320
Between four and five years	11,885	11,221
More than five years	30,420	30,557
	170,934	**162,610**

c) Insurance

The Group maintains a policy of taking out all the insurance policies necessary to cover any possible risk that might affect any aspect of its investment properties. Coverage under these policies is deemed to be sufficient.

d) Obligations

At year-end the Group had paid up €2,000 thousand by way of a purchase option for a plot of land next to the property "Los Arcos" (Seville) (€2,000 thousand at 31 March 2019).

e) Valuation process

The cost and fair value of the investment property at 30 September 2019 and 31 March 2019 are detailed below:

Description	Thousands of euros			
	30.09.2019		31.03.2019	
	Cost	Fair value	Cost	Fair value
Investment property	969,536	1,028,400	865,185	916,470
	969,536	**1,028,400**	**865,185**	**916,470**

The valuations were carried out adopting the “market value” approach, in accordance with the Property Appraisal and Valuation method and the Guidance Notes published by the Royal Institution of Chartered Surveyors of Great Britain (RICS), Valuation Standards, 8th edition. The market value of the Group's properties has been determined on the basis of a valuation carried out by independent expert valuers (Colliers International).

(Thousands of euros)

"Market Value" is defined as the estimated amount at which a property should exchange on the valuation date, between a willing seller and a willing buyer and after a reasonable sales marketing period, during which both parties have acted knowledgeably, prudently and without compulsion.

The valuation methodology adopted by the independent valuers in order to determine fair value was primarily the discounted cash flow method at 10 years and the income capitalisation method (reflecting net rent, capitalised expenses, etc.), in addition to verifying the information against comparables.

The discounted cash flow method is based on forecasts of the probable net income that will be generated by assets over a specific time period, taking into account the residual value of the assets in question at the end of that period. Cash flows are discounted at an internal rate of return in order to arrive at current net value. This internal rate of return is adjusted to reflect the risk associated with the investment and assumptions adopted. Key variables are therefore net income and internal rate of return.

The income capitalisation method consists of capitalising estimated net income from each property, based on the length of the lease and reversion. This involves the capitalisation of current income over the entire period, together with the valuation of probable subsequent rentals following rent reviews or the arrangement of new rentals in each of the forecast periods, always taking current value as a basis. The yield applied to the different income categories reflects all forecasts and risks associated with cash flows and the investment.

Therefore, the key variables involved in the capitalisation method are the determination of net income, the period over which it is discounted, the approximate value at which it is realised at the end of each period and the target internal rate of return used to discount cash flows.

The estimated yields depend on the type and age of the properties and their location. The properties have been valued individually, via calculations based on the lease agreements in place at the end of the financial year and, if applicable, the forecast value based on current market rents for the different areas, as well as comparables and completed transactions.

On the basis of the simulations performed, the recalculated impact that a variation of 0.25% would have on the fair value of the property would be as follows:

30 September 2019

YIELD Variance	**(0.250%)**	**0.250%**
Retail	18,500	(18,050)
Offices	420	(430)
Land & Purchase Option	640	(565)
Theoretical profit/(loss)	**19,560**	**(19,045)**

31 March 2019

YIELD Variance	**(0.250%)**	**0.250%**
Retail	15,880	(15,530)
Offices	430	(430)
Land & Purchase Option	640	(565)
Theoretical profit/(loss)	**16,950**	**(16,525)**

(Thousands of euros)

The yield and discount rate range applied is as follows:

30 September 2019	Minimum	Maximum
YIELDS		
Retail	5.00%	7.00%
Offices	7.00%	9.25%
Discount rates		
Retail	7.00%	9.00%
Offices	7.75%	8.75%

31 March 2019	Minimum	Maximum
YIELDS		
Retail	5.00%	6.50%
Offices	7.15%	9.20%
Discount rates		
Retail	7.00%	8.75%
Offices	8.00%	9.00%

The effect of a 10% variation in the rental increases considered will have a significant impact on consolidated assets and on the consolidated income statement as regards investment property:

	30/09/2019		31/03/2019	
	Assets	Net consolidated profit/(loss)	Assets	Net consolidated profit/(loss)
Increase of 10% in market rents	78,180	78,180	64,940	64,940
Decrease of 10% in market rents	(77,735)	(77,735)	(65,415)	(65,415)

The valuation of investment property is classified under level 2, according to the definition in Note 4.3 above. The fair value of investment property has been calculated by independent expert valuers using valuation techniques involving observable and available market data, based, to a lesser extent, on specific estimates by the organisations.

During the six-month period ending on 30 September 2019, no transfers between levels occurred.

As of 30 September 2019, Castellana Group's EPRA NAV stood at €594,001 thousand (€6.89 per share), as of 31 March 2019, it stood at €499,781 thousand (€6.68 per share).

The total fees, including the fee for this assignment, earned by Colliers International Spain (or other companies forming part of the same group of companies in Spain) from the Addressee (or other companies forming part of the same group of companies) are less than 5% of the total revenues of the company.

7. LOANS AND RECEIVABLES

As of 30 September 2019 and 31 March 2019, the breakdown of this heading is as follows:

		Thousands of euros
	30.09.19	**31.03.2019**
Long-term loans and receivables:		
- Other financial assets	6,844	5,982
	6,844	**5,982**
Short-term loans and receivables:		
- Trade receivables for sales and services	3,340	2,714
- Trade receivables from related companies (Note 13)	55	44
- Other financial assets	14	-
	3,409	**2,758**
	10,253	**8,740**

The carrying amounts of loans and receivables (both long and short-term) approximate their fair values, since the effect of discounting is not significant.

The entry "Other long-term financial assets" includes the amounts deposited with the competent organisations in each Autonomous Region.

Of the total short-term loans and receivables, at 30 September 2019, trade and other receivables to the value of €1,605 thousand had matured (€1,197 thousand at 31 March 2019), of which €165 thousand had been provisioned (€166 thousand at 31 March 2019) according to the Group's own analysis.

