Castellana Properties Socimi, S.A.

Auditor´s report
Annual accounts at March 31, 2021
Management report

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 on the annual accounts

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

Opinion

We have audited the annual accounts of Castellana Properties Socimi, S.A. (the Company), which comprise the balance sheet as at 31 March 2021, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 March 2021, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

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 annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the 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 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 annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Valuation of investments in group companies	
The Company has investments in group companies amounting to €433,200 thousand, as detailed in note 8 to the annual accounts. As of March 31, 2021 investments in group companies have been impaired by € 9,178 thousand (note 16). Investments are measured at cost less, where appropriate, accumulated value adjustments for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value in use. With respect to fair value, the investment properties owned by the group companies should be taken into account and, specifically, the valuation that the independent external valuers of the real estate assets have issued. This valuation is based on the identification of a “material valuation uncertainty” for some investments, as per VPS3 and VPGA10 of the RICS Global Red Book. As a result, a lower level of certainty should be attributed and a higher degree of attention should be drawn to the valuation as described in note 4.1.d. This is a key audit matter due to the relevance of the heading and because it entails a high level of judgement and estimation by management.	When testing the analysis of the recovery of the value of investments in Group companies, we drew on our knowledge in order to conclude on whether the value and the assumptions employed by Management are appropriate. In particular: • We compared the cost of the investees with the results and reserves relating to each investment and its performance compared with the previous year. • We used our technical knowledge in order to conclude on whether the value and assumptions used by management are appropriate. Specifically, we confirmed the reasonableness of the existing latent capital gains resulting from the valuation of the real estate assets and checked the arithmetic calculations. We considered the appropriateness of the disclosures provided in note 4.1.d to the annual accounts, explaining that there is a material valuation uncertainty as a consequence of the COVID-19 pandemic, in relation to some group’s investment properties. Additionally, we assessed the sufficiency and adequacy of the information disclosed in the Company’s annual accounts in this respect. As a result of our tests, we considered that management's estimates sufficiently underpin the amount recognised as investments in group companies.

Other information: Management report

Other information comprises only the management report for the 2021 financial year, the formulation of which is the responsibility of the Company’s directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the entity obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the 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 management report is consistent with that contained in the annual accounts for the 2021 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned determine necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the significant risks communicated with the entity´s directors, we determine those risks that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

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)

May 28, 2021

CASTELLANA PROPERTIES SOCIMI, S.A.

Annual Accounts for the financial year ended 31 March 2021 and the Management Report for the 2021 financial year

CONTENTS OF THE ANNUAL ACCOUNTS

Balance sheet

Income statement

Statement of changes in equity

Cash flow statement

Notes to the Annual Accounts

1. Activities and general information
2. Basis of presentation
3. Accounting policies
4. Risk management
5. Property, plant and equipment
6. Investment property
7. Analysis of financial instruments
8. Long-term investments in Group companies and associates
9. Loans and receivables
10. Cash and cash equivalents
11. Shareholders' funds
12. Reserves and income for the year
13. Creditors and payables
14. Income tax and tax situation
15. Income and expenses
16. Financial income
17. Provisions and contingencies
18. Company directors' remuneration, shareholdings and balances
19. Transactions and balances with Group companies and related parties
20. SOCIMI reporting requirements, Law 11/2009, as amended by Law 16/2012
21. Audit fees
22. Events after the reporting period

Management Report

CASTELLANA PROPERTIES SOCIMI, S.A.

BALANCE SHEET

(Thousands of euros)

ASSETS	Note	Thousands of euros	
		31 March 2021	**31 March 2020**
Assets			
Non-current assets			
Intangible assets	3	21	21
Property, plant and equipment	5	90	89
Investment property	6	83,897	83,929
Long-term investments in Group companies and associates	8	433,200	437,715
Other non-current financial assets	7	1,093	1,056
		518,301	**522,810**
Current assets			
Trade and other receivables		**1,802**	**1,506**
Trade receivables for sales and services	7 and 9	299	114
Trade receivables, Group companies and associates	7 and 19	844	1,348
Trade receivables, related companies	7 and 19	659	44
Short-term financial assets		**2,804**	**2,963**
Short-term prepayments and accrued income		**132**	**103**
Cash and cash equivalents	10	**9,426**	**17,906**
		14,164	**22,478**
Total assets		**532,465**	**545,288**

The accompanying Notes 1 to 22 form an integral part of the Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

BALANCE SHEET

(Thousands of euros)

EQUITY AND LIABILITIES	Note	Thousands of euros 31 March 2021	31 March 2020
Equity			
Share capital	11	86,271	86,271
Share premium	11	376,952	400,568
Legal reserve	12	5,377	3,045
Other reserves	12	10,107	10,042
Treasury shares	11	(355)	(228)
Other equity instruments	18	2,000	1,000
Profit/(loss) for the year	12	(4,811)	23,321
Interim dividend	12	-	(17,025)
		475,541	**506,994**
Liabilities			
Non-current liabilities			
Long-term bank borrowings	7 and 13	22,241	21,661
Long-term payables to Group companies and associates	7, 13 and 19	8,199	11,719
Other non-current financial liabilities	7 and 13	1,560	1,661
		32,000	**35,041**
Current liabilities			
Short-term bank borrowings		**345**	**-**
Other short-term financial liabilities		**112**	**-**
Short-term payables to Group companies and associates	7, 13 and 19	**21,210**	**339**
Trade and other payables		**3,257**	**2,914**
Sundry and other payables	7 and 13	1,764	1,567
Trade payables, related companies	7, 13 and 19	-	11
Other liabilities	7 and 13	1,287	1,030
Other accounts payable to Public Administrations	14	206	306
		24,924	**3,253**
Total liabilities		**56,924**	**38,294**
Total equity and liabilities		**532,465**	**545,288**

The accompanying Notes 1 to 22 form an integral part of the Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

INCOME STATEMENT

(Thousands of euros)

	Note	Thousands of euros Financial year ended on 31 March 2021	Financial year ended on 31 March 2020
Continuing operations			
Revenue		**16,556**	**34,054**
Provision of services	15	11,361	11,392
Income from equity instruments, Group companies	15	5,195	22,662
Staff costs	15	**(4,720)**	**(4,685)**
Other operating expenses	15	**(5,104)**	**(4,194)**
Other profit/(loss)		**-**	**(18)**
Fixed asset depreciation	5 and 6	**(1,111)**	**(832)**
Impairment of long-term shareholdings in Group companies	8 and 15	**(9,178)**	-
OPERATING PROFIT/(LOSS)		**(3,557)**	**24,325**
Financial expenses	16	(1,254)	(1,004)
NET FINANCIAL INCOME/(EXPENSE)		**(1,254)**	**(1,004)**
PROFIT/(LOSS) BEFORE TAX		**(4,811)**	**23,321**
Income tax	14	**-**	-
PROFIT/(LOSS) FOR THE YEAR		**(4,811)**	**23,321**

The accompanying Notes 1 to 22 form an integral part of the Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of euros)

	Note	Thousands of euros	
		Financial year ended on 31 March 2021	**Financial year ended on 31 March 2020**
Profit for the year	15	**(4,811)**	**23,321**
Other comprehensive income		-	-
Items that may be reclassified to profit/(loss)		-	-
Items that will not be reclassified to profit/(loss)		-	-
Other comprehensive income for the year, after tax		-	-
Total comprehensive income for the year		**(4,811)**	**23,321**

The accompanying Notes 1 to 22 form an integral part of the Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

B) TOTAL STATEMENT OF CHANGES IN EQUITY

(Thousands of euros)

Description	Authorised capital (Note 11)	Share premium (Note 11)	Legal and bylaw reserve (Note 12)	Other reserves (Note 12)	Treasury shares (Note 11)	Profit/(loss) for the year (Note 12)	Interim dividend (Note 12)	Other equity instruments (Note 18)	TOTAL
BALANCE AT 31 MARCH 2019	**74,894**	**360,436**	**148**	**(4,742)**	**(273)**	**28,962**	**(17,916)**	**-**	**441,509**
Total comprehensive income for the period	-	-	-	-	-	23,321	-	-	**23,321**
Distribution of prior year profit/(loss)	-	-	2,897	-	-	(28,962)	-	-	**(26,065)**
Share capital increase	11,377	47,582	-	14,777	-	-	-	-	**73,736**
Dividend distribution	-	(7,450)	-	-	-	-	891	-	**(6,559)**
Treasury share transactions	-	-	-	7	45	-	-	-	**52**
Other changes	-	-	-	-	-	-	-	1,000	**1,000**
BALANCE AT 31 MARCH 2020	**86,271**	**400,568**	**3,045**	**10,042**	**(228)**	**23,321**	**(17,025)**	**1,000**	**506,994**
Total comprehensive income for the period	-	-	-	-	-	(4,811)	-	-	**(4,811)**
Distribution of prior year profit/(loss)	-	-	2,332	65	-	(23,321)	20,924	-	**-**
Dividend distribution	-	(23,616)	-	-	-	-	(3,898)	-	**(27,514)**
Treasury share transactions	-	-	-	-	(127)	-	-	-	**(127)**
Other changes	-	-	-	-	-	-	(1)	1,000	**999**
BALANCE AT 31 MARCH 2021	**86,271**	**376,952**	**5,377**	**10,107**	**(355)**	**(4,811)**	**-**	**2,000**	**475,541**

