

Castellana Properties Socimi, S.A. and subsidiaries

Independent auditor's report on the consolidated annual accounts for the year-ended
March 31, 2020



This version of our report is a free translation of 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.

Independent auditor's report consolidated annual accounts

To the shareholders of Castellana Properties Socimi, S.A.:

Opinion

We have audited the consolidated annual accounts of Castellana Properties SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at March 31, 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at March 31, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Most relevant aspects of the the audit

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

Most relevant aspects of the audit

How our audit addressed the most relevant aspects of the audit

Valuation of Investment Property

Investment properties make up 94% of the Group's assets. As described in Note 3.3, the Group applies the fair value model in accordance with IAS 40 and has recognised a negative change in fair value of investment property amounting to €23,355 thousand in the consolidated income statement for 2020, as described in Note 6. Total Investment property recognised in non-current assets on the consolidated balance sheet totals €1,003,490 thousand at 31 March 2020.

The Group recognises the market value of investment property based independent expert valuations. Valuations are performed in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain and in accordance with the International Valuation Standards (IVS) published by the International Standards Valuation Committee, whose methodology is described in notes 2.3 and 6 to the accompanying consolidated annual accounts.

In calculating the values, the Group considers specific factors such as the lease contracts signed. Similarly, they apply certain assumptions with respect to variables such as discount rates, estimated market rent in order to arrive at a final valuation.

The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties.

For the acquisition of Investment Properties, we verified the key supporting documentation, such as contracts or sale-purchase deeds or other documents affecting the price.

Additionally, we have obtained the valuation of investment properties carried out by independent experts on which we performed the following procedures, among others:

- Verification of the expert's competence, capacity and independence by obtaining confirmation and corroborating its professional standing in the market.
- Verifying that the valuations were performed according to accepted methodology.
- Discussion of the principal key assumptions of the valuation through sundry meetings with the expert valuer and management.
- Performing selective tests to verify the accuracy of the most relevant data provided by Management to the valuer and used by it in the valuations.
- Evaluation of consistency of the main assumptions used factoring in existing market conditions.

We considered the adequacy of the disclosures made in note 6 in the consolidated annual accounts. This note explain that there is significant estimation uncertainty in relation to the valuation of investment properties. We discussed with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the statement of financial position and disclosures made in the consolidated annual accounts was appropriate.

The significance of the estimates and judgements involved in these valuations,



Castellana Properties Socimi, S.A. and subsidiaries

coupled with the fact that a minor difference in percentage terms in the valuation of a property could result in a material figure, means that the valuation of investment properties is considered a most relevant aspect of the audit.

Additionally, we assessed the sufficiency of the information disclosed in the consolidated annual accounts.

As a result, we consider that Management's approach is reasonable and supported by the available evidence.

Otra información: Consolidated management report

Other information comprises only the consolidated management report for the 2020 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit and risk committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent Company's audit and risk committee is responsible for supervising the process of preparing and presenting the consolidated annual accounts.



Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent Company's audit and risk committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with



Castellana Properties Socimi, S.A. and subsidiaries

the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the significant risks communicated with the Parent Company's audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

From the matters communicated with the Parent company's audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish by
Rafael Pérez Guerra (20738)

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts for the financial year ending 31 March 2020 and
Consolidated Management Report for the 2020 financial year.

CONTENTS TO THE NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Consolidated Balance Sheet

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Cash flow Statement

Notes to the consolidated annual accounts

- 1. Activities and general information**
- 2. Basis of presentation of the Consolidated Annual Accounts**
- 3. Accounting policies**
- 4. Risk management**
- 5. Segment reporting**
- 6. Investment property**
- 7. Analysis of financial instruments**
- 8. Loans and receivables**
- 9. Cash and cash equivalents**
- 10. Shareholders' funds**
- 11. Reserves and retained earnings**
- 12. Creditors and payables**
- 13. Derivative financial instruments**
- 14. Income tax and tax situation**
- 15. Income and expenses**
- 16. Financial income**
- 17. Provisions and contingencies**
- 18. Parent company directors' remuneration, shareholdings and balances**
- 19. Related-party transactions and balances**
- 20. SOCIMI reporting requirements, Law 11/2009, as amended by Law 16/2012**
- 21. Audit fees**
- 22. Events after the reporting period**

Consolidated Management Report

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Thousands of euros)

ASSETS	Note	Thousands of euros	
		31 March 2020	31 March 2019
Assets			
Non-current assets			
Intangible assets		21	-
Property, plant and equipment		119	83
Investment property	6	1,003,490	916,470
Other non-current financial assets	7 and 18	6,970	5,982
Deferred tax assets	14	-	52
		1,010,600	922,587
Current assets			
Trade receivables for sales and services	7 y 8	1,943	2,714
Trade receivables, related companies	7 and 19	44	44
Other accounts receivable from Public Administrations	14	177	1,714
Short-term prepayments and accrued income		912	168
Cash and cash equivalents	9	49,058	29,722
		52,134	34,362
Total assets		1,062,734	956,949

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES



CONSOLIDATED BALANCE SHEET

(Thousands of euros)

EQUITY AND LIABILITIES	Note	Thousands of euros	
		31 March 2020	31 March 2019
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company			
Share capital	10	86,271	74,894
Share premium	10	400,568	360,436
Legal reserve	11	3,044	148
Other reserves	11	10,042	(4,742)
Treasury shares	11	(228)	(273)
Retained earnings	11	57,886	40,359
Interim dividend	11	(17,025)	(17,916)
Other equity instruments	18	1,000	-
Profit/(loss) for the year	11	17,162	46,489
Measurement adjustments	13	(2,620)	(2,346)
		556,100	497,049
Liabilities			
Non-current liabilities			
Bank borrowings	7 and 12	477,386	437,115
Derivative financial instruments	7 and 13	2,620	2,346
Deferred tax liabilities	14	437	437
Other non-current financial liabilities	7 and 12	13,161	11,686
		493,604	451,584
Current liabilities			
Bank borrowings	7 and 12	3,469	144
Short-term payables to related companies	7 and 19	332	1,750
Trade and other payables	7 and 12	6,530	3,915
Trade payables, related companies	7 and 19	11	-
Other liabilities	7 and 12	1,308	1,008
Other accounts payable to Public Administrations	14	1,380	1,499
		13,030	8,316
Total liabilities		506,634	459,900
Total equity and liabilities		1,062,734	956,949

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(Thousands of euros)



Thousands of euros			
	Note	Financial year ended on 31 March 2020	Financial year ended on 31 March 2019
Continuing operations			
Provision of services	15	79,753	42,403
Changes in fair value of investment property	6	(23,355)	25,816
Staff costs	15	(4,684)	(2,695)
Other operating expenses	15	(22,149)	(11,683)
Other profit/(loss)		70	36
OPERATING PROFIT/(LOSS)		29,635	53,877
Financial expenses	16	(12,473)	(7,388)
NET FINANCIAL INCOME/(EXPENSE)		(12,473)	(7,388)
PROFIT/(LOSS) BEFORE TAX		17,162	46,489
Income tax	14	-	-
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		17,162	46,489
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Basic and diluted earnings per share	10	0.21	1.00

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

	Note	Thousands of euros	
		Financial year ended on 31 March 2020	Financial year ended on 31 March 2019
Profit for the year	11	17,162	46,489
Other comprehensive income			
<i>Items that may be reclassified to profit/(loss)</i>			
Other profit/(loss)			
<i>Items that will not be reclassified to profit/(loss)</i>			
Cash flow hedges	11	(274)	(2,136)
Other comprehensive income for the year, after tax			
Total comprehensive income for the year		16,888	44,353

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of euros)

	Share capital (Note 10)	Share premium (Note 10)	Legal reserve (Note 11)	Other reserves (Note 11)	Treasury shares (Note 10)	Retained earnings (Note 11)	Profit/(loss) for the year (Note 11)	Interim dividend (Note 11)	Other equity instruments (Note 18)	Measurement adjustments (Note 13)	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	-	-	-	-	-	-	46,489	-	-	-	46,489
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	(2,136)	(2,136)
Total comprehensive income for the period	-	-	-	-	-	-	46,489	-	-	(2,136)	44,353
Distribution of prior year profit/(loss)	-	-	133	-	-	5,316	(6,651)	-	-	-	(1,202)
Share capital increase	48,596	242,338	-	(13,293)	-	12,295	-	-	-	-	289,936
Dividend distribution	-	(734)	-	-	-	-	-	(17,916)	-	-	(18,650)
Treasury share transactions	-	-	-	3	(273)	-	-	-	-	-	(270)
Other changes	-	-	-	-	-	37	-	-	-	-	37
Total transactions with owners, recognised directly in equity	48,596	241,604	133	(13,290)	(273)	17,648	(6,651)	(17,916)	-	-	269,851
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	-	-	-	-	-	-	17,162	-	-	-	17,162
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	(274)	(274)
Total comprehensive income for the period	-	-	-	-	-	-	17,162	-	-	(274)	16,888
Distribution of prior year profit/(loss)	-	-	2,896	-	-	17,527	(46,489)	26,066	-	-	-
Share capital increase	11,377	64,623	-	(157)	-	-	-	-	-	-	75,843
Dividend distribution	-	(9,557)	-	-	-	-	-	(25,175)	-	-	(34,732)
Treasury share transactions	-	-	-	7	45	-	-	-	-	-	52
Other changes	-	(14,934)	-	14,934	-	-	-	-	1,000	-	1,000
Total transactions with owners, recognised directly in equity	11,377	40,132	2,896	14,784	45	17,527	(46,489)	891	1,000	-	42,163
BALANCE AT 31 MARCH 2020	86,271	400,568	3,044	10,042	(228)	57,886	17,162	(17,025)	1,000	(2,620)	556,100

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES



CONSOLIDATED CASH FLOW STATEMENT

(Thousands of euros)