In addition, at the end of the period, trade receivables include the amount of €1,900 thousand not yet billed, relating mainly to equities of the Group companies Morzal Properties Iberia, S.L., Junction Parque Habaneras S.L.U. and Junction Parque Principado S.L.U. in 2019 and to balances pending payment in relation to the seller of the assets owned by the company Morzal Property Iberia, S.L. (€1,683 thousand at 31 March 2019).

All the amounts reported in this section refer to amounts that are due and payable and for which no allowance provision has been made. The Group expects to recover these amounts.

The following table contains a breakdown of the age of trade receivables for sales and services, receivables from related parties and other receivables:

Description	Thousands of euros	
	30.09.19	**31.03.2019**
Up to 3 months	642	474
Between 3 and 6 months	840	638
More than 6 months	123	85
	1,605	**1,197**

The balance due between 3 and 6 months primarily includes billings to the seller of the properties owned by the Company Morzal Property Iberia, S.L.U. related to payments for the sales purchase. The company does not envisage any receivables risk related to this.

The carrying amount of loans and receivables is denominated in euros.

The entry "Trade receivables" is shown net of corrections for impairment. The corresponding allowance provisions are set aside on the basis of the risk attached to potential insolvencies relating to collecting payment on the assets.

Movements in the provision for insolvencies over the period were as follows:

Description	Thousands of euros	
	30.09.19	**31.03.2019**
Opening balance	**(166)**	**(75)**
Allocation	(133)	(161)
Reversion	132	70
Application	2	-
Closing balance	**(165)**	**(166)**

8. SHARE CAPITAL AND SHARE PREMIUM

a) Capital

The Parent Company was incorporated on 19 May 2015 (see Note 1) with a share capital of €60 thousand, represented by 60,000 shares with a par value of €1 each, all of which were in the same class, fully subscribed and paid up. Subsequently, par value was reduced (without reducing share capital) to €0.01 per share and then increased (without increasing share capital) to €5 per share. As a result, the number of shares fell from 60,000 to 12,000.

A share capital increase took place on 30 May 2016, with the issue of 2,520,000 shares with a par value of €5 each, all of which were in the same class, fully subscribed and paid up.

Following this operation, on 31 December 2016, the Parent Company's share capital amounted to €12,660 thousand, represented by 2,532,000 shares with a par value of €5 each, all of which were in the same class, fully subscribed and paid up, with the same rights transferred to shareholders.

On 28 June 2017, share capital was reduced by €10,128 thousand and a restricted reserve was posted in the same amount. The capital reduction was carried out by reducing the €5 par value of each share by €4, resulting in a par value per share of €1 and share capital of €2,532 thousand following the adoption of the share capital reduction resolution.

On 28 June 2017, share capital was increased by €17,180 thousand, via the issue of 17,180,172 new shares, each with a par value of €1. These new shares were issued with a total share premium of €85,901 thousand. The share capital increase, as well as the share premium, were fully subscribed and paid up by the Company shareholder, Vukile Property Fund Limited.
On 4 December 2017, share capital was increased by €5,833 thousand, via the issue of 5,833,333 new shares, with a par value of €1 each. These new shares were issued with a total share premium of €29,167 thousand.

The share capital increase, as well as the share premium, were fully subscribed and paid up by the shareholder, Vukile Property Fund Limited.

Following this operation, on 31 December 2017, the Parent Company's share capital amounted to €25,546 thousand, represented by 25,545,505 shares with a par value of €1 each, all of which were in the same class, fully subscribed and paid up, with the same rights transferred to shareholders.

On 8 March 2018, the General Shareholders' Meeting approved a share capital increase by capitalising the loan of €4,475 thousand granted on 28 November 2017 by the majority shareholder Vukile Property Fund Limited, plus €42 thousand in capitalised accrued interest. They approved a share capital increase of €753 thousand, via the issue of 752,790 new registered shares, with a par value of €1 each. This increase was carried out with a total share premium of €3,764 thousand.

Following this operation, at 31 March 2018, the Parent Company's share capital amounted to €26,298 thousand, represented by 26,298,295 shares with a par value of €1 each, all of which were in the same class, fully subscribed and paid up, with the same rights transferred to shareholders.

On 8 May 2018, the Universal Extraordinary Shareholders' Meeting agreed a share capital increase of €7,117 thousand, via the issue of 7,116,666 shares with a share premium of €5 per share, equating to €35,583 thousand.

On 7 June 2018, the General and Universal Shareholders' Meeting agreed two new share capital increases: the first valued at €50 thousand, with the issue of 50,000 new shares and a share premium of €5 per share, equating to €250 thousand, and the second increase valued at €503 thousand with the issue of 502,742 new shares with a share premium of €5 per share, equating to €2,514 thousand.

The Ordinary and Extraordinary General Shareholders' Meeting held on 27 November 2018 agreed to increase the share capital by €39,000 thousand through the issue of 39,000,000 ordinary shares as a non-monetary contribution. The new shares were issued at their par value of €1 plus a share premium of 5 euros per share, resulting in an issue price of €6 per share. The cost of the share capital increase amounted to a total of €234,000 thousand, of which €39,000 thousand corresponds to share capital and €195,000 thousand corresponds to a share premium (see Note 1). Castellana's share capital prior to the share capital increase amounted to €33,967,703, represented by 33,967,703 shares, each with a par value of €1, all of a single category and series, with equal voting rights and entered in a share register.

On 14 March 2019, the Universal Extraordinary Shareholders' Meeting agreed a share capital increase by capitalising accounts payable/ (or loans) of €1,926 thousand, via the issue of 1,926,099 shares with a par value of €1 and a share premium of €5.36 per share, equating to €12,250 thousand.

On 11 july 2019, the Board of Directors agreed a share capital increase via a monetary contribution of €3,892 thousand, via the issue of 3,892,216 shares with a par value of €1 and a share premium of €5.68 per share, equating to €22,108 thousand.

On 17 September 2019, the General Shareholders' Meeting agreed a share capital increase by capitalising accounts payable/ (or loans) of €7,485 thousand, via the issue of 7,485,029 new shares with a par value of €1 and a share premium of €5.68 per share, equating to €42,515 thousand.

Following this increase, at 30 September 2019, share capital rose to €86,271 thousand, represented by 86,271,047 shares.