The accompanying Notes 1 to 22 form an integral part of the Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

CASH FLOW STATEMENT

(Thousands of euros)

	Note	Financial year ended on 31 March 2021	Financial year ended on 31 March 2020
		Thousands of euros	
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before tax	12	**(4,811)**	**23,321**
Adjustments to profit/(loss)		**8,543**	**(18,825)**
Fixed asset depreciation	5 and 6	1,111	833
Impairment adjustments	16	9,178	-
Change in provisions		2,195	2,001
Financial expenses	16	1,254	1,004
Income from equity instruments		(5,195)	(22,663)
Changes in working capital		**(1,277)**	**55**
Trade and other receivables	7	(292)	931
Other current assets	7	(29)	(64)
Trade and other payables	13	98	(944)
Other current liabilities		(943)	(541)
Other non-current assets and liabilities		(111)	673
Other cash flows from operating activities		**2,883**	**24,264**
Dividends collected		2,883	24,264
Cash flows from operating activities		**5,338**	**28,815**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(2,320)**	**(73,736)**
Group companies, associates and business units	8	(2,118)	(12,000)
Intangible assets	5 and 6	(4)	(14)
Property, plant and equipment	5 and 6	(11)	(23)
Investment property	6	(187)	(61,699)
Cash flows from investing activities		**(2,320)**	**(73,736)**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments on equity instruments		**(127)**	**75,894**
Issuance of equity instruments	11	-	75,849
Acquisition of own equity instruments	11	(143)	(5)
Disposal of equity instruments		16	50
Receipts/(payments) on financial liability instruments	13	**16,144**	**21,050**
Bank borrowings		-	21,632
Payables to related companies	19	17,500	-
Interest payments		(1,356)	(582)
Dividend payments and return on other equity instruments:		**(27,515)**	**(34,732)**
Dividends	12	(27,515)	(34,732)
Cash flows from financing activities		**(11,498)**	**62,212**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(8,480)**	**17,291**
Cash and cash equivalents at the start of the year		17,906	615
Cash and cash equivalents at the year end		9,426	17,906

The accompanying Notes 1 to 22 form an integral part of the Consolidated Annual Accounts at 31 March 2021.

CASTELLANA PROPERTIES SOCIMI, S.A.

NOTES TO THE 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 the parent company of a Group of subsidiaries in the terms detailed in Article 42 of the Spanish Commercial Code. Pursuant to the requirements for listing on the Spanish Alternative Stock Exchange (*Mercado Alternativo Bursátil, MAB*), the company has prepared separate Consolidated Annual Accounts.

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 15 September 2020, the Castellana Properties Socimi, S.A General Shareholders' Meeting approved the Individual and Consolidated Annual Accounts for the financial year ended on 31 March 2020.

Castellana Properties SOCIMI, S.A. is the parent company of the Castellana Group. The Consolidated Annual Accounts are filed at the Madrid Company Registry. The Company's directors prepared the Consolidated Annual Accounts on 27 May 2021. These Annual Accounts were prepared by the Company's directors on 27 May 2021.

They will be submitted for approval by the Shareholders' Meeting, where they are expected to be approved with no amendments.

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 BME Growth (formerly the Spanish Alternative Stock Exchange (MAB)) since 25 July 2018, within the SOCIMI segment.

2. BASIS OF PRESENTATION

a) True and fair view

For the periods shown in these Annual Accounts, the directors have prepared the Annual Accounts 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 the Company.

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

The Annual Accounts have been drawn up on a historical cost basis.

b) Critical measurement issues and estimates of uncertainty

The preparation of these Annual Accounts requires the 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 Company 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 Company 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. 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.

Useful life of investment property

The Company management establishes the estimated useful life of its investment property, along with the corresponding charges for depreciation. The useful life of a real estate investment is estimated on the basis of the period in which each of the elements included under this heading will generate financial profits. At the close of each year, the Company reviews the useful life of its investment property, and if its estimates differ from the estimates made in the past, the effects of this change are entered prospectively from the financial year in which the change is made.

Income tax

The 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 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.

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, the change of estimate will be recognised prospectively in the income statement.

2.1. Distribution of dividends and compulsory payment of dividends

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

The 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.

2.2. Comparability

The information contained in these Annual Accounts for the financial year ended on 31 March 2021 is presented, for comparative purposes, together with the information relating to the financial year ended on 31 March 2020.

2.3. Going concern basis

These Annual Accounts have been drawn up on a going concern basis, assuming that the Company will realise its assets and settle its commitments in the ordinary course of business.

At 31 March 2021, the Company's working capital is negative in the amount of €10,760 thousand (working capital was positive in the amount of €19,225 thousand at 31 March 2020). This negative working capital is explained mainly a loan of €17,500 thousand from the principal shareholder Vukile Property Fund Limited.

At the date these annual accounts are authorised for issue, the Company has signed an agreement with its shareholder maturing this loan in July 2022 (see notes 19 and 22), and therefore, considering this circumstance, the working capital would amount to €6,740 thousand.

2.4. Grouping of items

The items in these Annual Accounts are grouped in order to facilitate the understanding of the balance sheet and income statement, any necessary analyses being provided in the relevant Notes to the accounts.

2.5. Non-mandatory accounting principles

Where an accounting principle is compulsory and has a significant effect on the preparation of the Annual Accounts, there is no instance in which it has not been applied.

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.

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 economic benefits associated with the expenditure will flow to the Company 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:

Description	Depreciation rate (%)
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

Investment property includes two office buildings, a retail park and a shopping centre owned by the Company that are held to obtain long-term rental income and are not occupied by the Company. Investment property is valued at cost of acquisition less accumulated depreciation and any impairment losses.

Investment property is depreciated using the straight-line method, based on the number of years of useful life estimated in each case:

Description	Depreciation rate (%)
Buildings	1%
Plant	3%

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.

The criteria used to recognise impairment losses on these assets and, where applicable, the recovery of any impairment losses recognised in prior years are described in Note 3.4.

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.

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.

Investments in the assets of Group companies

They are measured at cost less any cumulative impairment losses. If there is objective evidence that the carrying amount is not recoverable, the relevant measurement adjustment will be made for the difference between the carrying amount and the recoverable amount, which is understood to be the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless there is better evidence of the recoverable amount, when estimating the impairment of these investments, the subsidiary's equity is taken into account and adjusted for latent capital gains existing on the measurement date. The measurement adjustment and related reversals are recognised in the income statement for the year they arise.

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.

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. 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 Company 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.

3.8. Cash and cash equivalents

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

3.9. 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.

3.10. Current and deferred income tax

In accordance with the SOCIMI tax rules, the 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 shareholding 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 distribution, with respect to companies that have a shareholding 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%.

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.

3.11. Leases

<u>When the Company is the lessee - Operating lease</u>

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.

<u>When the Company is the lessor</u>

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 3.14).

3.12. 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 General Shareholders' Meeting held on 15 September 2020 approved a share-based long-term incentive plan. 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).

3.13. Provisions and contingent liabilities

Provisions are set aside: when the Company 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.

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 Company's control. These contingent liabilities are not recognised in the accounts.

3.14. Revenue recognition

Revenue is stated at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the ordinary course of business, less discounts, value added tax and other sales-related taxes, that is in accordance with the lease agreements signed and on a straight-line basis over the lease term. Any incentives will be allocated on a straight-line basis to the lease expiration date.

Provision of services

The Company provides leasing services. Income earned from the leasing of property is entered on a straight-line basis over the lease term. When the Company 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 Company 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.

Income and expenses arising from equity interests in other companies

The Company's core business is the holding of equity interests in other companies, in addition to the letting of properties owned.

The dividends obtained from its equity interests and other business income will form part of revenue, together with profits from the disposal of investments. The remaining income and expenses associated with this business activity are carried in operating profit/(loss) in the income statement.

3.15. 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 Company's activities are exposed to various financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company'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 Company'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 Company's interest rate risk relates to borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. At 31 March 2021, 100% of its financing was linked to a variable rate (100% at 31 March 2020). The Company's borrowings at variable interest rates are denominated in euros. The variable interest rate varies from 2.05% to 2.06%.

The Company's interest rate risk relates to borrowings with banks, Group companies and related parties.

The Company analyses its exposure to interest rate risk dynamically. Several scenarios are generated, taking account of financing and hedging alternatives. Based on these scenarios, the Company 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 timeframe: The timeframe 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 €266 thousand increase or a €117 thousand reduction in financial expenses. Simulations are performed regularly to ensure that the potential maximum loss remains within the limits established by management.

b) Credit risk

The Company is not exposed to significant levels of credit risk, this being the impact that the non-payment of receivables could have on its income statement. The Company has policies in place to ensure that both sales and lettings are made to clients with an appropriate credit history.

c) Liquidity risk

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

The maturity dates set for the Company's financial asset and liability instruments at 31 March 2021 and 31 March 2020 are shown in Note 7.

On the balance sheet date, the Company records cash totalling €9,426 thousand (€17,906 thousand at 31 March 2020).

At 31 March 2021, the Company's working capital is negative in the amount of €10,760 thousand (working capital was positive in the amount of €19,225 thousand at 31 March 2020). This negative working capital is explained mainly a loan of €17,500 thousand from the principal shareholder Vukile Property Fund Limited.