	Note	Thousands of euros	
		Financial year ended on 31 March 2020	Financial year ended on 31 March 2019
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax profit/(loss) for the year	15	17,162	46,489
Adjustments to profit/(loss)		36,761	(19,272)
Fixed asset depreciation		12	8
Changes in fair value of investment property	6	23,355	(25,816)
Change in provisions		869	(853)
Financial expenses		12,473	7,389
Other income and expenses		52	-
Changes in working capital		3,224	7,919
Trade and other receivables	7	3,480	(1,408)
Other current assets	7	(744)	(168)
Trade and other payables	12	731	5,317
Other current liabilities		(730)	339
Other non-current assets and liabilities		487	3,839
Cash flows from operating activities		57,147	35,136
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		(110,443)	(91,754)
Intangible assets		(23)	-
Property, plant and equipment		(45)	(32)
Investment property	6	(110,375)	(91,722)
Cash flows from investing activities		(110,443)	(91,754)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments on equity instruments		75,894	43,370
Issuance of equity instruments	10	75,849	43,643
Acquisition of own equity instruments	10	(5)	(273)
Disposal of equity instruments		50	-
Receipts/(payments) on financial liability instruments	12	31,470	46,221
Receipts on financial borrowings		40,843	51,475
Interest payments		(9,373)	(5,176)
Other borrowings		-	(78)
Dividend payments and return on other equity instruments:		(34,732)	(19,277)
Dividends	11	(34,732)	(19,277)
Cash flows from financing activities		72,632	70,314
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		19,336	13,696
Cash and cash equivalents at the start of the year		29,722	16,026
Cash and cash equivalents at the year end		49,058	29,722

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

1. ACTIVITIES AND GENERAL INFORMATION

Castellana Properties Socimi, S.A. (hereinafter, the Company) was incorporated on 19 May 2015 under the Spanish 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, 28010 – No. 3, 1º dcha, 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 Value Added Tax Law 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 Law 11, dated 26 October 2009.
- The ownership of shares or interests in Collective Real Estate Investment Institutions governed by Spanish Collective Investment Institutions Law 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 the Group companies' financial year end to 31 March 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 Consolidated Annual Accounts were prepared by the parent company's board of directors on 18 June 2020. The directors of the parent company will present these Consolidated Annual Accounts at the General Shareholders' Meeting, where they are expected to be approved without any changes.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

a) Regulatory regime

The Company is regulated under the Spanish Companies Act.

In addition, on 15 September 2016 the Company informed the tax authorities that it wished to avail itself of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs) and is therefore subject to Law 11 of 26 October 2009, as amended by Law 16 of 27 December 2012 on SOCIMIs. Article 3 of Law 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 2.1 of the aforementioned Law.
- ii) At least 80% of the income for 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 pursue 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. The calculation of this term will include the time that the properties have been offered for lease, up to a maximum of one year.

Transitional Provision One of the SOCIMI Law allows for application of the SOCIMI tax rules under the terms set out in Article 8 of the SOCIMI Law, 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 will be met.

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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

b) Subsidiaries

The parent company is the parent of a Group of subsidiaries, of which the main details at 31 March 2020 are the following:

Company	Registered address	Corporate purpose	Shareholding %	Date control was acquired
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 shares 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 was treated and defined as a property investment, as it does not conform to the business definition established in IFRS 3.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

On 5 December 2017, the Company acquired two properties via its subsidiary, Junction Parque Alameda, S.L.U. (previously named 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) through its subsidiary, Junction Parque Habaneras, S.L.U. (previously named Socatena Servicios y Gestiones, S.L.).

Business combinations

On 27 November 2018, through 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 Property Fund 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 carried out in the amount of €39,000 thousand, at a par value of €1 per share and a share premium of €195,000 thousand, i.e. €5 per share. This company 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
<u>Purchase consideration:</u>	
Shares issued	39,000
Share premium on share issue	195,000
Consolidated reserves	12,295
	246,295
<u>Assets and liabilities recognised as a result of the acquisition:</u>	
Investment property	491,700
Cash and banks	12,235
Other long-term assets	3,141
Trade receivables	1,529
Other short-term assets	122
Bank borrowings	(249,921)
Other long-term liabilities	(6,635)
Trade payables	(5,233)
Other payables	(340)
Taxes payable	(303)
	246,295

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

The main accounting policies adopted in the preparation of these Consolidated Annual Accounts are described below. These policies have been applied consistently to all the periods shown, unless otherwise stated.

2.1. Basis of presentation

For the periods shown in these Consolidated Annual Accounts, the Group has prepared the accounts for the individual companies in accordance with current Spanish Company Law and the Spanish Chart of Accounts approved by Royal Decree 1514/2007, as amended by Royal Decrees 1159/2010 and 602/2016, for the purposes of providing a true and fair view of the equity, financial position and profit/(loss) of each of the companies that form part of the Group.

The accompanying Consolidated Annual Accounts have been prepared by the directors of the parent company in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union (collectively, IFRS-EU), pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council and successive amendments.

The preparation of these Consolidated Annual Accounts 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 Consolidated Annual Accounts.

The Consolidated Annual Accounts have been prepared on a historical cost basis and adjusted as the result of the restatement of investment properties, financial assets and financial liabilities (including financial derivatives) at fair value through profit/(loss) or through equity.

The figures in these Annual Accounts are presented in thousands of euros, the euro being the Company's presentation and functional currency.

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

- a) Standards, amendments and mandatory interpretations for financial years commencing on or after 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

- 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 defined 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 on or after 1 January 2019, 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 when 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

- IAS 1 (Amendment) and IAS 8 (Amendment) “Definition of material”: These amendments clarify the definition of “material”. In addition to omitted or misstated items that may influence decisions by users, the concept of “obscure” information is included. The amendments make IFRS more coherent but are not expected to have a material impact on the preparation of the financial statements.

They will apply in financial years beginning on or after 1 January 2020, although early adoption is permitted.

- IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) “Interest rate benchmark reform”: These amendments provide certain exemptions relating to the reform of the benchmark interest rate (IBOR). The exemptions relate to hedge accounting and entail that the reform of the IBOR must not generally cause hedge accounting to be discontinued. However, any hedge ineffectiveness must continue to be recognised in the income statement.

The amendments will apply in financial years beginning on or after 1 January 2020, although early adoption is permitted.

The amendments will apply in financial years beginning on or after 1 January 2020, although early adoption is permitted.

- IFRS 3 (Amendment) “Definition of a business”: These amendments will help to determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Besides the changes to the wording of the definition, additional guidelines are included. In order to be regarded as a business, an acquisition must include inputs and a process which together significantly contribute to creating outputs. The new guidelines provide a framework for assessment when both components are present (even for early-stage entities that have not started generating outputs). If there is no output, it is a business only if it includes an organised workforce.

These amendments will apply to business combinations acquired as from the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions occurring as from the start of that year. Early adoption is permitted.

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 were authorised for issue, 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 associate/joint venture”.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

- IFRS 17 “Insurance contracts”
- IAS 1 (Amendment) and IAS 8 (Amendment) “Definition of material”

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

2.3. Critical measurement issues and estimates of uncertainty.

The preparation of these Consolidated Annual Accounts 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 in the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates, by definition, will rarely match actual results. The adjustments made when the estimates are regularised will be prospective.

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 following financial year are explained 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 assesses each property's 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. Current prices in an active marketplace of different kinds of properties in varying states of repair and different locations, adjusted to reflect differences with respect to the Company's own assets.
- ii. Recent prices paid for properties in other, less active marketplaces, adjusted to reflect changes in economic conditions since the transaction date.
- iii. Discounted 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 time.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded on an active market (for example, off-exchange derivatives) is determined using valuation techniques. The Group uses judgement to select a variety of methods and makes assumptions 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 by Law 11 of 26 October 2009 on Spanish Real Estate Investment Trusts (SOCIMIs) which, in practice, means that the parent company is subject to a Corporate Income Tax rate of 0%, provided certain requirements are met (Note 1).

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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

In this regard, the directors consider that the necessary requirements will be met within the established terms and periods and they have therefore not recognised any income or expense in respect of corporate income tax.

Notwithstanding the fact that the estimation criteria are based on reasonable assessments and objective methods of analysis, it is possible that future events may make it necessary to adjust such estimates (upwards or downwards) in future periods; where necessary and pursuant to IAS 8, the change of estimate will be recognised 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 in subsidiaries without a change of control

Transactions involving non-controlling shareholdings that do not result in a loss of control are carried 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 taken to equity. Any gains or losses resulting from the disposal of non-controlling shareholdings are taken to equity.

(c) Disposal of subsidiaries

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

2.5. Segment reporting

Information on business segments is reported on the basis of the internal information supplied to the ultimate decision-making authority. The investments committee has been identified as the ultimate decision-making authority, 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 by the Board of Directors (Note 5).

2.6. Dividend distribution

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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

The parent company falls into the special category of SOCIMI (Spanish Real Estate Investment Trust Status) and is thus governed by the special tax rules laid down in Law 11 of 26 October 2009, as amended by Law 16 of 27 December 2012 on SOCIMIs.

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 legal 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 shares of profits received from the companies referred to in Article 2.1 of this Law.
- 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 Law, where this occurs after the deadlines referred to in Article 3.3 of the Law have expired, when the property, shares or interests are used to pursue the Company's primary corporate purpose. The remainder of these profits must be reinvested in other property or investments related to the pursuit of this corporate purpose within three years of the transfer date. Otherwise, the profits must be distributed in full together with any profits for 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 subject to the special tax scheme provided for in the aforementioned Law.
- c) At least 80% of the remaining profits obtained.

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

2.7. Comparability

As required under the International Financial Reporting Standards adopted by the European Union, the information contained in these Consolidated Annual Accounts for the financial year ended 31 March 2020 is presented, for comparative purposes, together with the information relating to the financial year ended on 31 March 2019.

2.8. Going concern basis

These Consolidated Annual Accounts 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. ACCOUNTING POLICIES

3.1. Intangible assets

Computer software

Software licences acquired from third parties are capitalised based on the costs incurred to acquire the specific program and prepare it for use. These costs are amortised over the estimated useful life.

Software maintenance costs are expensed when incurred. Costs directly related to the production of unique and identifiable software controlled by the Company and likely to have economic benefits over more than one year are accounted for as intangible assets. Direct costs include software development staff costs and a suitable percentage of general overheads.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

3.2. Property, plant and equipment

Property, plant and equipment are recognised at acquisition price or production cost, less accumulated depreciation and any accumulated impairment 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 asset's cost may be reliably measured. Recurring maintenance costs are charged to the income statement for the period in which they are incurred.

Depreciation of property, plant and equipment (except for land, which is not depreciated) is systematically calculated using the straight-line method over the estimated useful life, taking into account actual depreciation caused by wear and tear. Estimated useful lives are as follows:

	<u>Depreciation rate (%)</u>
Other facilities	10%
Furniture	10%
Data-processing equipment	25%

The useful life of all fixed assets is reviewed and, where applicable, adjusted at each balance sheet date.