As at 30 September 2019, the two shareholders with more than a 3% stake in the Share Capital of the Company are Vukile Properties Limited and Morze European Real Estate Ventures. As at 31 March 2019, the three shareholders with more than a 3% stake in the Share Capital of the Company were Vukile Properties Limited, Morze European Real Estate Ventures and Westbrooke Yield Plus, S.à r.l.

The breakdown is as follows:

	30.09.2019		31.03.2019	
	No. of shares	% Share	No. of shares	% Share
Vukile Properties Limited	71,204,716	83%	52,916,295	73%
Morze European Real Estate Ventures	13,333,333	15%	13,333,333	18%
Westbrooke Yield Plus	-	-	5,833,333	8%

As of 30 September 2019 and 31 March 2019, the breakdown of share capital is as follows:

Description	Thousands of euros	
	30.09.19	31.03.19
Subscribed share capital	86,271	74,894
Non-paid-up capital	-	-
	86,271	**74,894**

b) Share premium

This reserve is freely available so long as its distribution would not result in the Parent Company's shareholders' funds amounting to less than the value of its share capital.

c) Treasury shares

Movements in treasury shares over the period have been as follows:

Description	30.09.19		31.03.19	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
Opening balance	**45,470**	**273**	**-**	**-**
Additions/purchases	800	6	50,790	305
Reductions	(3,445)	(21)	(5,320)	(32)
Closing balance	**42,825**	**258**	**45,470**	**273**

On 10 July 2018, Castellana Properties entered into a liquidity contract with Renta 4 Banco, S.A. with the aim of increasing liquidity and promoting stability in the listing of the Company's shares. This contract came into effect on 25 July 2018.

Shares owned by the Company itself at 30 September 2019 represented 0.05% of the Company's share capital and totalled 42,825 shares. The average cost of the Company's treasury shares was €6 per share.

These shares are registered, thus reducing the value of the Company's shareholders' funds on 30 September 2019 by €258 thousand. (€273 thousand at 31 March 2019).

The Company has complied with the requirements of Article 509 of the Spanish Capital Companies Act, which establishes that the par value of acquired shares listed on official secondary markets, together with those already held by the Parent Company and its subsidiaries, must not exceed 10% of the share capital. The subsidiaries do not hold either treasury shares or shares in the Company.

d) Earnings per share

Basic earnings per share are calculated by dividing the net profit/(loss) attributable to the parent Company's owners for the period by the weighted average number of ordinary shares in circulation during the period, excluding the weighted average number of treasury shares held over the period.

Diluted earnings per share are calculated by dividing the net profit/(loss) attributable to the parent Company's owners for the period by the weighted average number of ordinary shares in circulation during the period, plus the weighted average number of ordinary shares that would be issued during the conversion of all potentially dilutive instruments.

The following table shows the income figures and information on the number of shares used to calculate basic and diluted earnings per share:

Calculation of basic and diluted earnings

Description	Six-month period ended 30 September 2019	Six-month period ended 30 September 2018
Net profit (thousand euros)	33,847	18,412
Weighted average number of shares issued (shares)	75,872,173	32,284,535
Average number of treasury shares held in the company's own portfolio (shares)	44,341	31,421
Basic and diluted profit per share (euros)	0.45	0.57

In terms of calculating earnings per share, there have been no transactions on ordinary or potential ordinary shares between the date on which the condensed consolidated interim financial statements were closed and their drafting, which have not been taken into consideration in said calculations for the six-month period ending on 30 September 2019.

9. RESERVES AND RETAINED EARNINGS

At 30 June 2019, €3,044 thousand (€148 thousand at 31 March 2019) corresponded to the legal reserve. This reserve has been set aside under the terms of Article 274 of the Spanish Capital Companies Act, which establishes that companies must in all cases allocate an amount equal to 10% of their profits for the year to this reserve, until the total reaches at least 20% of the share capital figure. It cannot be distributed, and if it is used to offset losses when the other available reserves are not sufficient for this purpose, it must be replenished with future profits.

Description	Thousands of euros	
	30.09.19	**31.03.2019**
Legal Reserve	3,044	148
Other reserves	(4,793)	(4,742)
Hedging reserve	(3,709)	(2,346)
Treasury shares	(258)	(273)
Total reserves	**(5,716)**	**(7,213)**
Retained earnings	85,288	41,695
Distribution of dividends	(27,402)	(1,336)
Total retained earnings	**57,886**	**40,359**

The Other Reserves entry at 30 September 2019 mainly registers the expenses associated with issuing shares and with the share capital increases completed in the previous financial year in the amount of €14,634 thousand.

This entry also registers a restricted reserve in the amount of €10,128 thousand, due to a share capital reduction carried out by the Company in 2017. This reserve will only be made available if this is approved by the General Shareholders' Meeting and that it is published, in order to comply with the creditors right of opposition timeframe given said share capital reduction.

Distribution of the profit/(loss)

The proposed distribution of the Parent Company Castellana Properties Socimi, S.A's profit/(loss) and reserves for the year ended on 31 March 2019, which was approved at the General Shareholders' Meeting on 18 June 2019, was as follows:

Description	Thousands of euros
Base for distribution	
Profits for the financial year	28,962
	28,962
Application	
Legal reserve	2,896
Interim dividend 21 May 2018	10,948
Interim dividend 15 November 2018	6,968
Interim dividend 14 May 2019	8,150
	28,962

The Company also carried out a distribution of reserves charged against share premium of €7,450 thousand.

10. CREDITORS AND PAYABLES

Description	Thousands of euros	
	30.09.2019	**31.03.2019**
Long-term creditors and payables:		
Bank borrowings	477,107	437,115
Other financial liabilities	12,767	11,686
Derivative financial instruments	3,709	2,346
	493,583	**451,147**
Short-term creditors and payables:		
Bank borrowings	2,530	144
Short-term payables to related companies (Note 13)	349	1,750
Trade and other payables	3,895	3,915
Other liabilities	1,306	1,008
	8,080	**6,817**
	501,663	**457,964**

The carrying amounts of creditors and payables, both long and short-term, approximate their fair values, since the effect of discounting is not significant. In the case of debts with financial institutions, these are entered at their amortised cost.