At the date these annual accounts are authorised for issue, the Company has signed an agreement with its shareholder maturing this loan in July 2022 (see notes 19 and 22), and therefore, considering this circumstance, the working capital would amount to €6,740 thousand.

d) Other Risks

The appearance of the COVID-19 coronavirus in China in January 2020 and its global spread to a large number of countries led the World Health Organization to classify the viral outbreak as a pandemic on 11 March 2020.

This pandemic has impacted economic and financial markets and virtually all sectors of the economy are facing huge challenges in the current economic circumstances.

Using the information available, the Company's directors and management have assessed the main impacts of the pandemic on these Annual Accounts, as described below:

- Operating risk:

  The Company has fostered communication between the owner and operators so as to ascertain their situation as quickly as possible and be in a position to make the best decisions in each specific case. These actions include the Company's decision to discount the guaranteed minimum rent for April and May for tenants that were unable to do business due to the "State of Emergency".

  Since the start of the pandemic, the Castellana Group has offered support to all our tenants so as to arrive at the best solution for both parties. At the date these annual accounts are authorised for issue, the Company has closed agreements with 93.6% of tenants, while agreements with the remaining 6.4% are in a very advanced stage, with rental discounts in the tax year ended 31 March 2021 amounting to €1,700 thousand.

  However, the Company has a high-quality tenant base, so rent collection periods were not affected. The Company's directors and management continue to monitor potential effects of the pandemic on works in progress for certain investment properties and the leases of current and future tenants.

- Liquidity risk:

  Company management monitors liquidity needs to ensure that sufficient financial resources are available to meet requirements. The Company is in a very robust position, since cash and cash equivalents amount to €9,426 thousand.

- Asset and liability measurement risk:

  Risks of default or deterioration of tenants' financial position did not increase significantly, with the bad debt ratio standing at around 3.66%.

  COVID-19 has lead to us facing a number of unprecedented circumstances. In this regard, at 30 September 2020 the Group's valuers issued a valuation for all of the properties in the portfolio based on a "material valuation uncertainty" under the RICS VPS3 and VPGA10 Red Book Global Standards. A lower degree of certainty and greater attention must therefore be attributed to the valuations.

  At March 31 2021, within the Castellana group, this "Material valuation uncertainty" has only affected the shopping centers and retail parks, having been eliminated from the rest of the assets in the portfolio. This could have an impact on the company's group investments that own shopping centers.

  As regards other assets and liabilities, the value of the Company's shareholdings in other companies fell due to the effects of COVID-19. The impairment of shareholdings in Group companies in the amount of €9,178 thousand relates to the subsidiaries Randolph Spain, SLU, Roxbury Spain, SLU, Junction Parque Granada, SLU and Morzal Property Iberia, SLU.

Before issuing these annual accounts, the Company's management and directors assessed the situation and concluded that the Company still has sufficient financial resources to apply the going concern principle.

The significant estimates and judgements made by the Company's directors and management could be affected by rapidly changing events and the potential evolution of the pandemic in the coming months (potential impacts and mitigating actions).

Finally, the Company's directors and management are constantly overseeing the situation so as to successfully overcome any financial or non-financial impacts.

5. PROPERTY, PLANT AND EQUIPMENT

The entry for Property, plant and equipment at 31 March 2021 and 31 March 2020 and movements in that category break down as follows:

Description	Thousands of euros
Carrying amount at 31.03.2019	**83**
Acquisitions	**14**
Depreciation charge	**(8)**
Balance at 31.03.2020	**89**
Cost	**110**
Accumulated depreciation	**(21)**
Carrying amount at 31.03.2020	**89**
Acquisitions	**11**
Depreciation charge	**(10)**
Balance at 31.03.2021	**90**
Cost	**121**
Accumulated depreciation	**(31)**
Carrying amount at 31.03.2021	**90**

Additions during both financial years relate to furnishings, data-processing equipment and electronic equipment installed in the Company's offices at its registered address.

During 2021 and 2020, no impairment adjustments were made or reversed in respect of property, plant and equipment element.

At 31 March 2021 and 31 March 2020, none of the Company's property, plant and equipment items had been fully depreciated.

6. INVESTMENT PROPERTY

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

The following table contains a breakdown of the investment property and related movements:

Description	Thousands of euros			
	Land	Buildings	Plant	Total
Carrying amount at 31.03.2019	**8,026**	**11,744**	**3,283**	**23,053**
Acquisitions	6,353	41,995	13,351	**61,699**
Depreciation charge	-	(416)	(407)	**(823)**
Reversal of impairment	-	-	-	-
Balance at 31.03.2020	**14,379**	**53,323**	**16,227**	**83,929**
Cost	14,379	54,226	17,028	**85,633**
Accumulated depreciation	-	(903)	(801)	**(1,704)**
Accumulated impairment	-	-	-	-
Carrying amount at 31.03.2020	**14,379**	**53,323**	**16,227**	**83,929**
Acquisitions	100	882	82	**1,064**
Depreciation charge	-	(431)	(665)	**(1,096)**
Reversal of impairment	-	-	-	-
Balance at 31.03.2021	**14,479**	**53,774**	**15,644**	**83,897**
Cost	14,479	55,108	17,110	**86,697**
Accumulated depreciation	-	(1,334)	(1,466)	**(2,800)**
Accumulated impairment	-	-	-	-
Carrying amount at 31.03.2021	**14,479**	**53,774**	**15,644**	**83,897**

The following is a detailed breakdown of the investment property held by the Company:

- Property located in Alcobendas, on Avenida de la Industria (Madrid). This property was acquired by the Company on 30 May 2016. The property comprises a total constructed area of 16,055 sqm and a gross lettable area of 10,100 sqm. The Company recognises this property in its balance sheet at a gross value of €7,415 thousand for land, €8,045 thousand for buildings and €2,605 thousand for technical equipment. The whole property acquired is let to one tenant.

- Property located in Bollullos de la Mitación (Seville). This property was acquired by the Company on 30 May 2016. The property comprises a total constructed area of 10,870 sqm and a gross lettable area of 5,674 sqm. The Company recognises these properties in its balance sheet at a gross value of €611 thousand for land, €4,186 thousand for buildings and €1,072 thousand for plant. The whole property acquired is let to one tenant.

- Pinatar Fase II Retail Park, located at San Pedro de Pinatar, in the UA-1 Local Level Plan (*Plan Parcial*) "Área 3e" Manzana P-9 (Murcia). This property was acquired by the Company on 17 June 2019. The property comprises a total constructed area of 5,616 sqm and a gross lettable area of 2,623.93 sqm. The Company recognises these properties in its balance sheet at a gross value of €1,522 thousand for land, €1,948 thousand for buildings and €327 thousand for plant. The whole property acquired is let to several tenants.

- Puerta Europa Shopping Centre, located at A7, km 106, in Algeciras (Cádiz). This property was acquired by the Company on 31 July 2019. The property comprises a total constructed area of 41,302 sqm and a gross lettable area of 29,732 sqm, including terraces and storage areas. The Company recognises these properties in its balance sheet at a gross value of €4,931 thousand for land, €40,929 thousand for buildings and €13,106 thousand for plant. The whole property acquired is let to several tenants.

Several mortgage guarantees have been put in place on the first two properties, the market value of which amounts to €26,250 thousand (€26,370 thousand at 31 March 2020), by way of guaranteeing the Castellana Group will meet the terms and conditions upon which it has obtained the syndicated financing, in which the Company acts as a shareholder, with the companies Junction Parque Mérida, S.L.U, Junction Parque Villanueva I, S.L.U. Junction Parque Villanueva II, S.L.U, Junction Parque Motril, S.L.U., Junction Parque Huelva, S.L.U., Junction Parque Granada, S.L.U, Junction Parque Cáceres, S.L.U., Junction Parque Principado, S.L.U., Junction Parque Castellón, S.L.U., Randolph Spain, S.L.U., Roxbury Spain, S.L.U. and Junction Parque Alameda, S.L.U. being the borrowers of the loan. At 31 March 2021, the nominal value of this financing amounted to €154,000 thousand (€154,000 thousand at 31 March 2020) distributed among all of the borrower companies that are parties to the syndicated loan secured by the properties of the Company and of the other borrowers.

No mortgage was arranged to purchase the Pinatar Fase II Retail Park, which has a market value of €3,770 thousand.

A number of guarantees were given to purchase the Puerta Europa shopping centre, which has a market value of €65,010 thousand. At 31 March 2021, the nominal value of this financing amounted to €23,000 thousand (€23,000 thousand at 31 March 2020).

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	
	2021	**2020**
Rental income (Note 15)	7,789	6,568
Operating expenses related to investment properties that generate rental income (Note 15)	(3,237)	(1,879)
Operating expenses related to investment properties that do not generate rental income		-
	4,552	**4,689**

(Thousands of euros)

At the date these annual accounts are authorised for issue, the Company has closed agreements with 93.6% of tenants, while agreements with the remaining 6.4% are in a very advanced stage and are expected to be concluded on a similar basis in the short term. These agreements include rent concessions and discounts that have been taken to the Company's income statement at 31 March 2021 since the related effect of the straight-line method is immaterial.

b) Operating leases

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

Description	31/03/2021	31/03/2020
Less than one year	6,174	5,615
Between one and two years	5,179	4,942
Between two and three years	4,437	4,259
Between three and four years	3,842	3,829
Between four and five years	3,218	3,291
More than five years	15,297	18,841
	38,147	**40,777**

c) Insurance

The Company 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) Losses due to impairment

As of 31 March 2021 and 31 March 2020 the Company had no impairments.

e) Obligations

At the year end, the Company did not have any contractual obligations to acquire, build or develop investment properties, or to repair, maintain or insure them, besides those already reported in this Note.