When the carrying amount of a fixed asset is higher than its estimated recoverable value, the carrying amount is immediately written down to recoverable value (Note 3.4).

3.3. Investment property

Property that is held in order to obtain long-term income 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 buildings 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. Following initial recognition, investment property is accounted for at fair value.

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

The fair value of investment property reflects, inter alia, future lease income and other assumptions that market players would take into account when valuing the property under current market conditions. The 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 economic benefits associated with the expenditure will flow to the Group and the asset's cost may be reliably measured. Other repair and maintenance expenses are taken to the income statement when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is written off.

Any fair value changes are taken to 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 or loss from the fair value adjustment to investment property.

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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 carrying amount of the property is taken to the income statement insofar as it reverses a previous loss due to impairment. Any remaining increase is recognised in other comprehensive income, directly increasing equity in the revaluation reserve. Any resulting fall in the carrying amount of the property is initially recognised in other comprehensive income against any previously recorded revaluation reserve, and any remaining fall in value is taken to the income statement.

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

3.4. Impairment losses on non-financial assets

Assets subject to depreciation are reviewed for impairment whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable value. Recoverable value is the higher of the asset's fair value less costs to sell and value in use. 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 are reviewed for possible reversal on each financial reporting date.

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

3.5. Financial assets

Loans and receivables

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

These financial assets are initially recognised at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost. Accrued interest is recognised applying the effective interest rate, which is understood to be the discount rate that brings the instrument's carrying amount into line with all estimated cash flows through to maturity. This notwithstanding, trade receivables that fall due within less than one year are carried at face value at both initial recognition and subsequent measurement, provided the effect of not discounting cash flows is immaterial.

At the year end at least, the necessary impairment adjustments are made where there is objective evidence that all receivables will not be collected.

Impairment losses are calculated as the difference between the carrying amount of the asset in question and the present value of estimated future cash flows, discounted at the effective interest rate at the initial recognition date. Measurement adjustments and any reversals are taken to the income statement.

3.6. 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 12 months after the balance sheet date.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

These payables are initially recognised at fair value, adjusted for directly attributable transaction costs, including any related financing fees, and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with expected future payment flows to the maturity of the liability.

Nonetheless, trade payables that are due within less than one year and do not have a contractually agreed interest rate are carried at face value both at initial recognition and subsequent measurement, provided the effect of not discounting cash flows is immaterial.

Borrowings

Borrowings are initially recognised at fair value less any transaction costs incurred. Subsequently, borrowings are measured at amortised cost: any difference between the proceeds obtained (net of the costs required to obtain them) and the repayment value is taken to the income statement over the life of the borrowings using the effective interest method.

3.7. Financial derivatives and hedge accounting

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

Hedging instruments are measured and recognised by nature where they are not or are no longer effective hedges.

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

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

At inception, the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objectives and hedging strategy. The Group also documents its evaluation, both at inception and continuously thereafter, of 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 included in 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 carried 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. Any gain or loss on the ineffective portion is taken immediately to 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 portion of interest rate swaps used to hedge loans at variable rates are taken to the income statement under "financial income/expenses". However, when the hedged forecast transaction results in the recognition 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 value of the asset's cost. The deferred amounts are definitively included in the cost of the assets sold, in the case of inventories, or in depreciation, in the case of property, plant and equipment.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 recognised when the forecast transaction is finally taken to 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”.

3.8. 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.

3.9. Cash and cash equivalents

Cash and cash equivalents includes petty cash, bank demand deposits, other short-term highly-liquid investments with original maturities of three months or less, and bank overdrafts.

3.10. Share capital

Share capital is made up of ordinary shares.

The costs of issuing new shares or options are recognised 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, reissued or sold. When treasury shares are subsequently sold or reissued, any amount received is taken 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, by the weighted average number of ordinary shares outstanding during the year, adjusted for incentives settled 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 expenses associated with potential ordinary shares with dilutive effects and the weighted average number of additional ordinary shares that would have been outstanding had all the potentially dilutive ordinary shares been converted.

3.11. 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 Law 11 of 26 October 2009, as amended by Law 16 of 27 December 2012, the Company will be subject to a special rate of 19% on the overall sum of the dividends or shares of profits received by shareholders whose interest in the Company's share capital is equal to or greater than 5%, when those dividends, in the possession of its shareholders, are exempt 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 Law).

However, that special rate will not apply when the dividends or shares of profits 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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 shares of profits at a rate of at least 10%.

For each Group company that does not come under the aforementioned tax rules, income tax expense (income) is the amount of tax that accrues during the financial year and comprises both current tax and deferred tax.

Both current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of to entries that are taken directly to equity is carried in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in line with legislation in force or approved and pending publication at the year end.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts. However, deferred taxes are not recognised if they arise from the initial recognition of an asset or liability in a transaction that is not a combination of businesses which, at the time of the transaction, does not affect the accounting result or the tax base. Deferred tax is determined by applying tax legislation and tax rates approved or about to be approved at the balance sheet date, and that are expected to be applied when the relevant deferred tax asset is realised or deferred tax liability is paid.

Deferred tax assets are only recognised to the extent that it is probable that the Company will earn future taxable profits that will allow these temporary differences to be offset.

3.12. Leases

When the Group is the lessee - Operating lease

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

When the Group is the lessor

Properties let out under operating leases are included in investment property on the balance sheet. Income earned from the leasing of property is recognised on a straight-line basis over the lease term (Note 3.15).

3.13. Long-term incentive plans

According to the Spanish Alternative Stock Market admission prospectus, executive directors' remuneration may include long-term incentive plans consisting 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.

The Board of Directors, has approved on 25th July 2019 the proposal of a long-term share-based incentive to the General Shareholders' Meeting. This plan will be in effect for nine years and the right to receive shares as an incentive will accrue when the conditions set out in the plan are met for each calculation period. The first cycle comprises the period from 1 April 2019 to 31 March 2022 (see Note 18).

3.14. Provisions and contingent liabilities

Provisions are set aside: when the Group has a present legal or constructive 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

Provisions are valued at the present value of 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. Adjustments to provisions as the result of their restatement are expensed as they accrue.

Provisions that mature in one year or less and have no material 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 recorded as an independent asset, provided that its receipt is practically certain.

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

3.15. 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 in the ordinary course of the Group's activities, less returns, discounts, rebates and VAT.

Provision of services

The Group provides leasing services. Revenue received from the leasing of properties is recognised on an accrual basis and profits are distributed on a straight-line basis with regard to incentives and the initial costs of the lease agreements. When the Group offers incentives to its tenants, the cost of the incentive is recognised during the lease term on a straight-line basis as a reduction in rental income. The costs associated with each lease payment are expensed.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group writes the carrying amount down 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 discounted as interest income.

3.16. Related-party transactions

Generally speaking, transactions between related parties are initially recognised at fair value. Where applicable, if the agreed price differs from fair value, this difference will be recognised based on the economic reality of the transaction. It will subsequently be measured in accordance with the provisions set out in the relevant standards.

4. 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 overall 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 cash surpluses:

4.1. Financial risk management

a) Market risk

The Group's interest rate risk relates to borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. At 31 March 2020, circa 35.84% (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 subject to 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 assessment time frame: The time frame for the analysis and any potential departures will be taken into account.

Based on the simulations carried out, the maximum recalculated impact that a 1% interest rate fluctuation would have on profit after tax would be a €1,682 thousand increase or a €1,560 thousand reduction in financial expenses. 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 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 1.8% and 1.9% and variable interest rates vary between 1.5% and 2%.

b) Credit risk

Credit risk is managed at Group level. The Group defines its policy for managing and analysing credit risk relating to new customers before offering them the ordinary 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 sundry 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 set on the basis of internal and external ratings, in accordance with the limits stipulated 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:

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



Description	Thousands of euros	
	31.03.2020	31.03.2019
Current assets net of impairment provisions		
Trade and other receivables (Notes 7 and 8)	1,987	2,758
Cash and cash equivalents (Note 9)	49,058	29,722
	51,045	32,480

The fair value of “Cash and cash equivalents” approximates the carrying amount shown in the above table.

c) Liquidity risk

Cash flow forecasts are made by the Group's Finance Department. This department monitors 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 does not breach its financial obligations. These forecasts take account of the Group's financing plans, ratio compliance, fulfilment of internal objectives and, where applicable, any regulatory or legal requirements.

The periods over which the Company's bank borrowings mature in nominal terms are shown in the following table:

Description	Thousands of euros			
	31.03.2020		31.03.2019	
	Non-current	Current	Non-current	Current
March 2020	-	-	-	144
March 2021	-	3,333	2,508	-
March 2022	46,012	-	45,204	-
March 2023	40,439	-	39,000	-
March 2024	66,688	-	65,307	-
> March 2025	337,358	-	298,330	-
	490,497	3,333	450,349	144

The cash surplus maintained by the Group is usually deposited in current accounts that bear interest at market rates. On the balance sheet date, the Group records cash totalling €49,058 thousand (€29,722 thousand at 31 March 2019).

At 31 March 2020, the Company's working capital amounts to €39,104 thousand (€26,046 thousand at 31 March 2019).

d) Tax risk

As mentioned in Note 1, the parent company has applied the special tax scheme for Spanish Listed Real Estate Investment Trusts (SOCIMIs). Pursuant to the contents of Article 6 of Law 11 of 26 October 2009, as amended by the SOCIMI Law 16 of 27 December 2012, companies that have applied this scheme are required to distribute the profits they obtain over the course of the year to their shareholders in the form of dividends, after fulfilling the relevant corporate obligations. Distribution

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

must be approved within the six months following the year end and paid within one month of the date of the distribution resolution (see Note 11).

If the General Shareholders' Meeting does not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements of the said Law, they will be in breach of the Law 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 the parent company's shares, the appropriate financing of investments and a reduction in debt levels. Financial leverage ratios, calculated as: (Net borrowings at amortised cost / (Net borrowings at amortised cost + equity)) at 31 March 2020 and 31 March 2019 were as follows:

Description	Thousands of euros	
	31.03.2020	31.03.2019
Net borrowings (Notes 7 and 12)	431,797	407,537
Equity (Notes 10 and 11)	556,100	497,049
Leveraging	43.71%	45.05%

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

Leverage ratios on real estate investments, calculated as borrowings at amortised cost over the fair value of investment property at 31 March 2020 and 31 March 2019 were 43% and 45% respectively, and the Group aims is to keep these ratios at between 40% and 50%.