The rental income received from tenants as per the lease agreements signed are registered as other long-term financial liabilities.

Creditors and other payables mainly includes provisioned amounts relating to the Company's property acquisitions, financing obtained during the current financial year, as well as balances payable relating to investments currently under construction.

The carrying amount of creditors and payables to be paid by the Company is denominated in euros.

Debt with credit institutions includes the balance of five loans granted to the Group.

The maturities of these bank borrowings is detailed below by par value:

Description	Thousands of euros			
	30.09.2019		31.03.2019	
	Non-Current	Current	Non-Current	Current
2020	933	2,530	2,508	144
2021	46,012	-	45,204	-
2022	40,439	-	39,000	-
2023	66,688	-	65,307	-
>2024	337,358	-	298,330	-
	491,430	**2,530**	**450,349**	**144**

The Company has included €14,323 thousand (€13,234 thousand at 31 March 2019) in the amortised cost on the balance sheet for the formalisation of the debt costs. As of 30 September 2019, accrued financial interest not paid stood at €130 thousand (€144 thousand at 31 March 2019). The financial expenses accrued during the period stand at €3,990 thousand (€1,433 thousand at 30 September 2018). The other financial expenses recognised in the income statement relate to interest on hedging derivatives and financial expenses at amortised cost.

During the period the Group has signed financing agreements to the value of €43,481 thousand (€304,349 thousand as at 31 March 2019).

The loans detailed are secured via a mortgage commitment on certain properties whose market value at 30 September 2019 totalled €1,028,400 thousand (Note 6) (€916,470 thousand at 31 March 2019).

(Thousands of euros)

On 5 December 2017, the Parent Company, acting not as a borrower but as a guarantor, together with the investees listed below, arranged a syndicated loan for a total amount of €146 million, maturing in 2023, with the banks CaixaBank, Banco Popular and Banco Santander, the latter acting as the agent bank, which has been used to settle the Group's previous financing and fund the purchase of the properties acquired by the company Junction Parque Alameda, S.L.U. The bank loan is secured with assets as detailed in the following table:

Company	Property	30.09.2019	31.03.2019
Junction Parque Castellón S.L.U.	Ciudad del Transporte	2,924	2,924
Junction Parque Principado, S.L.U.	Parque Principados Retail Park	13,593	13,593
Randolph Spain, S.L.U.	Parque Oeste Retail Park	12,436	12,436
Roxbury Spain, S.L.U.		8,941	8,941
Junction Parque Huelva, S.L.U.	Marismas del Polvorín Retail Park	12,466	12,466
Junction Parque Motril, S.L.U.	Motril Retail Park	3,594	3,594
Junction Parque Granada, S.L.U.	Kinepolis Retail Park & Leisure Centre	23,359	23,359
Junction Parque Cáceres, S.L.U.	Mejostilla Retail Park	3,856	3,856
Junction Parque Mérida, S.L.U.	La Heredad Retail Park	6,176	6,176
Junction Parque Villanueva 1, S.L.U.	La Serena Retail Park	2,523	2,523
Junction Parque Villanueva fase 2, S.L.U.	Villanueva de la Serrena II Retail Park	4,368	4,368
Junction Parque Alameda, S.L.U.	Alameda Shopping Centre San Pedro Del Pinatar Retail Park	51,764	51,764
		146,000	**146,000**

On 27 March 2019, the Parent Company, acting not as a borrower but as a guarantor, together with the subsidiary companies listed below, arranged an extension of the syndicated loan, in the form of a CAPEX line, for a total amount of €8,000 thousand, maturing in 2023, with the banks CaixaBank and Banco Santander. As of 31 March 2019 €6,019 thousand has been drawn down and on 24 July 2019 the remaining €1,981 thousand were drawn down.

(Thousands of euros)

Amount drawn down per company is as follows:

Company	Property	30.09.2019	31.03.2019
Junction Parque Castellón S.L.U.	Ciudad del Transporte	-	-
Junction Parque Principado, S.L.U.	Parque Principados Retail Park	-	-
Randolph Spain, S.L.U.	Parque Oeste Retail Park	264	264
Roxbury Spain, S.L.U.		-	-
Junction Parque Huelva, S.L.U.	Marismas del Polvorín Retail Park	203	177
Junction Parque Motril, S.L.U.	Motril Retail Park	387	365
Junction Parque Granada, S.L.U.	Kinepolis Retail Park & Leisure Centre	6,189	4,356
Junction Parque Cáceres, S.L.U.	Mejostilla Retail Park	-	-
Junction Parque Mérida, S.L.U.	La Heredad Retail Park	13	2
Junction Parque Villanueva 1, S.L.U.	La Serena Retail Park	-	-
Junction Parque Villanueva fase 2, S.L.U.	Villanueva de la Serrena II Retail Park	410	403
Junction Parque Alameda, S.L.U.	Alameda Shopping Centre	534	452
	San Pedro Del Pinatar Retail Park	-	-
		8,000	**6,019**

On 9 May 2018, the subsidiary company Junction Parque Habaneras, S.L.U. took out a mortgage with the financial entity Aareal Bank, AG in the amount of €42,330 thousand, secured by the Habaneras Shopping Centre, with maturity in 2025.

On 27 September 2018, the subsidiary company Morzal Property Iberia, S.L. (provided in the share capital increase by a non-monetary contribution described in Note 10) signed a mortgage loan with the financial institution Aareal Bank, AG in the amount of €256 million, secured by 4 assets, namely the "El Faro", "Bahía Sur", "Los Arcos" and “Vallsur” shopping centres.

On 24 September 2019, the subsidiary Morzal Property Iberia, S.L. arranged an extension of the mortgage loan from the financial institution Aareal Bank, AG for the purchase of two assets annexed to two shopping centres already owned, “Bahía Sur” and “Los Arcos”, for a maximum of €47,490 thousand, maturing in 2025, €18,500 thousand of which has been drawn down at 30 September 2019.