7. ANALYSIS OF FINANCIAL INSTRUMENTS

7.1. 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, excluding equity investments in Group companies, jointly-controlled entities and associates (Note 8), is as follows:

	Thousands of euros	
	Long-term financial assets	
	Loans, derivatives and other	
	31/03/2021	**31/03/2020**
Loans and receivables (Note 9)	1,093	1,056
	1,093	**1,056**
	Short-term financial assets	
	Loans, derivatives and other	
	31/03/2021	**31/03/2020**
Loans and receivables (Note 9)	4,606	4,469
	4,606	**4,469**
Total financial assets	**5,699**	**5,525**

	Thousands of euros	
	Long-term financial liabilities	
	Loans, derivatives and other	
	31/03/2021	**31/03/2020**
Creditors and payables (Note 13)	32,000	35,041
	32,000	**35,041**
	Short-term financial liabilities	
	Loans, derivatives and other	
	31/03/2021	**31/03/2020**
Creditors and payables (Note 13)	24,718	2,947
	24,718	**2,947**
Total financial liabilities	**56,718**	**37,988**

7.2. Analysis by maturity date

Financial instruments with specific or determinable maturities are set out below by year of maturity at 31 March 2021:

31 March 2021

	Thousands of euros						
	Financial assets						
	March 2022	March 2023	March 2024	March 2025	March 2026	Subsequent years	Total
Financial investments							
Security deposits furnished	74	138	118	120	60	657	**1,167**
Dividend receivable from Group companies	2,730	-	-	-	-	-	**2,730**
Loans and receivables							
Trade receivables for sales and services	299	-	-	-	-	-	**299**
Trade receivables, Group companies and associates	1,503	-	-	-	-	-	**1,503**
	4,606	**138**	**118**	**120**	**60**	**657**	**5,699**

	Financial liabilities						
	March 2022	March 2023	March 2024	March 2025	March 2026	Subsequent years	Total
Payables							
Security deposits received	112	198	168	171	85	938	**1,672**
Bank borrowings	345	954	1,129	1,129	1,129	17,900	**22,586**
Payables to related companies	21,210	2,997	5,202	-	-	-	**29,409**
Trade and other payables							
Sundry payables	1,764	-	-	-	-	-	**1,764**
Other liabilities	1,287	-	-	-	-	-	**1,287**
	24,718	**4,149**	**6,499**	**1,300**	**1,214**	**18,838**	**56,718**

The entry “Other financial assets” includes the amounts deposited with the competent organisations in each Autonomous Region.

8. LONG-TERM INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The following table shows a breakdown of long-term investments in Group companies and associates at 31 March 2021 and 2020:

31 March 2021	Thousands of euros										
Company name	**Holding percentage**	**Gross carrying amount of the shareholding**	**Provision for impairment of shareholdings**	**Net carrying amount of the shareholding**	**Share capital**	**Share premium**	**Reserves**	**Shareholder contributions**	**Profit/(loss) for the year**	**Interim dividend**	**Investee's shareholders' funds**
JUNCTION PARQUE CASTELLÓN, S.L.U.	100%	3,815	-	**3,815**	3	-	77	1,868	55	(44)	**1,959**
JUNCTION PARQUE PRINCIPADO, S.L.U.	100%	17,625	-	**17,625**	3	-	577	6,693	886	(709)	**7,450**
RANDOLPH SPAIN, S.L.U.	100%	13,211	(1,039)	**12,172**	300	9,534	645	1,637	918	(734)	**12,300**
ROXBURY SPAIN, S.L.U.	100%	18,099	(1,038)	**17,061**	171	-	1,242	12,911	187	(149)	**14,362**
JUNCTION PARQUE HUELVA, S.L.U.	100%	14,553	-	**14,553**	3	-	852	9,332	325	(260)	**10,252**
JUNCTION PARQUE MOTRIL, S.L.U.	100%	4,312	-	**4,312**	3	-	107	2,598	58	(46)	**2,720**
JUNCTION PARQUE GRANADA, S.L.U.	100%	22,339	(791)	**21,548**	3	-	801	12,408	24	(19)	**13,217**
JUNCTION PARQUE CÁCERES, S.L.U.	100%	4,579	-	**4,579**	3	-	126	2,488	146	(117)	**2,646**
JUNCTION PARQUE MÉRIDA, S.L.U.	100%	11,825	-	**11,825**	3,750	-	459	181	462	(370)	**4,482**
JUNCTION VILLANUEVA 1, S.L.U.	100%	3,274	-	**3,274**	125	-	749	195	26	(21)	**1,074**
JUNCTION VILLANUEVA 2, S.L.U.	100%	4,584	-	**4,584**	774	-	219	83	224	(179)	**1,121**
JUNCTION PARQUE ALAMEDA, S.L.U.	100%	29,182	-	**29,182**	3	-	397	28,464	642	(514)	**28,992**
JUNCTION PARQUE HABANERAS, S.L.U.	100%	42,829	-	**42,829**	3	-	532	42,811	674	(539)	**43,481**
MORZAL PROPERTY IBERIA S.L.U.	100%	252,151	(6,310)	**245,841**	39,000	195,000	3,745	18,151	(11,013)	-	**244,883**
		442,378	**(9,178)**	**433,200**	**44,144**	**204,534**	**10,528**	**139,820**	**(6,386)**	**(3,701)**	**388,939**

31 March 2020

		Thousands of euros									
Company name	**Holding percentage**	**Gross carrying amount of the shareholding**	**Provision for impairment of shareholdings**	**Net carrying amount of the shareholding**	**Share capital**	**Share premium**	**Reserves**	**Shareholder contributions**	**Profit/(loss) for the year**	**Interim dividend**	**Investee's shareholders' funds**
JUNCTION PARQUE CASTELLÓN, S.L.U.	100%	3,815	-	**3,815**	3	-	51	1,868	129	(103)	**1,948**
JUNCTION PARQUE PRINCIPADO, S.L.U.	100%	17,445	-	**17,445**	3	-	330	6,513	1,231	(985)	**7,092**
RANDOLPH SPAIN, S.L.U.	100%	13,080	-	**13,080**	300	9,534	471	1,506	875	(700)	**11,986**
ROXBURY SPAIN, S.L.U.	100%	15,900	-	**15,900**	171	-	1,129	10,713	566	(453)	**12,126**
JUNCTION PARQUE HUELVA, S.L.U.	100%	14,493	-	**14,493**	3	-	714	9,272	691	(553)	**10,127**
JUNCTION PARQUE MOTRIL, S.L.U.	100%	4,312	-	**4,312**	3	-	67	2,599	198	(158)	**2,709**
JUNCTION PARQUE GRANADA, S.L.U.	100%	22,339	-	**22,339**	3	-	583	12,408	1,092	(874)	**13,212**
JUNCTION PARQUE CÁCERES, S.L.U.	100%	4,532	-	**4,532**	3	-	80	2,441	230	(184)	**2,570**
JUNCTION PARQUE MÉRIDA, S.L.U.	100%	11,644	-	**11,644**	3,750	-	329	-	649	(467)	**4,261**
JUNCTION VILLANUEVA 1, S.L.U.	100%	3,274	-	**3,274**	125	-	736	194	64	(51)	**1,068**
JUNCTION VILLANUEVA 2, S.L.U.	100%	4,501	-	**4,501**	774	-	155	-	318	(255)	**992**
JUNCTION PARQUE ALAMEDA, S.L.U.	100%	28,953	-	**28,953**	3	-	1	28,235	1,981	(1,585)	**28,635**
JUNCTION PARQUE HABANERAS, S.L.U.	100%	42,717	-	**42,717**	3	-	1	42,699	2,655	(2,124)	**43,234**
MORZAL PROPERTY IBERIA S.L.U.	100%	250,709	-	**250,709**	39,000	195,000	(158)	16,709	19,515	(14,170)	**255,896**
		437,715	**-**	**437,715**	**44,144**	**204,534**	**4,489**	**135,157**	**30,194**	**(22,662)**	**395,856**

At 31 March 2021, shareholdings in Group companies are impaired in the amount of €9,178 thousand (no impairment at 31 March 2020). No impairment loss was recognised for some of the Group's subsidiaries due to underlying gains causing the value of their equity to exceed the parent company's shareholding.

None of the Group companies in which the Company has a shareholding is listed on the stock market.

9. LOANS AND RECEIVABLES

As of 31 March 2021 and 31 March 2020, the breakdown of this heading is as follows:

Description	Thousands of euros	
	31/03/2021	31/03/2020
Long-term loans and receivables (Note 7):		
Other financial assets	1,093	1,056
	1,093	**1,056**
Short-term loans and receivables (Note 7):		
Trade receivables for sales and services	299	114
Trade receivables, Group companies and associates (Note 19)	844	1,348
Trade receivables, related companies (Note 19)	659	44
Other financial assets	2,804	2,963
	4,606	**4,469**
	5,699	**5,525**

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.