4.3. Estimation of fair value of financial instruments

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 and 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 not based on observable market input (i.e. unobservable inputs) (Level 3).

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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.

31 March 2020		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	-	(2,620)	-	(2,620)	(2,620)
Total liabilities	-	(2,620)	-	(2,620)	(2,620)

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 payables					
Interest rate hedging derivatives	-	(2,346)	-	(2,346)	(2,346)
Total liabilities	-	(2,346)	-	(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 year, no transfers between levels occurred.

4.4. Offset of financial assets and liabilities

The Group's only financial assets and liabilities are, respectively, security deposits with official bodies and security 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, so they have not been offset.

5. SEGMENT REPORTING

The Investments Committee, 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



Segment information for these activities at 31 March 2020 and 31 March 2019 is as follows:

2020	Thousands of euros				
	Description	Retail	Offices	Corporate	Total
	Provision of services	77,561	2,190	2	79,753
	Changes in fair value of investment property	(23,425)	70	-	(23,355)
	Staff costs	-	-	(4,684)	(4,684)
	Other operating expenses	(19,369)	(284)	(2,496)	(22,149)
	Other profit/(loss)	-	-	70	70
	Operating profit/(loss)	34,767	1,976	(7,108)	29,635
	Financial expenses	(12,475)	-	2	(12,473)
	Financial income/(expense)	(12,475)	-	2	(12,473)
	Profit/(loss) before tax	22,292	1,976	(7,106)	17,162
	Income tax	-	-	-	-
	Profit/(loss) for the period	22,292	1,976	(7,106)	17,162

2019	Thousands of euros				
	Description	Retail	Offices	Corporate	Total
	Provision of services	39,555	2,848	-	42,403
	Changes in fair value of investment property	25,266	550	-	25,816
	Staff costs	-	-	(2,695)	(2,695)
	Other operating expenses	(9,482)	(411)	(1,790)	(11,683)
	Other profit/(loss)	-	-	36	36
	Operating profit/(loss)	55,339	2,987	(4,449)	53,877
	Financial expenses	(7,388)	-	-	(7,388)
	Financial income/(expense)	(7,388)	-	-	(7,388)
	Profit/(loss) before tax	47,951	2,987	(4,449)	46,489
	Income tax	-	-	-	-
	Profit/(loss) for the period	47,951	2,987	(4,449)	46,489

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

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 financial statements. These assets and liabilities are assigned on the basis of segment activities.

2020	Description	Thousands of euros			
		Retail	Offices	Corporate	Total
	Investment property	977,120	26,370	-	1,003,490
	Other non-current assets	6,642	294	174	7,110
	Non-current assets	983,762	26,664	174	1,010,600
	Trade and other receivables	1,943	-	221	2,164
	Other current assets	49,590	-	380	49,970
	Current assets	51,533	-	601	52,134
	Total assets	1,035,295	26,664	775	1,062,734
	Bank borrowings	477,386	-	-	477,386
	Other non-current liabilities	15,924	294	-	16,218
	Non-current liabilities	493,310	294	-	493,604
	Current liabilities	8,655	409	3,966	13,030
	Total liabilities	501,965	703	3,966	506,634
2019	Description	Thousands of euros			
		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	652	-	29,890
	Current assets	31,822	753	1,787	34,362
	Total assets	927,668	27,352	1,929	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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 investment property and related movements:

	Thousands of euros
Balance at 31.03.2018	308,050
Acquisitions	576,545
Capitalised subsequent disbursements	6,059
Profit/(loss) net of adjustments at fair value	25,816
Balance at 31.03.2019	916,470
Acquisitions	99,589
Capitalised subsequent disbursements	10,786
Profit/(loss) net of adjustments at fair value	(23,355)
Balance at 31.03.2020	1,003,490

During the financial year ended 31 March 2020, the Group acquired four properties, two through 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) and acquired for €3,796 thousand (including acquisition costs), while 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 €20,081 and €17,825 thousand respectively (including acquisition costs).

On 9 May 2018, the Group acquired Habaneras Shopping Centre (Torrevieja, Alicante) through its subsidiary Junction Parque Habaneras, S.L.U. for €83,807 thousand (including acquisition costs). On 27 November 2018, some of the parent company's shareholders carried out a share capital increase by means of a non-monetary contribution, contributing 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). Regarding the Bahía Sur property, it is built above a surface right acquired from the City Hall of San Fernando (Cádiz) until 27 June 2061 and It is rented to several tenants.

Note 20 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 €1,003,490 thousand (€916,470 thousand at 31 March 2019), securing the Company's fulfilment of the terms and conditions of the financing obtained. At 31 March 2020, the nominal value of this financing amounted to €493,830 thousand (€450,349 thousand at 31 March 2019) (see Note 12).

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

a) Income and expenses on investment property

The following income and expenses on investment property have been taken to the income statement:

Description	Thousands of euros	
	2020	2019
Rental income	79,753	42,403
Operating expenses related to investment properties that generate rental income	(19,653)	(9,893)
Operating expenses related to investment properties that do not generate rental income	-	-
	60,100	32,510

Within "rental income", an income of 8,600 thousand euros has been registered for the early cancellation of a lease contract at the El Faro property, owned by the subsidiary Morzal Property Iberia, S.L.U.

b) Operating leases

Total future minimum receipts under non-cancellable operating leases are as follows:

Description	Thousands of euros	
	2020	2019
Less than one year	48.024	46,735
Between one and two years	35.257	32,751
Between two and three years	23.909	25,026
Between three and four years	16.708	16,320
Between four and five years	10.738	11,222
More than five years	34.890	30,557
	169,526	162,611

c) Insurance

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

d) Obligations

At the 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), which are valued at March 31 2020 at €2,950 thousand, €2,950 thousand at March 31 2019.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



e) Valuation process

The cost and fair value of investment property at 31 March 2020 and 31 March 2019 are detailed below:

Description	Thousands of euros			
	31.03.2020		31.03.2019	
	Cost	Fair value	Cost	Fair value
Investment property	964,782	1,003,490	865,185	916,470
	964,782	1,003,490	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 Spain).

“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 10-year discounted cash flow method.

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 net present value. This internal rate of return is adjusted to reflect the risk associated with the investment and assumptions used. Key variables are therefore net income and internal rate of return.

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:

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

31 March 2020		
YIELD variance	(0.250%)	0.250%
Retail	18,420	(17,900)
Offices	430	(410)
Land & Purchase Option	350	(325)
Theoretical profit/(loss)	19,200	(18,635)
YIELDS		
Retail	5.00%	7.00%
Offices	7.00%	9.25%
Discount rates		
Retail	7.25%	9.00%
Offices	7.75%	8.75%
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)
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 has a significant impact on consolidated assets and on the consolidated income statement as regards investment property:

	31/03/2020		31/03/2019	
	Assets	Net consolidated profit/(loss)	Assets	Net consolidated profit/(loss)
10% increase in market rents	76,250	76,250	64,940	64,940
10% decrease in market rents	(76,165)	(76,165)	(65,415)	(65,415)

The valuation of investment property is classified under level 3, according to the definition detailed in Note 4.3. 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 years ending on 31 March 2020 and 31 March 2019, no transfers between levels occurred.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

On 31 March 2020, Castellana Group's EPRA NAV stood at €559,158 thousand (€6.48 per share), and on 31 March 2019 it stood at €499,781 thousand (€6.68 per share).

On 11 March 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus outbreak a "Global Pandemic". This situation has impacted global financial markets, restrictions having been imposed on transport and businesses having been affected in many industries.

The Spanish Government declared a state of emergency on 14 March 2020, situation that at the date of formulation of these accounts is still in force. Among other aspects, this entails restrictions on mobility and the closure of shopping centres.

The response to COVID-19 means that we are now facing a number of unprecedented circumstances. In this regard, the Group's valuers have issued a valuation based on a "material valuation uncertainty" under the RICS VPS3 and VPGA10 Red Book Global Standards. Consequently, a lower degree of certainty and a greater degree of attention should be attributed to the valuations.

However, the valuation of the Group's assets at 31 March 2020 includes an estimate of the potential impact of this situation on net income, growth expectations and discounts, among others, from each property. This has led to a 2.4% reduction in the Castellana Group's portfolio value.

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 recipient of the services (or other companies forming part of the same group of companies) are less than 5% of the company's total revenue.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

7. ANALYSIS OF FINANCIAL INSTRUMENTS

a) Analysis by category

The carrying amount of each category of financial instruments laid down in the standards on the recognition and measurement of financial instruments is as follows:

	Thousands of euros	
	Long-term financial assets	
	Loans, derivatives and other	
	31.03.2020	31.03.2019
Loans and receivables (Note 8)	6,970	5,982
	6,970	5,982
	Short-term financial assets	
	Loans, derivatives and other	
	31.03.2020	31.03.2019
Loans and receivables (Note 8)	1,987	2,758
	1,987	2,758
Total financial assets	8,957	8,740

The Group records in "Other financial assets" the security deposits given to public bodies in connection with leases.