On 31 July 2019, the parent company arranged a syndicated loan of €23,000 thousand, maturing in 2031, from the banks Liberbank and Banco Pichincha to finance the purchase of the Puerta Europa shopping centre.

These loans are granted subject to compliance with certain financial ratios, which is standard practice in the sector in which the Company operates, with the ratio being calculated every six months. As of 30 September 2019, the Group had complied with all of these ratios.

11. PROVISIONS AND CONTINGENCIES

At 30 September 2019 the Group has three third-party technical guarantees in place in the amount of €107 thousand, the maturity of which is linked to construction work completions (€107 thousand at 31 March 2019).

12. BOARD OF DIRECTORS AND OTHER PAYMENTS

Remuneration of members of the Board of Directors

During the six-month period ended 30 September 2019, payments to members of the Board of Directors totalled €729 thousand (€209 thousand at 30 September 2018), of which executive members received a total of €554 thousand (€162 thousand at 30 September 2018).

The Group has not authorised any loans to the Board of Directors and does not hold pension funds or any other similar liabilities to the benefit of its Directors.

13. OPERATIONS AND BALANCES WITH RELATED PARTIES

The following table shows a breakdown of the transactions carried out with related parties:

Description	Thousands of euros	
	Six-month period ended 30 September 2019	Six-month period ended 30 September 2018
Income		
Provision of services	-	280
Reinvoicing of costs	17	-
	17	**280**
Expenses		
Billings for services	-	(976)
Reinvoicing of costs	(41)	-
Financial interest	(349)	-
	(390)	**(976)**

As of 30 September 2019 and 31 March 2019, the breakdown of balances held with related parties is as follows:

Description	Thousands of euros	
	30.09.2019	31.03.2019
Balances owed (Note 7)		
Adam Lee Morze	42	42
Diversified Real Estate Assets Management, S.L. (DREAM)	2	2
Vukile Property Fund Limited	11	-
	55	**44**
Balances payable (Note 10)		
Vukile Property Fund Limited	(349)	-
Diversified Real Estate Assets Management, S.L. (DREAM)	-	(1,750)
	(349)	**(1,750)**

14. OTHER INFORMATION

The average number of employees during the six-month period ended 30 September 2019, shown by professional grade, is as follows:

Grade	30.09.19	30.09.18
Directors	7	5
Employees with degrees or advanced diplomas	16	4
Interns	-	1
Administrative personnel and others	3	2
	26	**12**

15. INFORMATION REQUIREMENTS RESULTING FROM SOCIMI STATUS, ACT 11/2009, AS AMENDED BY ACT 16/2012

a) Reserves from financial years prior to the application of the tax rules set out in Act 11/2009, as amended by Act 16 of 27 December 2012.

Not applicable.

(Thousands of euros)

b) Reserves from financial years in which the tax rules set out in Act 11/2009, as amended by Act 16 of 27 December 2012, have been applied, distinguishing the part that derives from income subject to the zero tax rate, or the 19% rate, from income that has been taxed at the general rate, if applicable.

The established reserves come from income subject to tax at 0%.

c) Dividends distributed against profits each year in which the tax rules contained in Act 11/2009, amended by Act 16 of 27 December 2012, applied, with differentiation between the portion originating from income subject to tax at a rate of 0% or 19%, and the portion originating from income subject to tax at the general rate.

All of the dividends distributed come from income subject to tax at 0%.

d) In the case of distribution against reserves, identifying the year from which the reserves applied originate, and whether they were taxed at 0%, 19% or the general rate.

No dividends were distributed against reserves.

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

- The dividend of €134 thousand for the 2016 financial year, approved by the General Shareholders' Meeting on 29 June 2017.
- The dividend of €1,202 thousand for the three-month period ended 31 March 2018, approved by the General Shareholders' Meeting on 13 July 2018.
- Interim dividend of €10,948 thousand for the financial year ended 31 March 2019, approved by the Board of Directors on 21 May 2018.
- Interim dividend of €6,967 thousand for the financial year ended 31 March 2019, approved by the Board of Directors on 15 November 2018.
- Interim dividend of €8,150 thousand for the financial year ended 31 March 2019, approved by the Board of Directors on 14 May 2019.

f) Date of acquisition of properties intended for rent and interests in the share capital of companies referred to in Article 2.1 of this Act.

The parent company owns the following rental properties:

Property	Location	Date acquired
Konecta Madrid	Avenida de la Industria, 49 Alcobendas, Madrid	30 May 2016
Konecta Sevilla	Ctra. Prado de la Torre s/n Polígono 5, plots 77-79 Bollullos de la Mitación, Seville	30 May 2016
San Pedro Del Pinatar Retail Park (Fase II)	UA-1 Local Level Plan (*Plan Parcial*) “Area 3e”, Manzana P-9, San Pedro del Pinatar (Murcia)	17 June 2019
Puerta Europa	A-7 Km-106 11203, Algeciras (Cádiz)	31 July 2019

(Thousands of euros)

The Parent Company has holdings in the share capital of companies, referred to in Article 2.1 of the Spanish SOCIMI Act:

Company	Date acquired	Property	Location
Junction Parque Castellón S.L.U.	30 June 2017	Ciudad del Transporte	Avenida Europa 231, Castellon De La Plana
Junction Parque Principado, S.L.U.	30 June 2017	Parque Principados Retail Park	LG Paredes 201, Siero (Asturias)
Randolph Spain, S.L.U.	30 June 2017	Parque Oeste Retail Park	Avenida de Europa 4, Alcorcon - Madrid
Roxbury Spain, S.L.U.	30 June 2017		
Junction Parque Huelva, S.L.U.	30 June 2017	Marismas del Polvorín Retail Park	Calle Molino Mareal 1, Huelva
Junction Parque Motril, S.L.U.	30 June 2017	Motril Retail Park	Rambla de las Brujas, Motril, Granada
Junction Parque Granada, S.L.U.	30 June 2017	Kinepolis Retail Park & Leisure Centre	Calle Samuel Billy Wilder 1, Pulianas - Granada
Junction Parque Cáceres, S.L.U.	30 June 2017	Mejostilla Retail Park	Calle Jose Espronceda 52, Plot M-19.1ª, Caceres