Other short-term financial assets include the short-term security deposits received and the dividends receivable from its subsidiaries (See Note 19).

Of the total short-term loans and receivables, at 31 March 2021, trade receivables had matured to the value of €294 thousand (€95 thousand at 31 March 2020), of which €49 thousand had been provisioned (€10 thousand at 31 March 2020) in accordance with the evaluation relating to trade receivables carried out by the Company.

At the end of the period, the trade receivables include an amount of €54 thousand pending invoicing, primarily for variable rent relating to 2020 at the Puerta Europa Shopping Centre.

All the amounts reported in this section are past due and unprovisioned, which the Company 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	
	31/03/2021	31/03/2020
Up to 3 months	207	44
Between 3 and 6 months	84	17
More than 6 months	80	34
	371	**95**

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	
	31/03/2021	31/03/2020
Opening balance	**(10)**	-
Appropriation	(65)	(10)
Reversal	25	-
Application	1	-
Closing balance	**(49)**	**(10)**

10. CASH AND CASH EQUIVALENTS

As of 31 March 2021 and 31 March 2020, the breakdown of this heading is as follows:

Description	Thousands of euros	
	31/03/2021	31/03/2020
Cash and cash equivalents		
Current accounts	9,426	17,906
	9,426	**17,906**

At 31 March 2021, there were restrictions on the availability of a total of €251 thousand (€380 thousand at 31 March 2020).

11. SHAREHOLDERS' FUNDS

a) Share capital

At 31 March 2021 and 2020, share capital stood at €86,271 thousand, consisting of 86,271,047 shares with a par value of €1 each, all in the same class, fully subscribed and paid up.

As at 31 March 2021 and 2020, the shareholders with more than a 3% shareholding in the Company are Vukile Property Fund Limited and Morze European Real Estate Ventures.

The breakdown is as follows:

	31/03/2021		31/03/2020	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Vukile Property Fund Limited	71,209,613	83%	71,204,716	83%
Morze European Real Estate Ventures	13,333,333	15%	13,333,333	15%

As of 31 March 2021 and 31 March 2020, the breakdown of share capital is as follows:

Description	Thousands of euros	
	31/03/2021	31/03/2020
Authorised capital	86,271	86,271
	86,271	**86,271**

b) Share premium

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

On June 18 and November 11, 2020, the Board of Directors approved the distribution of a dividend of €17,420 thousand and €6,196 thousand, respectively, charged to share premium.

As of 31 March 2021 and 31 March 2020, the breakdown of share premium is as follows:

Description	Thousands of euros	
	31/03/2021	31/03/2020
Share premium	376,952	400,568
	376,952	**400,568**

c) Treasury shares

Movements in 2021 and 2020 were as follows:

Description	2021		2020	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
Opening balance	**37,882**	**228**	**45,470**	**273**
Additions/purchases	22,901	142	800	5
Decreases	(2,610)	(15)	(8,388)	(50)
Closing balance	**58,173**	**355**	**37,882**	**228**

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 Company's treasury shares held at 31 March 2021 represented 0.07% of the Company's share capital (0.04% at 31 March 2020) and totalled 58,173 shares (37,882 at 31 March 2020). The average cost of the Company's treasury shares at 31 March 2021 and 31 March 2020 was €6 per share.

These shares are recognised as a reduction of €355 thousand in the value of the Company's shareholders' funds at 31 March 2021 (€228 thousand at 31 March 2020).

The 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 Company and its subsidiaries, must not exceed 10% of share capital.

12. RESERVES AND PROFIT/(LOSS) FOR THE YEAR

At 31 March 2021, €5,377 thousand (€3,045 thousand at 31 March 2020) 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	
	31/03/2021	31/03/2020
Legal reserve	5,377	3,045
Other reserves	10,107	10,042
Treasury shares	(355)	(228)
Total reserves	**15,129**	**12,859**

Other reserves at 31 March 2021 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. The variance on the previous period relates to the distribution of results for the financial year ended 31 March 2020 to voluntary reserves in the amount of €65 thousand.

Distribution of profit/(loss)

At the 31 March 2021 close, the Company reports a loss of €4,811 thousand, so the Board of Directors will propose the following distribution of results to the General Shareholders' Meeting:

Description	Thousands of euros
Available for distribution	
Profit/(loss) for the year	(4,811)
	(4,811)
Application	
Prior-year losses	(4,811)
	(4,811)

Share premium distribution

On 11 November 2020, the Castellana Board of Directors agreed to pay out a share premium distribution in the amount of €6,196 thousand, equating to €0.07186 per share, effective as at 27 November 2020.

Distribution of prior year profit/(loss)

The distribution of the profit/(loss) at 31 March 2020, which was approved at the General Shareholders' Meeting on 15 September 2020, was as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	23,321
	23,321
Application	
Legal reserve	2,332
Dividend	20,924
Voluntary reserves	65
	23,321

The Company also distributed €19,527 thousand to shareholders out of the share premium account.

13. CREDITORS AND PAYABLES

Description	Thousands of euros	
	31/03/2021	31/03/2020
Long-term creditors and payables (Note 7):		
Bank borrowings	22,241	21,661
Payables to Group companies and associates	8,199	11,719
Other financial liabilities	1,560	1,661
	32,000	**35,041**
Short-term creditors and payables (Note 7):		
Bank borrowings	345	-
Other financial liabilities	112	-
Payables to Group companies and associates	21,210	339
Sundry and other payables	1,764	1,567
Trade payables, related companies	-	11
Other liabilities	1,287	1,030
	24,718	**2,947**
	56,718	**37,988**

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 and payables to Group companies and associates are carried at amortised cost.

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

Trade and other payables primarily include balances payable in respect of investments in assets in the course of construction, provisions relating to property management and the accrual for bills pending payment to tenants as a result of the rent concessions granted in the year.

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

Bank borrowings

This balance sheet heading relates to the loans obtained by the Company on 31 July 2019 from the financial institutions Banco Pichincha España (€8,000 thousand) and Liberbank (€15,000 thousand), both falling due on 30 June 2031 and bearing annual interest at a rate of 2.05%.

The maturities of the nominal amounts carried in “Long-term and short-term bank borrowings” are as follows:

Description	Thousands of euros			
	31/03/2021		31/03/2020	
	Non-current	Current	Non-current	Current
March 2022	-	345	344	-
March 2023	977	-	977	-
March 2024	1,150	-	1,150	-
March 2025	1,150	-	1,150	-
> March 2026	19,378	-	19,378	-
	22,655	**345**	**23,000**	**-**

Payables to Group companies and associates

This balance sheet heading includes the Upstream loan that the Company arranged on 5 December 2017 with its subsidiary Junction Parque Alameda, S.L.U. amounting €11,860 thousand. This loan matures on 20 November 2023 and accrues annual interest at the 3-month Euribor reference rate plus a spread of 2.55% and, a loan of €17,500 thousand arranged with Vukile Property Fund Limited on 14 July 2020, which matures on 13 July 2021, accruing an annual interest rate of 3.50%.

At the date these annual accounts are authorised for issue, the Company has signed an agreement with its shareholder maturing this loan in July 2022 (see notes 19 and 22).

The maturities of the nominal amounts included in "Long-term and short-term payables to Group companies and associates" are as follows:

Description	Thousands of euros			
	31/03/2021		31/03/2020	
	Non-current	Current	Non-current	Current
March 2022	-	21,210	3,558	-
March 2023	3,054		3,054	-
March 2024	5,248	-	5,248	-
March 2025	-	-	-	-
> March 2026	-	-	-	-
	8,302	**21,210**	**11,860**	**-**

The Company has included an amortised cost of €517 thousand (€1,480 thousand at 31 March 2020) on the balance sheet in respect of loan arrangement costs. At 31 March 2021, accrued unmatured interest amounted to €152 thousand (€339 thousand at 31 March 2020). Interest expenses accrued during the period totalled €1,254 thousand (€1,004 thousand at 31 March 2020).

The Company acts as guarantor of the two loans received by the Castellana Group. A syndicated loan in the amount of €146,000 thousand and a CAPEX line related to the previous syndicated loan for a maximum amount of €8,000 thousand, which had been fully drawn down at financial year end.

The Group signed various waivers with its main financial institutions exonerating the Group from fulfilling the covenants included in financing agreements until 31 March 2021 (inclusive). For the syndicated financing, the short-term maturities (€3,333 thousand) payment date has been extended to June 2021.

At the date these annual accounts are authorised for issue, the Group has agreed to modify the syndicated loan repayment schedule, the fisrt tranche falling due in June 2022 (Note 22).

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 2021, 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:

Description	Days	
	31/03/2021	31/03/2020
Average supplier payment period	46	33
Ratio of transactions settled	45	32
Ratio of transactions not yet settled	76	41

Description	Thousands of euros	
	31/03/2021	31/03/2020
Total payments settled	5,914	5,541
Total outstanding payments	150	362

14. INCOME TAX AND TAX SITUATION

As of 31 March 2021 and 31 March 2020, the breakdown of taxes refundable and payable is as follows:

Description	Thousands of euros	
	31/03/2021	31/03/2020
Receivables		
VAT refundable	-	-
	-	-
Payables		
VAT payable	73	101
PIT payable	91	168
Social security contributions	42	37
	206	**306**

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	**(4,811)**	**-**	**(4,811)**	-	-	-
Corporate income tax	-	-	-	-	-	-
Permanent differences	697	-	697	-	-	-
Temporary differences	10,225	-	10,225	-	-	-
Tax base (taxable income)	**6,011**	**-**	**6,011**	**-**	**-**	**-**

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.