	Thousands of euros			
	Long-term financial liabilities			
	Bank borrowings		Loans, derivatives and other	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Creditors and payables (Note 12)	477,386	437,115	13,161	11,686
Derivative financial instruments (Note 13)	-	-	2,620	2,346
	477,386	437,115	15,781	14,032
	Short-term financial liabilities			
	Bank borrowings		Loans, derivatives and other	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Creditors and payables (Note 12)	3,469	144	8,181	6,673
	3,469	144	8,181	6,673
Total financial liabilities	480,855	437,259	23,962	20,705

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



b) Analysis by maturity date

Financial instruments with specific or determinable maturities are set out below by year of maturity at 31 March 2020:

31 March 2020

	Thousands of euros					
	Financial assets					
	March 2021	March 2022	March 2023	March 2024	Subsequent years	Total
Other financial assets:						
- Long-term security deposits furnished	-	3,221	1,440	676	1,633	6,970
Trade receivables:						
- Trade receivables for sales and services	1,943	-	-	-	-	1,943
- Trade receivables, Group companies and associates	44	-	-	-	-	44
	1,987	3,221	1,440	676	1,633	8,957
	Financial liabilities					
	March 2021	March 2022	March 2023	March 2024	Subsequent years	Total
Payables:						
- Derivatives	-	239	477	1,904	-	2,620
- Long-term security deposits received	-	6,094	2,583	1,288	3,196	13,161
- Bank borrowings	3,469	44,277	39,400	65,146	328,563	480,855
Payables to Group companies and associates (Note 19)	332	-	-	-	-	332
Trade payables:	6,530	-	-	-	-	6,530
Payables, related companies:	11	-	-	-	-	11
Other liabilities:	1,308	-	-	-	-	1,308
	11,650	50,610	42,460	68,338	331,759	504,817

8. LOANS AND RECEIVABLES

As of 31 March 2020 and 31 March 2019, the breakdown of this heading is as follows:

	Thousands of euros	
	31.03.2020	31.03.2019
Long-term loans and receivables (Note 7):		
- Other financial assets	6,970	5,982
	6,970	5,982
Short-term loans and receivables (Note 7):		
- Trade receivables for sales and services	1,943	2,714
- Trade receivables, related companies (Note 19)	44	44
	1,987	2,758
	8,957	8,740

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 31 March 2020 trade and other receivables had matured to the value of €937 thousand (€1,197 thousand at 31 March 2019), of which €345 thousand had been provisioned (€166 thousand at 31 March 2019) in accordance with the trade receivable ageing policy provided by IFRS 9 and the Group's own analysis.

At the end of the period, the trade receivables include an amount of €1,351 thousand pending invoicing, primarily for variable rent relating to 2019 from the Group companies Morzal Properties Iberia, S.L., Junction Parque Habaneras S.L.U. and Junction Parque Principado S.L.U. (€1,683 thousand at 31 March 2019).

All the amounts reported in this section are past due and unprovisioned, which the Group expects to recover.

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

Description	Thousands of euros	
	31.03.2020	31.03.2019
Up to 3 months	564	474
Between 3 and 6 months	118	638
More than 6 months	255	85
	937	1,197

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

The balance in "Trade receivables" is shown net of impairment adjustments. The corresponding provisions are set aside for bad debts.

Movements in the bad debt provision during the period were as follows:

Description	Thousands of euros	
	2020	2019
Opening balance	(166)	(75)
Appropriation	(195)	(161)
Reversal	14	70
Application	2	-
Closing balance	(345)	(166)

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

9. CASH AND CASH EQUIVALENTS

As of 31 March 2020 and 31 March 2019, the breakdown of this heading is as follows:

Description	Thousands of euros	
	31.03.2020	31.03.2019
Cash and cash equivalents		
Current accounts	49,058	29,722
	49,058	29,722

Current accounts accrue a market interest rate.

At 31 March 2020, there were restrictions on the availability of a total of €3,574 thousand (€3,197 thousand at 31 March 2019).

10. SHAREHOLDERS' FUNDS

a) Share capital and share premium

The parent company was incorporated on 19 May 2015 (see Note 1) with a share capital of €60 thousand, consisting of 60,000 shares with a par value of €1 each, all 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 through the issuance of 2,520,000 shares with a par value of €5 each, all in the same class, fully subscribed and paid up.

Following this operation, at 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 in the same class, fully subscribed, paid up and carrying the same shareholder rights.

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 by issuing 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 by issuing 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 stood at €25,546 thousand, consisting of 25,545,505 shares with a par value of €1 each, all in the same class, fully subscribed, paid up and carrying the same shareholder rights.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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 €752 thousand through the issuance 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, share capital stood at €26,298 thousand, consisting of 26,298,295 shares with a par value of €1 each, all in the same class, fully subscribed, paid up and carrying the same shareholder rights.

On 8 May 2018, the Universal Extraordinary Shareholders' Meeting agreed a share capital increase of €7,117 thousand through the issuance 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 on two new share capital increases: the first valued at €50 thousand, with the issuance 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 issuance 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 share capital by €39,000 thousand through the issuance 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 per share, resulting in an issue price of €6 per share. The cost of the share capital increase totalled €234,000 thousand, of which €39,000 thousand corresponds to share capital and €195,000 thousand to a share premium (see Note 1). Castellana's share capital prior to the capital increase amounted to €33,967,703, consisting of 33,967,703 shares each with a par value of €1, all in the same category and series, carrying the same voting rights and represented by book entries.

On 14 March 2019, the Universal Extraordinary Shareholders' Meeting agreed on a share capital increase by capitalising accounts payable of €1,926 thousand, through the issuance 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 on a share capital increase through a cash contribution of €3,892 thousand and the issuance 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 on a share capital increase by capitalising accounts payable of €7,485 thousand and issuing 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 share capital increase, at 31 March 2020, share capital stood at €86,271 thousand, represented by 86,271,047 shares.

As at 31 March 2020, the shareholders with more than a 3% stake in the Company are Vukile Property Fund Limited and Morze European Real Estate Ventures. As at 31 March 2019, the three shareholders with more than a 3% stake in the Company's share capital were Vukile Property Fund Limited, Morze European Real Estate Ventures and Westbrooke Yield Plus, S.à r.l.

Lava Capital Partners Limited has an indirect stake of 9.80%.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



The breakdown is as follows:

	31.03.2020		31.03.2019	
	No. of shares	% Share	No. of shares	% Share
Vukile Property Fund 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 31 March 2020 and 31 March 2019, the breakdown of share capital is as follows:

Description	Thousands of euros	
	31.03.2020	31.03.2019
Authorised capital	86,271	74,894
Unpaid share capital	-	-
	86,271	74,894

b) Share premium

This reserve is unrestricted so long as distribution would not result in the parent company's shareholders' funds falling below the share capital figure.

c) Treasury shares

Movements in 2020 and 2019 were as follows:

Description	2020		2019	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
Opening balance	45,470	273	-	-
Additions/purchases	800	5	50,790	305
Decreases	(8,388)	(50)	(5,320)	(32)
Closing balance	37,882	228	45,470	273

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

On 10 July 2018, Castellana Properties entered into a liquidity agreement with Renta 4 Banco, S.A. with the aim of increasing liquidity and favouring the stability of the Company's stock price. This agreement came into effect on 25 July 2018.

The parent company's treasury shares held at 31 March 2020 represented 0.04% of the Company's share capital (0.06% at 31 March 2019) and totalled 37,882 shares (45,470 at 31 March 2019). The average cost of the Company's treasury shares at 31 March 2020 and 31 March 2019 was €6 per share.

These shares are recognised as a reduction of €228 thousand in the value of the Company's shareholders' funds at 31 March 2020 (€273 thousand at 31 March 2019).

The parent company has complied with the requirements of Article 509 of the Spanish Companies Act, which stipulates 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 share capital. The subsidiaries do not hold either treasury shares or parent company shares.

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	2020	2019
Net profit (thousands of euros)	17,162	46,489
Weighted average number of shares issued (shares)	81,071,610	46,383,159
Average number of treasury shares held (shares)	42,092	38,993
Basic and diluted earnings per share (euros)	0.21	1.00

With regard to the calculation of earnings per share, there were no transactions involving ordinary shares or potential ordinary shares between the closing date of the Consolidated Annual Accounts and the date they were authorised for issue that were not taken into account when calculating such earnings for the annual period ended 31 March 2020.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



11. RESERVES AND RETAINED EARNINGS

At 31 March 2020, €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 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	
	31.03.2020	31.03.2019
Legal reserve	3,044	148
Other reserves	10,042	(4,742)
Hedging reserve	(2,620)	(2,346)
Treasury shares	(228)	(273)
Total reserves	10,238	(7,213)
Retained earnings	85,288	41,695
Dividend distribution	(27,402)	(1,336)
Total retained earnings	57,886	40,359

Other reserves at 31 March 2020 also include 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 published in order to allow the creditors the stipulated period of time to object to the capital reduction. Also included are the expenses associated with the issuance of shares and with the share capital increases completed in the financial year in the amount of €157 thousand (€14,634 thousand at 31 March 2019).

The variation from 31 March 2019 to 31 March 2020 is explained by the fact that voluntary reserves were offset against the share premium balance in the amount of €14,934 on 3 December 2019.

Distribution of profit/(loss)

The proposed distribution of the parent company's results and reserves, to be submitted to the General Shareholders' Meeting is as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	23,321
Issue premium	19,527
	42,848
Application	
Legal reserve	2,332
Interim dividend 13 November 2019	17,025
Interim dividend 18 June 2020 (Note 22)	3,846
Premium distributed 13 November 2019	2,107
Dividend charged to issue premium 18 June 2020 (Note 22)	17,420
Voluntary reserves	118
	42,848

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Interim dividend

On 13 November 2019, the Castellana Board of Directors agreed to pay out an interim dividend for the financial year ended 31 March 2020 in the amount of €17,025 thousand, that is €0.197 per share and a share premium distribution of €2,107 thousand or €0.024 per share, which was made effective on 28 November 2019. The forecast cash flow statement prepared by the Board of Directors is as follows:

Profit/(loss)	19,893
Legal reserve	(1,989)
Voluntary reserve	(879)
Dividend charged to profits	17,025
Share premium distribution	2,107
Total dividend payable	19,132
Available cash	20,745

Prior-year profit/(loss) distribution

The distribution of the profit/(loss) for the financial year ended on 31 March 2019, which was approved by the General Shareholders' Meeting on 18 June 2019, was as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	28,962
	28,962
Distribution of profit/(loss)	
Legal reserve	2,896
Dividend distribution	26,066
	28,962

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



12. CREDITORS AND PAYABLES

Description	Thousands of euros	
	31.03.2020	31.03.2019
Long-term creditors and payables (Note 7):		
Bank borrowings	477,386	437,115
Other financial liabilities	13,161	11,686
Derivative financial instruments (Note 13)	2,620	2,346
	493,167	451,147
Short-term creditors and payables (Note 7):		
Bank borrowings	3,469	144
Short-term payables, related companies (Note 19)	332	1,750
Trade and other payables	6,530	3,915
Trade payables, related companies (Note 19)	11	-
Other liabilities	1,308	1,008
	11,650	6,817
	504,817	457,964

The carrying amounts of creditors and payables, both long and short term, approximate their fair values, since the effect of discounting is immaterial. Bank borrowings are recognised at amortised cost.

Guarantee deposits received from tenants as per the lease agreements signed are recorded as other long-term financial liabilities.