(Thousands of euros)

Company	Date acquired	Property	Location
Junction Parque Mérida, S.L.U.	30 June 2017	La Heredad Retail Park	Avenida José Saramago de Sousa, Merida
Junction Parque Villanueva 1, S.L.U.	30 June 2017	La Serena Retail Park	Carretera Don Benito, S/N, Villanueva de la Serena, Badajoz
Junction Parque Villanueva fase 2, S.L.U.	30 June 2017	Villanueva de la Serrena II Retail Park	Carretera Don Benito, S/N, Villanueva de la Serena, Badajoz
Junction Parque Alameda, S.L.U.	5 December 2017	Alameda Shopping Centre	Calle Luis Buñuel 6, 18197, Pulianas - Granada
		San Pedro Del Pinatar Retail Park	UA-1 Local Level Plan (*Plan Parcial*) “Area 3e”, Manzana P-9, San Pedro del Pinatar (Murcia)
Junction Parque Habaneras, S.L.U.	9 May 2018	Habaneras Shopping Centre	Avenida Rosa Mazón Valero 7, Torrevieja, Alicante
Morzal Property Iberia S.L.U.	27 November 2018	Vallsur Shopping Centre	Paseo de Zorilla, Valladolid
		Los Arcos Shopping Centre	Avenida de Andalucia S/N, Seville
		Bahía Sur Shopping Centre	Avenida Caño Herrera S/N, San Fernando, Cádiz
		El Faro Shopping Centre	Avenida de Elvas S/N, Badajoz

(Thousands of euros)

g) Identification of assets taken into account when calculating the 80% referred to in Article 3.1 of this Act.

The assets taken into account when calculating the 80% referred to in Article 3.1 of the SOCIMI Act are the ones listed in the previous point.

h) Reserves from years in which the tax system provided for under the Act was applicable and which have been made use of (not for distribution or offsetting losses) during the tax period, with identification of the year from which the reserves originate.

Not applicable.

16. SUBSEQUENT EVENTS

On 13 November 2019, the Castellana Board of Directors agreed to pay out an interim dividend charged against profit/(loss) in the amount of €17,025 thousand, i.e. €0.1974 per share and a share premium distribution of €2,107 thousand, i.e. €0.0244 per share.

The following table details the provisional cash flow forecast that the Board of Directors prepared:

Profit/(loss)	19,893
Legal Reserve	(1,989)
Voluntary Reserve	(879)
Dividend charged against results	**17,025**
Share premium distribution	**2,107**
Total dividend to pay	**19,132**
Cash Resources	**20,745**

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

1. ORGANISATIONAL STRUCTURE AND OPERATION

Castellana Properties Socimi, S.A. (Castellana Properties) was incorporated in Spain on 19 May 2015 under the Spanish Capital Companies Act. Originally called Vinemont Investment, S.A., its name was changed to the current one on 30 May 2016.

On 15 September 2016 the Company informed the Tax Authorities that it wished to opt for application of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs).

On 25 July 2018, Castellana Properties listed 100% of its shares on the Spanish Alternative Stock Exchange (MAB).

During the financial year share capital increases have been carried out in the amount of €11 million, at a par value of €1 per share, with a related share premium of €65 million. Following these share capital increases, share capital rose to €86,271 thousand, represented by 86,271,047 shares.

As at 30 September 2019, the two shareholders with more than a 3% stake in the Share Capital of the Company are Vukile Properties Limited and Morze European Real Estate Ventures. As at 31 March 2019, the three shareholders with more than a 3% stake in the Share Capital of the Company were Vukile Properties Limited, Morze European Real Estate Ventures and Westbrooke Yield Plus, S.à r.l.

Castellana Properties focuses its business strategy on investment in high-quality rental assets with strong growth potential. The market value of this investment rose from €916 million at 31 March 2019 to €1,028 million at 30 September 2019.

Castellana Properties' Board of Directors conducts its business in accordance with the rules of good corporate governance set out primarily in the Company's Articles of Association, the General Shareholders' Meeting Regulations and the Board of Directors' Regulations.

The Board of Directors is the body that is responsible for overseeing and controlling the Company's business, with jurisdiction over matters such as the adoption of the Company's general policies and strategies, corporate governance and corporate social responsibility, and risk management and monitoring. It is at all times responsible for compliance with the requirements necessary to maintain the Company's status as a SOCIMI.

The Board of Directors has two committees, an Audit and Monitoring Committee and an Appointments and Remuneration Committee, whose essential purpose is to provide the Board of Directors with support in the performance of its duties relating to the supervision and control of the Company's day-to-day business.

2. BUSINESS PERFORMANCE AND PROFIT/(LOSS)

Since its first acquisition in 2016, the Company has engaged in several transactions for the acquisition of real estate assets which have led to retained earnings that on 30 September 2019 stood at €85 million on a consolidated basis.

The "net business turnover" figure from letting the acquired properties reached €44,411 thousand at 30 September 2019 (€13,404 thousand in the same period of 2018).

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

During the six-month period ended 30 September 2019, EBITDA stood at €39,923 thousand (€21,144 thousand in the same period in 2018). (EBITDA: Earnings before interest, taxes, depreciation and amortisation).