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 until 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	
	2021	2020
Rental income	5,234	5,141
Reinvoicing of costs to tenants	2,555	1,427
Income from services to Group companies (Note 19)	3,177	4,451
Reinvoicing of costs to Group companies (Note 19)	395	373
Income from equity instruments, Group companies (Note 19)	5,195	22,662
	16,556	**34,054**

b) Staff costs

This consolidated income statement heading breaks down as follows:

Description	Thousands of euros	
	2021	2020
Wages, salaries and similar remuneration	(4,337)	(4,319)
Social security	(383)	(366)
	(4,720)	**(4,685)**

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	
	2021	2020
Directors	6	7
University graduates or diploma holders	19	17
Administrative personnel and other	3	3
	28	**27**

In addition, at 31 March 2021 and 31 March 2020, the gender breakdown of the headcount was as follows:

2021

Description	Number of employees		
	Men	Women	Total
Directors	4	2	6
University graduates or diploma holders	7	13	20
Administrative personnel and other	-	2	2
	11	**17**	**28**

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**

The Group had no employees with a disability rating of 33% or more (or the local equivalent) at 31 March 2021 or 31 March 2020.

c) Other operating expenses

This income statement heading breaks down as follows:

Description	Thousands of euros	
	2021	**2020**
External services attributable directly to real estate assets	(3,237)	(1,879)
Other external services	(1,867)	(2,315)
	(5,104)	**(4,194)**

d) Impairment of long-term shareholdings in Group companies

The amount of this heading €9,178 thousand relates to the group investments held by the Company in the subsidiaries Randolph Spain, S.L.U, Roxbury Spain, S.L.U, Junction Parque Granada, S.L.U and Morzal Property Iberia, S.L.U.

16. NET FINANCIAL INCOME/(EXPENSE)

The breakdown of this heading by category during 2021 and 2020 is as follows:

Description	Thousands of euros	
	2021	**2020**
Financial expenses		
Interest on bank borrowings	(563)	(393)
Interest on payables to Group companies and associates (Note 19)	(691)	(611)
	(1,254)	**(1,004)**

Interest on bank borrowings relates to the financing received to purchase Puerta Europa Shopping Centre on 31 July 2019.

Interest on loans to Group companies totalling €247 thousand relates to the upstream loan granted to Junction Parque Alameda, S.L.U. in the amount of €11,860 thousand on 5 December 2017 (Note 13).

Interest on loans to related companies totalling €444 thousand relates to the shareholder loan with Vukile Property Fund Limited in the amount of €17,500 thousand, signed on 14 July 2020 (Note 13).

17. PROVISIONS AND CONTINGENCIES

As of 31 March 2021 and 31 March 2020 the Company had no provisions or contingent liabilities.

18. 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 shareholdings they or persons related to them may hold in any company engaging in activities which are identical, analogous or complementary to those 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 2021, remuneration accrued to the directors totalled €1,465 thousand (€1,206 thousand at 31 March 2020), of which executive directors received a total of €1,043 thousand (€834 thousand at 31 March 2020).

The Company 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 3.12). The first calculation period comprises the period from 1 April 2019 to 31 March 2022. At 31 March 2021, the Company has estimated a cost of €2,000 thousand recognised in the item "Other equity instruments".

19. TRANSACTIONS AND BALANCES WITH GROUP COMPANIES AND RELATED PARTIES

During 2021 and the year ended on 31 March 2020, the breakdown of related-party transactions is as follows:

2021

	Thousands of euros			
Description	**Financial income from holdings in Group company equity instruments**	**Income from reinvoicing of costs to Group companies**	**Income from services to Group companies**	**Costs for interest accrued**
JUNCTION PARQUE CASTELLÓN, S.L.U.	44	-	97	-
JUNCTION PARQUE PRINCIPADO, S.L.U.	709	7	161	-
RANDOLPH SPAIN, S.L.U.	735	4	137	-
ROXBURY SPAIN, S.L.U.	149	4	116	-
JUNCTION PARQUE HUELVA, S.L.U.	260	7	139	-
JUNCTION PARQUE MOTRIL, S.L.U.	46	-	103	-
JUNCTION PARQUE GRANADA, S.L.U.	19	32	169	-
JUNCTION PARQUE CÁCERES, S.L.U.	116	-	103	-
JUNCTION PARQUE MÉRIDA, S.L.U.	422	4	126	-
JUNCTION VILLANUEVA 1, S.L.U.	21	2	95	-
JUNCTION VILLANUEVA 2, S.L.U.	179	2	108	-
JUNCTION PARQUE ALAMEDA, S.L.U.	514	155	197	(247)
JUNCTION PARQUE HABANERAS, S.L.U.	539	26	263	-
MORZAL PROPERTY IBERIA S.L.U.	1,442	152	1,363	-
VUKILE PROPERTY FUND LIMITED	-	-	-	(444)
	5,195	**395**	**3,177**	**(691)**

2020

	Thousands of euros			
Description	**Financial income from holdings in Group company equity instruments**	**Income from reinvoicing of costs to Group companies**	**Income from services to Group companies**	**Costs for interest accrued**
JUNCTION PARQUE CASTELLÓN, S.L.U.	103	3	127	-
JUNCTION PARQUE PRINCIPADO, S.L.U.	985	3	227	-
RANDOLPH SPAIN, S.L.U.	700	1	203	-
ROXBURY SPAIN, S.L.U.	453	1	159	-
JUNCTION PARQUE HUELVA, S.L.U.	553	3	197	-
JUNCTION PARQUE MOTRIL, S.L.U.	158	3	136	-
JUNCTION PARQUE GRANADA, S.L.U.	874	35	267	-
JUNCTION PARQUE CÁCERES, S.L.U.	184	3	137	-
JUNCTION PARQUE MÉRIDA, S.L.U.	467	3	176	-
JUNCTION VILLANUEVA 1, S.L.U.	51	1	122	-
JUNCTION VILLANUEVA 2, S.L.U.	255	1	146	-
JUNCTION PARQUE ALAMEDA, S.L.U.	1,585	158	378	(262)
JUNCTION PARQUE HABANERAS, S.L.U.	2,124	17	413	-
MORZAL PROPERTY IBERIA S.L.U.	14,170	141	1,763	-
VUKILE PROPERTY FUND LIMITED	-	-	-	(349)
	22,662	**373**	**4,451**	**(611)**

As of 31 March 2021 and 31 March 2020, the breakdown of balances with related parties is as follows:

31 March 2021

Description	Dividends receivable	Trade receivables for sales and services	Trade receivables, related companies	Long-term payables to Group and related companies	Payables to Group companies and related parties	Interest pending payment
	Thousands of euros					
JUNCTION PARQUE CASTELLÓN, S.L.U.	44	19	-	-	-	-
JUNCTION PARQUE PRINCIPADO, S.L.U.	528	34	-	-	-	-
RANDOLPH SPAIN, S.L.U.	604	30	-	-	-	-
ROXBURY SPAIN, S.L.U.	149	24	-	-	-	-
JUNCTION PARQUE HUELVA, S.L.U.	200	30	-	-	-	-
JUNCTION PARQUE MOTRIL, S.L.U.	47	20	-	-	-	-
JUNCTION PARQUE GRANADA, S.L.U.	19	40	-	-	-	-
JUNCTION PARQUE CÁCERES, S.L.U.	69	21	-	-	-	-
JUNCTION PARQUE MÉRIDA, S.L.U.	241	27	-	-	-	-
JUNCTION VILLANUEVA 1, S.L.U.	21	18	-	-	-	-
JUNCTION VILLANUEVA 2, S.L.U.	96	22	-	-	-	-
JUNCTION PARQUE ALAMEDA, S.L.U.	285	128	-	(11,757)	-	(7)
JUNCTION PARQUE HABANERAS, S.L.U.	427	60	-	-	-	-
MORZAL PROPERTY IBERIA S.L.U.	-	371	-	-	-	-
VUKILE PROPERTY FUND LIMITED	-	-	-	(17,500)	-	(145)
ADAM LEE MORZE	-	-	42	-	-	-
DIVERSIFIED REAL ESTATE ASSETS MANAGEMENT, S.L.	-	-	2	-	-	-
MORZE EUROPEAN REAL ESTATE VENTURES	-	-	615	-	-	-
	2,730	**844**	**659**	**(29,257)**	**-**	**(152)**

31 March 2020

Description	Dividends receivable	Trade receivables for sales and services	Trade receivables, related companies	Long-term payables to Group and related companies	Payables to Group companies and related parties	Interest pending payment
	Thousands of euros					
JUNCTION PARQUE CASTELLÓN, S.L.U.	35	38	-	-	-	-
JUNCTION PARQUE PRINCIPADO, S.L.U.	323	62	-	-	-	-
RANDOLPH SPAIN, S.L.U.	244	56	-	-	-	-
ROXBURY SPAIN, S.L.U.	231	46	-	-	-	-
JUNCTION PARQUE HUELVA, S.L.U.	206	56	-	-	-	-
JUNCTION PARQUE MOTRIL, S.L.U.	66	40	-	-	-	-
JUNCTION PARQUE GRANADA, S.L.U.	279	75	-	-	-	-
JUNCTION PARQUE CÁCERES, S.L.U.	69	41	-	-	-	-
JUNCTION PARQUE MÉRIDA, S.L.U.	161	51	-	-	-	-
JUNCTION VILLANUEVA 1, S.L.U.	17	37	-	-	-	-
JUNCTION VILLANUEVA 2, S.L.U.	88	43	-	-	-	-
JUNCTION PARQUE ALAMEDA, S.L.U.	440	173	-	(11,719)	-	(7)
JUNCTION PARQUE HABANERAS, S.L.U.	804	107	-	-	-	-
MORZAL PROPERTY IBERIA S.L.U.	-	523	-	-	-	-
VUKILE PROPERTY FUND LIMITED	-	-	-	-	(11)	(332)
ADAM LEE MORZE	-	-	42	-	-	-
DIVERSIFIED REAL ESTATE ASSETS MANAGEMENT, S.L.	-	-	2	-	-	-
	2,963	**1,348**	**44**	**(11,719)**	**(11)**	**(339)**

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.