Trade and other payables primarily include provisioned amounts relating to the Group's property acquisitions, financing obtained during the current financial year and balances payable relating to investments in assets in the course of construction.

The carrying amount of creditors and payables is denominated in euros.

Bank borrowings includes the balance of five loans granted to the Company. The maturities of these bank borrowings are set out below at face value:

Description	Thousands of euros			
	31.03.2020		31.03.2019	
	Non-current	Current	Non-current	Current
March 2020	-	-	-	144
March 2021	-	3,333	2,508	-
March 2022	46,012	-	45,204	-
March 2023	40,439	-	39,000	-
March 2024	66,688	-	65,307	-
> March 2025	337,358	-	298,330	-
	490,497	3,333	450,349	144

The Company has included an amortised cost of €13,111 thousand (€13,234 thousand at 31 March 2019) on the balance sheet in respect of loan arrangement costs. At 31 March 2020, accrued unmatured interest amounted to €136 thousand (€144 thousand at 31 March 2019). Interest expenses accrued

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

during the period totalled €8,468 thousand (€4,444 thousand at 31 March 2019). 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 entered into financing agreements to the value of €43,481 thousand (€304,349 thousand as at 31 March 2019, including the Morzal business combination).

The loans detailed are secured by a mortgage commitment on certain properties whose market value at 31 March 2020 totalled €1,003,490 thousand (Note 6), €916,470 thousand at 31 March 2019, additionally, Morzal Property Iberia Group, SLU, loan is also guaranteed with a pledge on 100% of the borrower's equity.

On 5 December 2017, the parent company, acting not as a borrower but as a guarantor, together with the subsidiaries 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 by the assets shown below:

<u>Company</u>	<u>Property</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
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	51,764	51,764
	San Pedro Del Pinatar Retail Park		
		146,000	146,000

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

On 27 September 2018, the subsidiary Morzal Property Iberia, S.L. (contributed in the share capital increase through the 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

On 27 March 2019, the parent company, acting not as a borrower but as a guarantor, together with the subsidiaries 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, of which, at 31 March 2020, €8,000 thousand had been drawn down (€6,019 thousand at 31 March 2019). Amount drawn down per company is as follows:

<u>Company</u>	<u>Property</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
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.	Kinopolis Retail Park & Leisure Centre	6,190	4,356
Junction Parque Cáceres, S.L.U.	Mejostilla Retail Park	-	-
Junction Parque Mérida, S.L.U.	La Heredad Retail Park	12	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 31 July 2019, the parent company arranged a 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 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 had been drawn down at 31 March 2020.

These loans are subject to compliance with certain covenants, which is standard practice in the sector in which the Company operates, the ratio being calculated every six months. As of 31 March 2020, the Group had complied with all of these covenants.

Information on the average supplier payment period

The following table shows a breakdown of the payments that are due for commercial operations completed during the year and that remained pending on the date on which the balance sheet was closed, with reference to the maximum payment period provided for under Law 15/2010 and subsequently amended by Law 31/2014:

<u>Description</u>	<u>Days</u>	
	<u>2020</u>	<u>2019</u>
Average supplier payment period	35	41
Ratio of transactions settled	34	41
Ratio of transactions not yet settled	46	42

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



Description	Thousands of euros	
	2020	2019
Total payments settled	43,553	26,247
Total outstanding payments	2,333	1,725

13. DERIVATIVE FINANCIAL INSTRUMENTS

Item	Classification	Bank	Notional rate	Maturity	Thousands of euros	
					31.03.2020	31.03.2019
					Liabilities Non-current	Liabilities Non-current
IRS	Cash Flow Hedges	Banco Santander	17,619	30/06/2021	(96)	(124)
IRS	Cash Flow Hedges	CaixaBank	22,800	30/06/2021	(125)	(158)
IRS	Cash Flow Hedges	Banco Santander (formerly Banco Popular)	3,381	30/06/2021	(18)	(24)
IRS	Cash Flow Hedges	Banco Santander	15,123	30/06/2022	(191)	(182)
IRS	Cash Flow Hedges	CaixaBank	19,570	30/06/2022	(249)	(235)
IRS	Cash Flow Hedges	Banco Santander (formerly Banco Popular)	2,902	30/06/2022	(37)	(36)
IRS	Cash Flow Hedges	Banco Santander	25,988	05/12/2023	(777)	(664)
IRS	Cash Flow Hedges	CaixaBank	33,630	05/12/2023	(996)	(817)
IRS	Cash Flow Hedges	Banco Santander (formerly Banco Popular)	4,987	05/12/2023	(131)	(106)
			146,000		(2,620)	(2,346)

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.

Using interest rate swaps (financial swaps) to provide cash flow hedges allows variable rate debt to be converted into fixed rate debt, where the future cash flows being hedged are the future interest payments on the loans taken out (Note 12). Fair value changes to derivatives are reflected in "Measurement adjustments" in equity, because at the consolidated level, the company's derivatives are considered effective.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)



14. INCOME TAX AND TAX SITUATION

As of 31 March 2020 and 31 March 2019, the breakdown of taxes refundable and payable is as follows:

	Thousands of euros	
	31.03.2020	31.03.2019
Receivables		
Deferred tax assets	-	52
VAT refundable	-	1,520
Withholdings and payments on account	177	194
	177	1,766
Payables		
Deferred tax liabilities	437	437
VAT payable	1,170	1,292
PIT payable	173	175
Social security contributions	37	32
	1,817	1,936

The reconciliation of net income and expenses for the year with the income tax base is as follows:

	Thousands of euros					
	Income statement			Income and expenses attributed directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
Net income/(expense) for the year	17,162	-	17,162	-	(425)	(425)
Corporate income tax	-	-	-	-	-	-
Permanent differences	582	-	582	-	-	-
Temporary differences	1,144	-	1,144	-	-	-
Consolidation adjustments	36,353	-	36,353	-	-	-
Tax base (taxable income)	55,241	-	55,241	-	(425)	(425)

Pursuant to Law 11 of 26 October 2009, as amended by Law 16 of 27 December 2012 on SOCIMIs, current corporate income tax is calculated by applying a tax rate of 0% to taxable income.

Deferred tax assets and liabilities

At 31 March 2020 and 31 March 2019, deferred tax liabilities were recognised in the amount of €437 thousand as a result of taxable temporary differences of the subsidiary Junction Parque Mérida, S.L.U., arising from the difference between tax and accounting depreciation and amortisation charges.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Tax-loss carryforwards

Set out below is a breakdown of tax-loss carryforwards before the special tax scheme for SOCIMIs was applied:

Thousands of euros			
Financial year	ROXBURY SPAIN, S.L.U.	RANDOLPH SPAIN, S.L.U.	Total
2008	2,243	-	2,243
2009	2,011	704	2,715
2010	-	665	665
2012	1,191	1,323	2,514
2013	187	937	1,124
2014	1,033	458	1,491
	6,665	4,087	10,752

The Company has not capitalised these tax losses.

Financial years pending verification and inspection processes

Under current law, taxes cannot be understood to have been effectively settled until the tax authorities have reviewed the tax returns filed or the four-year time-bar period has elapsed.

The income tax rate payable by SOCIMIs is set at 0%. However, when the dividends that the SOCIMI distributes to its shareholders with a percentage shareholding of more than 5% are tax-exempt or taxed at a rate of lower than 10%, the SOCIMI will be subject to a special tax of 19% on the amount of the dividend paid to the shareholders in question, which will be classified as income tax payable. Where it applies, this special tax must be paid by the SOCIMI within two months following the date on which the dividend is paid out.

15. INCOME AND EXPENSES

a) Revenue

Revenue from the Company's ordinary business activities is set out below:

Description	Thousands of euros	
	2020	2019
Rental income	64,740	34,280
Reinvoicing of costs to tenants	15,013	8,123
	79,753	42,403

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

b) Staff costs

This consolidated income statement heading breaks down as follows:

Description	Thousands of euros	
	2020	2019
Wages, salaries and similar remuneration	(4,318)	(2,478)
Social security	(366)	(217)
	(4,684)	(2,695)

Staff costs include the amount of €1,000 thousand relating to the long-term incentive plan (Note 18).

The average number of employees during the period by professional category was as follows:

Description	Number of employees	
	2020	2019
Directors	7	5
University graduates or diploma holders	17	10
Administrative personnel and other	3	2
	27	17

In addition, at 31 March 2020 and 31 March 2019, the gender breakdown of the headcount was as follows:

2020

Description	Number of employees		
	Men	Women	Total
Directors	4	2	6
University graduates or diploma holders	7	11	18
Administrative personnel and other	-	3	3
	11	16	27

2019

Description	Number of employees		
	Men	Women	Total
Directors	4	1	5
University graduates or diploma holders	7	9	16
Administrative personnel and other	-	3	3
	11	13	24

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

The Group had no employees with a disability rating of 33% or more (or the local equivalent) at 31 March 2020 or 31 March 2019.

c) Other operating expenses

This consolidated income statement heading breaks down as follows:

Description	Thousands of euros	
	2020	2019
External services attributable directly to real estate assets	(19,917)	(9,893)
Other external services	(2,232)	(1,790)
	(22,149)	(11,683)

16. NET FINANCIAL INCOME/(EXPENSE)

As of 31 March 2020 and 31 March 2019, the breakdown of this heading by category is as follows:

Description	Thousands of euros	
	31.03.2020	31.03.2019
Financial expenses		
Interest on bank borrowings	(11,227)	(6,560)
Interest on payables to Group companies (Note 19)	(349)	-
Derivative expenses	(897)	(828)
	(12,473)	(7,388)

17. PROVISIONS AND CONTINGENCIES

At 31 March 2020, the Group had three third-party technical bank guarantees in place in the amount of €148 thousand (€107 thousand at 31 March 2019), the maturity of which is linked to construction work completions.

18. PARENT COMPANY DIRECTORS' REMUNERATION, SHAREHOLDINGS AND BALANCES

Shareholdings, positions and activities of the members of the Board of Directors

Article 229 of the Spanish Companies Act, which was approved by Royal Legislative Decree 1 of 2 July 2010, requires directors to notify the Board of Directors (or, in the absence of such a body, the other Directors or the General Shareholders' Meeting) of any direct or indirect conflict of interest they may have with the Company.