3. EPRA INFORMATION

In 2019 the Company became a member of the EPRA Association. The ratios defined in EPRA's recommended best practices are as follows:

EPRA indicators

	(6 months) 30/09/2019	(12 months) 31/03/2019
EPRA earnings	26,268	20,673
EPRA earnings per share	0.20	0.45
EPRA NAV	594,000	499,780
EPRA NAV per share	6.89	6.68
EPRA NNNAV	575,574	483,815
EPRA NNNAV per share	6.68	6.46
EPRA Net Initial Yield (NIY)	5.68%	5.53%
EPRA "Topped-up" NIY	5.91%	5.69%
EPRA Vacancy Ratio	1.29%	2.06%
EPRA Cost Ratio (Including vacancy cost)	16.06%	-
EPRA Cost Ratio (Excluding vacancy cost)	12.19%	-

EPRA Earnings and Earnings Per Share

	(6 months) 30/09/2019	(12 months) 31/03/2019
Earnings per IFRS	**33,847**	**46,489**
Adjustments to calculate EPRA, exclude:		
(i) Changes in value of investment properties	(7,579)	(25,816)
(ii) Negative differences on consolidation	-	-
EPRA earnings	**26,268**	**20,673**
EPRA earnings per share	**0.30**	**0.45**
Company specific adjustment	(8,600)	-
Company specific Adjusted Earnings	**17,668**	**20,673**
Company specific Adjusted EPS	**0.20**	**0.45**

EPRA Net Asset Value (NAV)

	30/09/2019	31/03/2019
NAV per the financial statements (*)	**589,897**	**497,049**
Effect of exercise of options, convertibles and other interests	-	-
Diluted NAV	**589,897**	**497,049**
Exclude:		
(iv) Fair value of financial instruments	3,709	2,346
(v.a) Deferred tax	394	385
EPRA NAV	**594,000**	**499,780**
EPRA NAV per share (in euros)	**6.89**	**6.68**

Triple NAV (NNNAV)

	30/09/2019	31/03/2019
EPRA NAV	**594,000**	**499,780**
Include:		
(i) Fair value of financial instruments	(3,709)	(2,346)
(ii) Fair value of debt	(14,323)	(13,234)
(iii) Deferred tax	(394)	(385)
EPRA NNNAV	**575,574**	**483,815**
EPRA NNNAV per share	**6.68**	**6.46**

			(6 months) 30/09/2019
EPRA YIELDS	**Offices**	**Retail**	**Total**
Investment property	26,310	1,002,090	1,028,400
Minus assets under refurbishment	-	(93,359)	(93,359)
Investment property completed	**26,310**	**908,731**	**935,041**
Estimated real estate asset transaction costs	526	18,175	18,701
Total property portfolio valuation (B)	**26,836**	**926,906**	**953,742**
Annual return on real estate investments	1,910	55,521	57,431
Operating costs associated with non-recoverable assets	(20)	(3,207)	(3,227)
Annualised net rent (A)	**1,890**	**52,314**	**54,204**
Temporary rental discounts or rent-free periods	-	2,119	2,119
Maximum net return on real estate investments (c)	**1,890**	**54,433**	**56,323**
EPRA NIY (A/B)	**7.04%**	**5.64%**	**5.68%**
EPRA "Topped-up" NIY (C/B)	**7.04%**	**5.87%**	**5.91%**

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

EPRA YIELDS	Offices	Retail	Total
			(12 months) 31/03/2019
Investment property	26,300	890,170	916,470
Minus assets under refurbishment	-	-	-
Investment property completed	**26,300**	**890,170**	**916,470**
Estimated real estate asset transaction costs	526	17,803	18,329
Total property portfolio valuation (B)	**26,826**	**907,973**	**934,799**
Annual return on real estate investments	1,872	51,282	53,154
Operating costs associated with non-recoverable assets	(11)	(1,467)	(1,478)
Annualised net rent (A)	**1,861**	**49,815**	**51,676**
Temporary rental discounts or rent-free periods	-	1,534	1,534
Maximum net return on real estate investments (c)	**1,861**	**51,349**	**53,210**
EPRA NIY (A/B)	**6.94%**	**5.49%**	**5.53%**
EPRA "Topped-up" NIY (C/B)	**6.94%**	**5.66%**	**5.69%**

VACANCY RATE	(6 months) 30/09/2019	(12 months) 31/03/2019
ERV of available spaces	872	1,160
Total ERV	67,503	56,183
EPRA Vacancy rate	**1.29%**	**2.06%**

COST RATIO	30/09/2019 (Thousands of Euros)
Include:	
Administrative and corporate costs	3,139
Non-recoverable operating costs	1,388
EPRA Cost Ratio (including direct vacancy costs)	**4,527**
Vacancy cost	(1,092)
EPRA Cost Ratio (excluding direct vacancy costs)	**3,435**
Gross Rent	**28,189**
EPRA Cost Ratio (including direct vacancy costs)	**16.06%**
EPRA Cost Ratio (excluding direct vacancy costs)	**12.19%**

CASTELLANA PROPERTIES

4. PERFORMANCE OF THE COMPANY'S SHARES

The Parent Company listed its shares on the Spanish Alternative Stock Exchange (MAB) on 25 July 2018. The shares were listed at €6.00 per share, closing at €6.80 per share on 30 September 2019.

5. TREASURY SHARES

Movements in treasury shares over the period have been as follows:

Description	30.09.19		31.03.19	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
Opening balance	**45,470**	**273**	**-**	**-**
Additions/purchases	800	6	50,790	305
Reductions	(3,445)	(21)	(5,320)	(32)
Closing balance	**42,825**	**258**	**45,470**	**273**

On 10 July 2018, Castellana Properties entered into a liquidity contract with Renta 4 Banco, S.A. with the aim of increasing liquidity and promoting stability in the listing of the Company's shares. This contract came into effect on 25 July 2018.

Shares owned by the Company itself at 30 September 2019 represented 0.05% of the Company's share capital and totalled 42,825 shares. The average cost of the Company's treasury shares was €6 per share.

These shares are registered, thus reducing the value of the Company's equity on 30 September 2019 by €258 thousand.

The Company has complied with the requirements of Article 509 of the Spanish Capital Companies Act, which establishes that the par value of acquired shares listed on official secondary markets, together with those already held by the Parent Company and its subsidiaries, must not exceed 10% of the share capital. The subsidiaries do not hold either treasury shares or shares in the Company.

6. DIVIDEND POLICY

SOCIMIs are governed by the special tax rules established under Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs (Spanish Real Estate Investment Trusts) are governed. They are required to distribute the profits they obtain over the course of the year to their shareholders in the form of dividends, after complying with the relevant corporate obligations. Distribution must be approved within the six months following the year end, in the following way:

a) 100% of the profits resulting from dividends or profit shares received from the companies referred to in Article 2.1 of this Act.

b) At least 50% of the profits earned from the transfer of the property, shares or ownership interests referred to in Article 2.1. of the Act, where this occurs after the deadlines referred to in Article 3.3 of the Act have expired, when the property, shares or interests are used to comply with the Company's primary corporate purpose. The remainder of these profits must be reinvested in other property or investments related to the performance of this corporate purpose within three years of the transfer date.