(Thousands of euros)

No dividends were distributed against reserves (Note 12).

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.
- Interim dividend of €3,898 thousand for the financial year ended 31 March 2020, approved by the Board of Directors on 13 June 2020.
- Dividend charged to the share premium account in the amount of €17,420 thousand, approved by the Board of Directors on 13 June 2020.
- Interim dividend of €53 thousand for the financial year ended 31 March 2020, approved at the General Shareholders' Meeting on 15 September 2020.
- Dividend charged to the share premium account in the amount of €6,196 thousand, approved by the Board of Directors on 11 November 2020.

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.

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 (Plan Parcial) “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

(Thousands of euros)

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	Kinepolis Retail Park & Leisure Centre	Calle Samuel Billy Wilder 1, Pulianas - Granada
Junction Parque Cáceres, S.L.U.	30 June 2017	Mejostilla Retail Park	Calle Jose Espronceda 52, Plot M-19.1ª, Caceres
Junction Parque Mérida, S.L.U.	30 June 2017	La Heredad Retail Park	Avenida José Saramago de Sousa, Merida
Junction Parque Villanueva 1, S.L.U.	30 June 2017	La Serena Retail Park	Carretera Don Benito, S/N, Villanueva de la Serena, Badajoz
Junction Parque Villanueva fase 2, S.L.U.	30 June 2017	Villanueva de la Serrena II Retail Park	Carretera Don Benito, S/N, Villanueva de la Serena, Badajoz
Junction Parque Alameda, S.L.U.	5 December 2017	Alameda Shopping Centre	Calle Luis Buñuel 6, 18197, Pulianas - Granada
		San Pedro Del Pinatar Retail Park	UA-1 Local Level Plan (*Plan Parcial*) “Area 3e”, Manzana P-9, San Pedro del Pinatar (Murcia)
Junction Parque Habaneras, S.L.U.	9 May 2018	Habaneras Shopping Centre	Avenida Rosa Mazón Valero 7, Torrevieja, Alicante
Morzal Property Iberia S.L.U.	27 November 2018	Vallsur Shopping Centre	Paseo de Zorilla, Valladolid
		Los Arcos Shopping Centre	Avenida de Andalucia S/N, Seville
		Bahía Sur Shopping Centre	Avenida Caño Herrera S/N, San Fernando, Cádiz
		El Faro Shopping Centre	Avenida de Elvas S/N, Badajoz

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.

- Voluntary reserves amounting to €65 thousand recognised during the financial year ended 31 March 2020 and not distributed or used to offset losses.

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 €108 thousand (€104 thousand at 31 March 2020) and €10 thousand (€9 thousand at 31 March 2020), respectively.

The fees accrued to other companies of the PwC network as a result of consultancy services, other assurance services or other services rendered to the Company amounted to €6 thousand (€49 thousand at 31 March 2020).

22. EVENTS AFTER THE REPORTING PERIOD

On May 14 2021, the Company's main shareholder agreed to modify the repayment date of its short-term financing in the amount of 17,500 thousand euros, placing its maturity in July 2022.

On May 18 2021, the Group has agreed to modify the schedule of its syndicated financing, placing the maturity of its first tranche in June 2022.

CASTELLANA PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

MANAGEMENT REPORT FOR
THE FINANCIAL YEAR ENDED ON 31 MARCH 2021

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 BME Growth (former Spanish Alternative Stock Exchange (MAB). At 31 March 2021 and 2020, share capital stood at €86,271 thousand, consisting of 86,271,047 shares with a par value of €1 each, all in the same class, fully subscribed and paid up.

As at 31 March 2021 and 2020, the shareholders with more than a 3% shareholding in the Company are Vukile Properties Limited and Morze European Real Estate Ventures.

Castellana Properties focuses its business strategy on investment in high-quality rental assets with strong growth potential. In just three years, the market value of this investment has risen from €308 million at 31 March 2018 to €987 million at 31 March 2021.

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.

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 2021, stood at €52 million on a consolidated basis.
"Revenue" from letting the acquired properties reached €55,379 thousand at 31 March 2021 (€79,753 thousand at 31 March 2020). This decline in revenue was due to the Covid-19 pandemic.

The appearance of the COVID-19 coronavirus in China in January 2020 and its global spread to a large number of countries led the World Health Organization to classify the viral outbreak as a pandemic on 11 March 2020.

This pandemic has impacted economic and financial markets and virtually all sectors of the economy are facing huge challenges in the current economic circumstances.

The Group has fostered communication between the owner and operators so as to ascertain their situation as quickly as possible and be in a position to make the best decisions in each specific case. These actions include the Group's decision to discount the guaranteed minimum rent for April and May for tenants that were unable to do business due to the “State of Emergency”.

Since the start of the pandemic, the Castellana Group has offered support to all of its tenants so as to arrive at the best solution for both parties. At the date these consolidated annual accounts are authorised for issue, the Castellana Group has closed agreements with 94.5% of tenants, while agreements with the remaining 5.5% are in a very advanced stage, with rental discounts in the tax year ended 31 March 2021 amounting to €18,796 thousand.

However, the Company has a high-quality tenant base, so rent collection periods were not affected. The Group’s directors and management continue to monitor potential effects of the pandemic on works in progress for certain investment properties and the leases of current and future tenants.

During the financial year ended 31 March 2021, operating profit/(loss) stood at (€18,992) thousand versus the operating profit/(loss) for the period ended 31 March 2020 (€29,635 thousand).

The market value of the Company’s assets at 31 March 2021 stood at €987,160 thousand, equating to a 7.12% increase on the purchase price and a y-o-y decrease of 1.63%.

3. EPRA INFORMATION

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

EPRA indicators

	31/03/2021	31/03/2020
EPRA earnings	13,608	31,917
EPRA earnings per share	0.16	0.39
Adjusted EPRA earnings	32,404	31,917
Adjusted EPRA earnings per share	0.38	0.39
EPRA NAV	500,660	559,157
EPRA NAV per share	5.81	6.48
EPRA NNNAV	488,494	542,990
EPRA NNNAV per share	5.67	6.30
EPRA NRV	528,196	558,720
EPRA NRV per share	6.13	6.48
EPRA NTA	500,202	558,699
EPRA NTA per share	5.80	6.48
EPRA NDV	488,494	542,989
EPRA NDV per share	5.66	6.30
EPRA Net Initial Yield (NIY)	3.92%	5.74%
EPRA "Topped-up" NIY	6.01%	6.05%
EPRA Vacancy Ratio	2.87%	1.20%
EPRA Cost Ratio (Including vacancy cost)	29.16%	18.20%
EPRA Cost Ratio (Excluding vacancy cost)	28.01%	16.03%
EPRA Cost Ratio adjusted by the Company (including vacancy cost)	19.91%	18.20%
EPRA Cost Ratio adjusted by the Company (excluding vacancy cost)	19.13%	16.03%

3.1 EPRA earnings and EPRA earnings per share

	31/03/2021	31/03/2020
Earnings per IFRS	**(31,856)**	**17,162**
Adjustments to calculate EPRA, exclude:		
(i) Changes in value of investment property	45,464	23,355
(ii) Negative differences on consolidation	-	-
EPRA earnings	**13,608**	**40,517**
EPRA earnings per share	**0.16**	**0.50**
Company-specific adjustments	18,796	(8,600)
Adjusted EPRA earnings	**32,404**	**31,917**
Adjusted EPRA earnings per share	**0.38**	**0.39**

The specific adjustment relates to the temporary rental discounts given during the year in the amount of €18,796 thousand due to the Covid-19 pandemic.

3.2 EPRA NAV indicators

In October 2019, EPRA modified the calculation of its EPRA NAV and EPRA NNNAV ratios, replacing them with three new ratios in order to adapt to the circumstances in the industry and to requests by the market and investors. These new ratios are applicable to financial years beginning on or after 1 January 2020.