Likewise, directors must disclose any direct or indirect interests they or persons related to them may hold in any company engaging in activities which are identical, analogous or complementary to those

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

comprising the Company's corporate purpose. They must also disclose the positions they hold or duties they perform at such companies. The directors have not notified any conflicts of interest with respect to the Castellana Group.

Directors' remuneration

During 2020, remuneration accrued to the directors totalled €1,206 thousand (€522 thousand at 31 March 2019), of which executive directors received a total of €834 thousand (€405 thousand at 31 March 2019).

The Group has not granted any loans to the Board of Directors and does not have pension funds or any other similar obligations to the benefit of its directors.

There is a share-based remuneration plan for the Company's executive team (Note 3.13). The first calculation period comprises the period from 1 April 2019 to 31 March 2022 (see Note 18). At 31 March 2020, the Company has estimated a cost of €1,000 thousand recognised in the item "Other equity instruments".

19. RELATED-PARTY TRANSACTIONS AND BALANCES

As of 31 March 2020 and 31 March 2019, the breakdown of related-party transactions is as follows:

Description	Thousands of euros	
	2020	2019
Income		
Provision of services	-	1,103
	<u>-</u>	<u>1,103</u>
Expenses		
Billings for services	-	(23,655)
Interest	(349)	-
	<u>(349)</u>	<u>(23,655)</u>

Interest expense relates to a loan of €50,000 thousand arranged with Vukile Property Fund Limited on 20 May 2019. This loan was capitalised on 17 September 2019.

The amount billed for services by related companies at 31 March 2019 includes €16,438 thousand invoiced by Company shareholders for intermediary activities to obtain funding and €7,128 thousand for brokering real estate transactions (€0 at 31 March 2020).

As of 31 March 2020 and 31 March 2019, the breakdown of balances with related parties is as follows:

Description	Thousands of euros	
	2020	2019
Receivables (Note 8)		
Adam Lee Morze	42	42
Diversified Real Estate Assets Management, S.L. (DREAM)	2	2
	<u>44</u>	<u>44</u>
Payables (Note 12)		
Vukile Property Fund Limited	(343)	-
Diversified Real Estate Assets Management, S.L. (DREAM)	-	(1,750)
	<u>(343)</u>	<u>(1,750)</u>

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

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

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

Not applicable.

- b) Reserves from years in which the tax rules set out in Law 11/2009, as amended by Law 16 of 27 December 2012, were 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 reserves recognised derive from income subject to 0% tax.

- c) Dividends distributed against profits each year in which the tax rules contained in Law 11/2009, as amended by Law 16 of 27 December 2012, applied, distinguishing the portion arising from income subject to 0% or 19% tax from the portion relating to income subject to tax at the general rate.

All of the dividends distributed derive entirely from income subject to 0% tax.

- d) In the case of a distribution charged to reserves, stating the year in which the reserve applied originated and whether it were taxed at 0%, 19% or the general rate.

No dividends were distributed against reserves, only against the share premium account (Note 11).

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

- Dividend of €134 thousand for the 2016 financial year, approved by the General Shareholders' Meeting on 29 June 2017.
- 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.
- Dividend charged to the share premium account in the amount of €733 thousand, 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.
- Interim dividend of €17,025 thousand for the financial year ended 31 March 2020, approved by the Board of Directors on 13 November 2019.
- Dividend charged to the share premium account in the amount of €2,107 thousand, approved by the Board of Directors on 13 November 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 Law.

The parent company owns the following rental properties:

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

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
Pinatar Fase II Retail Park	UA-1 Local Level Plan (<i>Plan Parcial</i>) "Área 3e" Manzana P-9, San Pedro de Pintar, Murcia	17 June 2019
Puerta Europa Shopping Centre	A7, km 106, in Algeciras, Cádiz	31 July 2019

The parent company has holdings in the share capital of companies, referred to in Article 2.1 of the Spanish SOCIMI Law:

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	Kinapolis 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
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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

		San Pedro Del Pinatar Retail Park	UA-1 Local Level Plan (<i>Plan Parcial</i>) "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
		Vallsur Shopping Centre	Paseo de Zorilla, Valladolid
Morzal Property Iberia S.L.U.	27 November 2018	Los Arcos Shopping Centre	Avenida de Andalucía 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

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

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

h) Reserves from years in which the tax scheme provided by the Law was applicable and which have been made use of (not for distribution or offsetting losses) during the tax period, stating the year from which the reserves originate.

Not applicable.

21. AUDIT FEES

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing services and fees for other assurance services during the year amounted to €161 thousand (€146 thousand at 31 March 2019) and €9 thousand (€7 thousand at 31 March 2019), respectively.

The fees accrued to other companies of the PwC network as a result of tax consultancy services, other assurance services or other services rendered to the Group amounted to €49 thousand (€14 thousand at 31 March 2019).

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

22. EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization (WHO) declared the appearance of the coronavirus COVID-19 as a "Global Pandemic". This situation has impacted global financial markets, transport restrictions have been implemented and business activity has been affected in many sectors.

On the other hand, the Government of Spain declared the "State of Alarm" under Royal Decree 463/2020, on March 14, 2020, a situation that as of the date of formulation of these accounts continues until 21 June 2020 (date that foreseeably will not be extended). This state implies, among others, restrictions on mobility and the closure of shopping centers.

This response means that we are facing an unprecedented series of circumstances and, at the date of formulation of these annual accounts, it is still very premature to make a quantitative valuation of the impact that COVID 19 may have on the Castellana Group.

Group measures:

Management team is monitoring variables such as the projection of the cash flow under different hypotheses, the review of non-essential capex and the analysis of the impact on income.

The Group's estimated cash position has been subjected to stress tests and, given the Group's strong cash position, the Board of Directors is sure that the Group has sufficient cash resources to comply with the going concern principle for the next 12 months.

The Board of Directors has considered the following factors when evaluating the Group's cash flow forecast:

- Probabilities of rental discounts
- Operational expenses going forward
- Committed capex
- Capex which could be deferred
- Loan repayments that could be deferred
- Dividend payments

The Group is promoting the communication between the property and the tenants, thus knowing exactly and as soon as possible the situation of each of them, in order to make the best decisions adapted to each particular situation. Among these actions, the Group has taken the decision to subsidize the minimum guaranteed income for the month of April to those tenants who have not been able to carry out their activity as a result of the "State of Alarm".

The Group has signed various waivers with its main financial entities for which the Group has been exempt from compliance with the covenants included in its financing until March 31, 2021 (inclusive).

Likewise, for syndicated financing, it has agreed to modify the amortization date of its short-term maturities (3,333 thousand euros), placing its maturity in June 2021.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Additionally, on 18 June 2020, the Board of Directors of the Company approved the distribution of an interim dividend in the amount of 3,846 thousand euros, that is, 0.044 euros per share and a distribution of share premium in the amount of 17,420 thousands of euros, this is 0.2020 euros per share.

The cash flow statement prepared by the Board of Directors is as follows:

Profit for the year	23,321
Legal reserve	(2,332)
Interim dividend previously distributed	(17,025)
Distributable dividend	3,964
Interim dividend to be paid	3,846
Share premium distribution	17,420
Total dividend to be paid	21,266
Available cash 10/07/2020	22,394

In order to face the current situation with the most solid treasury position, it is the intention of the main shareholder of the company to reinvest the previous distribution.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

1. ORGANISATIONAL STRUCTURE AND FUNCTIONING

Castellana Properties Socimi, S.A. (Castellana Properties) was incorporated in Spain on 19 May 2015 under the Spanish 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 avail itself 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 were carried out in the amount of €11 million, at a par value of €1 per share, with a related share premium of €64 million. Following these share capital increases, share capital rose to €86,271 thousand, represented by 86,271,047 shares.

As at 31 March 2020, the shareholders with more than a 3% stake in the Company are Vukile Property Fund Limited and Morze European Real Estate Ventures. As at 31 March 2019, the three shareholders with more than a 3% stake in the Company were Vukile Property Fund 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. In just two and a half years, the market value of this investment has risen from €308 million at 31 March 2018 to €1,003 million at 31 March 2020.

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 Control 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.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

2. BUSINESS PERFORMANCE AND PROFIT/(LOSS)

Since its first acquisition in 2016, the Company has completed several transactions for the acquisition of real estate assets which have led to retained earnings that, on 31 March 2020, stood at €58 million on a consolidated basis.

“Revenue” from letting the acquired properties reached €79,753 thousand at 31 March 2020 (€42,403 thousand at 31 March 2019).

During the financial year ended 31 March 2020, EBITDA stood at €29.635 thousand (€53,877 thousand at 31 March 2019). (EBITDA: Earnings before interest, taxes, depreciation and amortisation).

The market value of the Company’s assets at 31 March 2020 stood at €1,003,490 thousand, equating to a 8.89% increase on the purchase price and (3,73%) on the portfolio in like-for-like terms at 31 March 2020.

The main reasons for the increase in value of the portfolio over the last year are as follows:

- Active management: the growth potential displayed by the portfolio results from the active management of assets, thanks to the letting business, coupled with rent reviews and lease agreement renewals.
- Growth in turnover: since the beginning of the financial year, turnover from the leasing of real estate assets grew compared to the previous twelve months.