Otherwise, these profits must be distributed in full together with any profit earned, where applicable, in the year in which the reinvestment period expires. If the items in which the reinvestment has been made are transferred prior to the end of the holding period, profits must be distributed in full, together, where applicable, with the part of the profits attributable to the years in which the Company was not taxed under the special tax scheme provided for in the aforementioned Act.

c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month of the distribution agreement. When dividends are distributed with a charge to reserves originating from profits for a year in which the special tax rules were applied, the distribution must compulsorily be approved by means of the resolution referred to above.

The Company is required to allocate 10% of its profits for the year to the legal reserve until the balance held in this reserve amounts to 20% of its share capital. The balance of this reserve is not available for distribution to the shareholders until it exceeds the 20% limit. The articles of association of these companies may not establish any restricted reserve other than the foregoing.

7. RISK MANAGEMENT

Castellana Properties has a risk monitoring system in place that covers its operations and suitably matches its risk profile. Risk management policies are monitored by the Board of Directors.

The main risk to attaining the Company's objectives concerns compliance with the necessary legislative requirements to ensure it retains its SOCIMI status.

The risk monitoring system also includes the management of financial risk. The policies applied in order to hedge against each type of risk are detailed in the accompanying Notes.

Note 4 of these Notes gives details of the Group's risk management activities.

8. THE TEAM

The team of professionals who make up Castellana Properties is one of the Company's main strengths. Since its incorporation, the Company has selected the necessary personnel to develop its strategy and achieve its objectives.

Castellana Properties is a self-managed real estate investment group whose management team forms an integral part of its organisational structure.

This internal team works exclusively for the company and its shareholders on a full-time basis. The team comprises specialist professionals with extensive experience, a recognised track record in the real estate sector and a deep understanding of the market. This expert group of professionals is able to undertake highly complex investment operations over short periods of time and complete all aspects of the value creation process.

The Company is overseen by a Board of Directors, the broad majority of whom are independent directors, who combine skills in the real estate, financial and legal sectors. The Board is advised by an Appointments and Remuneration Committee and an Audit and Monitoring Committee that oversee compliance with the investment and profitability requirements established by the Company.

9. MAJOR EVENTS OCCURRING AFTER THE END OF THE PERIOD

Note 16 of the notes to these accounts details the events that have occurred between the end of the period and prior to the approval of these notes.

10. COMPANY PERFORMANCE FORECAST

During the second half of the year ending 31 March 2020, the Group will continue to pursue its investment strategy, which focuses on commercial properties in Spain.

The Group will also continue to actively manage its properties, focusing on improving leases expiring in 2020, as well as occupancy.

CASTELLANA PROPERTIES SOCIMI, S.A.

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

Pursuant to the requirements set out in Article 253 of the Spanish Capital Companies Act and Article 37 of the Spanish Commercial Code, on 13 November 2019 the Board of Directors of the Company Castellana Properties Socimi, S.A., hereby approves the condensed consolidated interim financial statements and the consolidated interim management report for the period between 1 April 2019 and 30 September 2019, which comprise the attached documents that precede this written submission.

Laurence Gary Rapp
Chairman

Alfonso Brunet
Board Member

Jorge Morán
Board Member

Michael John Potts
Board Member

Nigel George Payne
Board Member

Adam Lee Morze
Board Member

Guillermo Massó
Board Member

Debora Santamaría
Director

Laurence Cohen
Board Member

CASTELLANA PROPERTIES SOCIMI, S.A. BALANCE SHEET

	At 30 september 2019	At 31 March 2019
Assets		
Non-current assets		
Intangible assets	12	-
Property, plat and equipment	85	83
Investment property	84.497	23.053
Financial Investment in related companies	433.006	421.005
Other non-current financial assets	1.056	357
	518.656	**444.498**
Current Assets		
Trade receivables for sales and services	80	101
Trade receivables from related companies	1.144	1.091
Other receivables from Public Administrations	551	1.216
Other financial assets	19.699	9.274
Short-term accruals	24	39
Cash and cash equivalents	21.091	615
	42.589	**12.336**
Total assets	**561.245**	**456.834**

	At 30 september 2019	At 31 March 2019
Equity and liabilities		
Equity		
Share capital	86.271	74.894
Share premium	417.609	360.436
Legal reserve	3.045	148
Other reserves	(4.793)	(4.742)
Treasury shares	(258)	(273)
Interim dividend	-	(17.916)
Profit/(loss) for the year	19.893	28.962
	521.767	**441.509**
Liabilities		
Non-current liabilities		
Bank borrowings	21.635	-
Short-term payables to related companies	11.702	11.676
Other non-current financial liabilities	1.666	294

	35.003	**11.970**
Current liabilities		
Short-term payables to related companies	1.995	65
Other financial liabilities	1.009	-
Trade and other payables	1.193	3.041
Other amounts payable to Public Administrations	278	199
Short-term provisions	-	50
Total current liabilities	**4.475**	**3.355**
Total liabilities	**39.478**	**15.325**
Total equity and liabilities	**561.245**	**456.834**

CASTELLANA PROPERTIES SOCIMI, S.A. INCOME STATEMENT

	Six-Months Period ended 30 September 2019	Six-Months Period ended 30 September 2018
Continued operations		
Provision of services	4.673	2.111
Staff costs	(2.159)	(1.100)
Other operating expenses	(1.483)	(634)
Amortisations	(243)	(128)
Reversion of impairment of the assets	-	538
OPERATING PROFIT/(LOSS)	**788**	**787**
Financial Income		
Of participations in related companies	19.699	12.388
Financial Expenses	(594)	(174)
NET FINANCIAL INCOME/(EXPENSE)	**19.105**	**12.214**
PROFIT/(LOSS) BEFORE TAX	**19.893**	**13.001**
Income tax	-	-
PROFIT/(LOSS) OF THE PERIOD	**19.893**	**13.001**