The following tables show a breakdown of the market valuation of our portfolio at 31 March 2020, as determined by Colliers International Spain (RICS):

Project Name	Acqu. Price	Trans. Cost	FV MAR 20	DELTA
London	193.000	4.629	219.540	11,09%
Alameda	68.899	2.799	75.930	5,90%
Konecta	22.500	1.435	26.370	10,17%
Habaneras	80.627	3.201	88.930	6,09%
West	496.385	19.730	524.730	1,67%
Puerta Europa	56.800	1.087	62.930	8,71%
TOTAL	918.211	32.881	998.430	4,98%
Other assets (West)	3.336	28	5.060	50,42%
	921.547	32.909	1.003.490	5,14%

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



3. EPRA INFORMATION

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

EPRA indicators

	31/03/2020	31/03/2019
EPRA earnings	31,917	20,673
EPRA earnings per share	0.39	0.45
EPRA NAV	559,158	499,780
EPRA NAV per share	6.48	6.68
EPRA NNNAV	542,990	483,815
EPRA NNNAV per share	6.30	6.46
EPRA Net Initial Yield (NIY)	5.74%	5.53%
EPRA "Topped-up" NIY	6.05%	5.69%
EPRA Vacancy Ratio	1.20%	2.06%
EPRA Cost Ratio (Including vacancy cost)	18.20%	-
EPRA Cost Ratio (Excluding vacancy cost)	16.03%	-

EPRA Earnings and Earnings Per Share

	31/03/2020	31/03/2019
Earnings per IFRS	17,162	46,489
Adjustments to calculate EPRA, exclude:		
(i) Changes in value of investment property	23,355	(25,816)
(ii) Negative differences on consolidation	-	-
EPRA earnings	40,517	20,673
EPRA earnings per share	0.50	0.45
Company-specific adjustments	(8,600)	-
Adjusted EPRA earnings	31,917	20,673
Adjusted EPRA earnings per share	0.39	0.45

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



EPRA Net Asset Value (NAV)

	31/03/2020	31/03/2019
NAV per the financial statements (*)	556,100	497,049
Effect of exercise of options, convertibles and other interests	-	-
Diluted NAV	556,100	497,049
Exclude:		
(iv) Fair value of financial instruments	2,620	2,346
(v.a) Deferred taxes	437	385
EPRA NAV	559,157	499,780
EPRA NAV per share (in euros)	6.48	6.68

Triple NAV (NNNAV)

	31/03/2020	31/03/2019
EPRA NAV	559,158	499,780
Include:		
(i) Fair value of financial instruments	(2,620)	(2,346)
(ii) Fair value of debt	(13,111)	(13,234)
(iii) Deferred tax	(437)	(385)
EPRA NNNAV	542,990	483,815

EPRA YIELDS	31/03/2020		
	Offices	Retail	Total
Investment property	26,310	977,180	1,003,490
Less assets under refurbishment	-	(90,080)	(90,080)
Investment property completed	26,310	887,100	913,410
Estimated real estate asset transaction costs	526	17,742	18,268
Total property portfolio value (B)	26,836	904,842	931,678
Annual return on real estate investments	1,919	53,526	55,445
Operating costs associated with non-recoverable assets	-	(1,962)	(1,962)
Annualised net rent (A)	1,919	51,564	53,483
Temporary rental discounts or rent-free periods	-	2,859	2,859
Maximum net return on real estate investments (c)	1,919	54,423	56,342
EPRA NIY (A/B)	7.15%	5.70%	5.74%

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



VACANCY RATE		
	31/03/2020	31/03/2019
ERV of available spaces	745	1,160
Total ERV	61,909	56,183

COST RATIO	31/03/2020 (Thousands of euros)
Include:	
Administrative and corporate costs	7,151
Non-recoverable operating costs	3,033
EPRA Costs (including direct vacancy costs)	10,184
Vacancy cost	(1,214)
EPRA Costs (excluding direct vacancy costs)	8,970
Gross Rent	55,947
EPRA Cost Ratio (including direct vacancy costs)	18.20%
EPRA Cost Ratio (excluding direct vacancy costs)	16.03%

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



In October 2019, EPRA modified the calculation of its EPRA NAV and EPRA NNNAV ratios, replacing them with 3 new ratios specific to the industry and to market and investor needs. These new ratios apply to periods commencing on or after 1 January 2020. The ratios are, however, shown below at 31 March 2020 for information purposes:

New EPRA indicators

	Net Reinstatement Value (NRV)	Net Tangible Assets (NTA)	Net Disposal Value (NDV)
Equity attributable to shareholders	556,100	556,100	556,100
Include/Exclude:	-	-	-
(i) Hybrid instruments	-	-	-
Diluted NAV	556,100	556,100	556,100
Include:	-	-	-
ii.a) Restatement of investment property (when recognised at acquisition cost)	-	-	-
ii.b) Restatement of investment property being refurbished (when recognised at acquisition cost)	-	-	-
ii.c) Restatement of other non-recurring investments	-	-	-
iii) Restatement of leases when recognised as finance leases	-	-	-
iv) Restatement of available-for-sale assets	-	-	-
Diluted NAV at market value	556,100	556,100	556,100
Exclude:	2,620	2,599	-
v) Deferred taxes related to the restatement of real estate assets	-	-	-
(vi) Fair value of financial instruments	2,620	2,620	-
(vi) Goodwill resulting from deferred taxes	-	-	-
(vii.a) Goodwill carried in the balance sheet	-	-	-
(vii.a) Intangibles carried in the balance sheet	-	(21)	-
Include:	-	-	(13,111)
viii) Market value of fixed-interest debt	-	-	(13,111)
ix) Restatement of intangibles to market value	-	-	-
x) Transfer tax	-	-	-
EPRA NAV	558,720	558,699	542,989
EPRA NAV per share (in euros)	6.48	6.48	6.30

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



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 €7.10 per share on 31 March 2020 (€6.55 per share on 31 March 2019).

5. TREASURY SHARES

Movements in 2020 and 2019 were as follows:

Description	2020		2019	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
Opening balance	45,470	273	-	-
Additions/purchases	800	5	50,790	305
Decreases	(8,388)	(50)	(5,320)	(32)
Closing balance	37,882	228	45,470	273

On 10 July 2018, Castellana Properties entered into a liquidity agreement with Renta 4 Banco, S.A. with the aim of increasing liquidity and favouring the stability of the Company's stock price. This agreement came into effect on 25 July 2018.

Treasury shares held by the parent company at 31 March 2020 represented 0.04% of the Company's share capital and totalled 37,882 shares. The average cost of the Company's treasury shares was €6 per share.

These shares are recognised as a reduction of €228 thousand in the value of the Company's shareholders' funds on 31 March 2020 (€273 thousand at 31 March 2019).

The parent company has complied with the requirements of Article 509 of the Spanish Companies Act, which stipulates 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 share capital. The subsidiaries do not hold either treasury shares or parent company shares.

6. DIVIDEND POLICY

SOCIMIs are governed by the special tax rules laid down in Law 11 of 26 October 2009, as amended by Law 16 of 27 December 2012 on SOCIMIs (Spanish Real Estate Investment Trusts). 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 legal obligations. Distribution must be approved within the six months following the year end, in the following way:

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

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

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 Law, where this occurs after the deadlines referred to in Article 3.3 of the Law have expired, when the property, shares or interests are used to pursue the Company's primary corporate purpose. The remainder of these profits must be reinvested in other property or investments related to the pursuit of this corporate purpose within three years of the transfer date.

Otherwise, the profits must be distributed in full together with any profits for 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 subject to the special tax scheme provided for in the aforementioned Law.

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

The dividend must be paid within one month of the distribution resolution. When dividends are charged to reserves originating from profits for a year in which the special tax rules were applied, the distribution must necessarily 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.

Interim dividend

On 13 November 2019, Castellana's Board of Directors agreed to pay out an interim dividend for the financial year ended 31 March 2020 in the amount of €17,025 thousand, i.e. €0.197 per share and a share premium of €2,106 thousand, i.e. €0.024 per share, which was made effective on 28 November 2019. The forecast cash flow statement prepared by the Board of Directors is as follows:

Profit/(loss)	19,893
Legal reserve	(1,989)
Voluntary reserve	(879)
Dividend charged to profits	17,025
Share premium distribution	2,107
Total dividend payable	19,132
Available cash	20,745

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



Prior-year profit/(loss) distribution

The distribution of the profit/(loss) for the financial year ended on 31 March 2019, which was approved by the General Shareholders' Meeting on 18 June 2019, was as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	28,962
	28,962
Distribution of profit/(loss)	
Legal reserve	2,896
Dividend distribution	26,066
	28,962

Distribution of profit/(loss)

The dividend to be distributed by the Castellana Group is determined on the basis of its profits for the year, calculated under Spanish GAAP. The following table outlines the difference between results under IFRS and under Spanish GAAP, which was the basis for the calculation of the dividend distribution:

Reconciliation of Spanish GAAP to IFRS	Thousands of euros	
	Financial year ended on 31 March 2020	Financial year ended on 31 March 2019
Profit/(loss) for the year under Spanish GAAP	23,321	28,962
Adjustments:		
(i) Consolidation	7,210	(13,145)
(ii) Depreciation of investment property	9,986	4,856
(iii) Changes in value of investment property	(23,355)	25,816
Earnings per IFRS	17,162	46,489

The proposed distribution of the parent company's results and reserves to be submitted to the General Shareholders' Meeting is as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	23,321
Issue premium	19,527
	42,848
Application	
Legal reserve	2,332
Interim dividend 13 November 2019	17,025
Interim dividend 18 June 2020 (Note 22)	3,846
Premium distributed 13 November 2019	2,107
Dividend charged to issue premium 18 June 2020 (Note 22)	17,420
Voluntary reserves	118
	42,848

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020



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

The risk control 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 to the accounts.

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

8. AVERAGE SUPPLIER PAYMENT PERIOD

The following table shows a breakdown of the payments that are due for commercial operations completed during the year and that remained pending on the date on which the balance sheet was closed, with reference to the maximum payment period provided for under Law 15/2010 and subsequently amended by Law 31/2014:

Description	Days	
	2020	2019
Average supplier payment period	35	41
Ratio of transactions settled	34	41
Ratio of transactions not yet settled	46	42

Description	Thousands of euros	
	2020	2019
Total payments settled	43,553	26,247,249
Total outstanding payments	2,333	1,725,341

9. 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

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
CONSOLIDATED MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

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 Control Committee that oversee compliance with the investment and profitability requirements established by the Company.

10. MAJOR EVENTS OCCURRING AFTER THE REPORTING PERIOD

Note 22 of the Notes to these accounts details the events that have occurred between the year end and the authorisation for issue of these Consolidated Annual Accounts.

11. THE COMPANY'S PROSPECTS

In the following year 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 maintaining the good occupancy levels.

As regards the state of emergency brought in by Royal Decree 463/2020 of 14 March to manage the health crisis caused by COVID-19, the Company is taking a number of steps to keep the assets operating at the highest possible occupancy rates. This entails fostering communication between the owner and the tenants so as to ascertain their situation as quickly as possible and be in a position to make the best decisions in each specific case.



CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES
PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Pursuant to the requirements of Article 253 of the Spanish Companies Act and Article 37 of the Spanish Commercial Code, on 18 June 2020 the members of the Board of Directors of Sociedad Castellana Properties Socimi, S.A. prepared the following Consolidated Annual Accounts and the Consolidated Management Report for the financial year ended 31 March 2020, set out in the accompanying 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
Board Member

Laurence Cohen
Board Member