3.2.1 Previous methodology: EPRA NAV and EPRA NNNAV

EPRA NAV and EPRA NAV per share

	31/03/2021	31/03/2020
NAV per the financial statements (*)	**498,167**	**556,100**
Effect of exercise of options, convertibles and other interests	-	-
Diluted NAV	**498,167**	**556,100**
Exclude:		
(iv) Fair value of financial instruments	2,056	2,620
(v.a) Deferred taxes	437	437
EPRA NAV	**500,660**	**559,157**
EPRA NAV per share (in euros)	**5.81**	**6.48**

EPRA NNNAV and EPRA NNNAV per share

	31/03/2021	31/03/2020
EPRA NAV	**500,660**	**559,158**
Include:		
(i) Fair value of financial instruments	(2,056)	(2,620)
(ii) Fair value of debt	(9,673)	(13,111)
(iii) Deferred tax	(437)	(437)
EPRA NNNAV	**488,494**	**542,990**
EPRA NNNAV per share (in euros)	**5.67**	**6.30**

3.2.2 New methodology: EPRA NRV, EPRA NTA and EPRA NDV

	31/03/2021 Net Reinstatement Value (NRV)	31/03/2021 Net Tangible Assets (NTA)	31/03/2021 Net Disposal Assets (NDV)
Equity attributable to shareholders	**498,167**	**498,167**	**498,167**
Include/Exclude:	**-**	**-**	**-**
(i) Hybrid instruments	-	-	-
Diluted NAV	**498,167**	**498,167**	**498,167**
Include:	**-**	**-**	**-**
ii.a) Restatement of investment property (when recognised using the cost method of accounting)	-	-	-
ii.b) Restatement of investment property being refurbished (when recognised using the cost method)	-	-	-
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	**498,167**	**498,167**	**498,167**
Exclude:	**2,056**	**2,035**	**-**
v) Deferred taxes related to the restatement of real estate assets	-	-	
(i) Fair value of financial instruments	2,056	2,056	
(vi) Goodwill resulting from deferred taxes	-	-	-
(vii.a) Goodwill carried in the balance sheet		-	-
(vii.a) Intangibles carried in the balance sheet		(21)	
Include:	**27,973**	**-**	**(9,673)**
viii) Market value of fixed-interest debt			(9,673)
ix) Restatement of intangibles to market value	-		
x) Transfer tax	27,973	-	
EPRA NAV	**528,196**	**500,202**	**488,494**
EPRA NAV per share (in euros)	**6.13**	**5.80**	**5.67**

3.3 EPRA NIY and EPRA "Topped-up" NIY

			31/03/2021
	Offices	**Retail**	**Total**
Investment property	26,250	960,910	987,160
Fewer projects under construction	-	(103,415)	(103,415)
Investment property completed	**26,250**	**857,495**	**883,745**
Estimated real estate asset transaction costs	525	17,150	17,675
Total property portfolio value (A)	**26,775**	**874,645**	**901,420**
Annual return on real estate investments	1,977	36,240	38,217
Operating costs associated with non-recoverable assets	**2**	**(2,852)**	**(2,850)**
Annualised net rent (B)	1,979	33,388	35,367
Temporary rental discounts or rent-free periods	**-**	**18,796**	**18,796**
Maximum net return on real estate investments (C)	**1,979**	**52,184**	**54,163**
EPRA NIY (B/A)	**7.39%**	**3.82%**	**3.92%**
EPRA "Topped-up" NIY (C/A)	**7.39%**	**5.97%**	**6.01%**

			31/03/2020
	Offices	**Retail**	**Total**
Investment property	26,310	977,180	1,003,490
Fewer projects under construction	-	(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 (A)	**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 (B)	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)	**1,979**	**54,423**	**56,342**
EPRA NIY (B/A)	**7.15%**	**5.70%**	**5.74%**
EPRA "Topped-up" NIY (C/A)	**7.15%**	**6.01%**	**6.05%**

3.4 EPRA Vacancy rate

	31/03/2021	31/03/2020
ERV of available spaces	1,555	745
Total ERV	55,259	61,909
EPRA Vacancy Rate (*)	**2.81%**	**1.20%**

(*) We have not taken into consideration the ERV of warehouses, or the areas of the projects under construction.

The EPRA Vacancy reflects the percentage of rent for vacant floor space at market value in relation to rent for the entire portfolio at market value.

The vacancy rate at 31/03/2021 stood at 2.81%, having risen slightly on the previous year due essentially to the vacancy strategy we are implementing in two of our shopping centres (El Faro and Los Arcos) as a result of the repositioning projects.

3.5 EPRA Cost Ratio

	31/03/2021	31/03/2020
Administrative and corporate costs	6,931	7,151
Non-recoverable operating costs	4,872	3,033
EPRA Costs (including direct vacancy costs)	**11,803**	**10,184**
Vacancy cost	(464)	(1,214)
EPRA Costs (excluding direct vacancy costs)	**11,339**	**8,970**
Gross rental income (including temporary Covid-19 rental discounts)	**40,481**	**55,947**
EPRA Cost Ratio (including direct vacancy costs)	**29.16%**	**18.20%**
EPRA Cost Ratio (excluding direct vacancy costs)	**28.01%**	**16.03%**

Administrative and corporate costs

Staff costs and structural costs not attributable to the assets have been included.

Non-recoverable operating costs

Operating expenses that cannot be passed on to the tenants in the amount of €3,662 thousand and bad debt provisions of €1,210 thousand have been included.

Vacancy cost

It relates to the cost directly attributable to vacant retail units in the portfolio. Costs directly attributable to units under development have not been included.

Gross rental income (including temporary Covid-19 rental discounts)

Recurring rental income and temporary rental discounts given to tenants in the current year due to Covid-19 have been included in the amount of €18,796 thousand.

The increase in the EPRA Cost Ratio at 31.03.21 compared with 31.03.20 is directly attributable to the impact of bad debt provisions totalling €1,210 thousand, increasing non-recoverable operating expenses, and to the impact of temporary rental discounts given due to Covid-19 in the amount of €18,796 thousand.

EPRA Cost Ratio adjusted by the Company

The following calculation takes into account gross rental income (excluding Covid-19 temporary rental discounts totalling €18,796 thousand). We observe that, following this adjustment, the EPRA Cost Ratio at 31.03.21 is in line with the EPRA Cost Ratio at 31.03.20.

	31/03/2021	31/03/2020
Administrative and corporate costs	6,931	7,151
Non-recoverable operating costs	4,872	3,033
EPRA Costs (including direct vacancy costs)	**11,803**	**10,184**
Vacancy cost	(464)	(1,214)
EPRA Costs (excluding direct vacancy costs)	**11,339**	**8,970**
Gross rental income (excluding temporary Covid-19 rental discounts)	**59,277**	**55,947**
EPRA Cost Ratio (including direct vacancy costs)	**19.91%**	**18.20%**
EPRA Cost Ratio (excluding direct vacancy costs)	**19.13%**	**16.03%**

3.6 EPRA Like-for-like rental growth

	Offices	Retail	Total
Net rental income 31.03.2020	**1,912**	**51,192**	**53,104**
Like for like increase in rents	58	347	405
Non-recoverable like-for-like property expenses	7	14	21
Annualised rent from acquisitions in FY20	-	2,279	2,279
Non-recoverable annualised property expenses on acquisitions in FY 20	-	(840)	(840)
Temporary Covid-19 related rental discounts	-	(18,796)	(18,796)
Other income	-	647	647
Net rental income 31.03.2021	**1,977**	**34,843**	**36,820**

	Offices	Retail	Total
Valuation 31.03.2020	26,370	881,980	908,350
Like for like	(120)	(29,255)	(29,375)
Valuation 31.03.2021	**26,250**	**852,725**	**878,975**

We have not taken into account the value of projects under construction (repositioning) nor of plots of land ready for development (*solares*) amounting to €108,185 thousand at market value.

3.7 EPRA Capital expenditure

The Capex invested in 2021 and 2020 by property type and concept is as follows:

			2021			**2020**
	Offices	**Retail**	**Total**	**Offices**	**Retail**	**Total**
Acquisitions	-	-	**-**	-	99,589	**99,589**
Projects under construction	-	20,526	**20,526**	-	3,404	**3,404**
Asset investment	-	8,608	**8,608**	-	7,382	**7,382**
Increase in lettable area	-	-	**-**	-	-	**-**
No increase in lettable area	-	5,452	**5,452**	-	4,878	**4,878**
Tenant incentives	-	3,156	**3,156**	-	2,504	**2,504**
Other capitalised expenses	-	-	**-**	-	-	**-**
Capitalised financial expenses	-	-	**-**	-	-	**-**
Total Capex	**-**	**29,134**	**29,134**	**-**	**110,375**	**110,375**
Conversion of provision into cash	-	-	**-**	-	-	**-**
Total cash outflow due to Capex	**-**	**29,134**	**29,134**	**-**	**110,375**	**110,375**

The Castellana Group has no joint venture arrangements and all portfolio assets are located in Spain.

All costs associated with the acquisition, renovation and increase in value of the asset are capitalised.

Acquisitions

In 2020, the Group acquired two properties through the parent company and two units through its subsidiary Morzal Property Iberia, S.L.U. Of the first two, one was 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 the other was the Puerta Europa Shopping Centre (Algeciras, Cádiz), acquired for €57,887 thousand (including acquisition costs). The third and fourth were 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).

Projects under construction

The costs of units acquired from El Corte Inglés (ECI) under construction have been included. These construction projects are being carried out at our Bahía Sur, Los Arcos and El Faro centres.

Investment in assets – No increase in lettable area

This relates to the Capex investment made in our assets through renovation work. These investments have not amounted to an increase of more than 10% of the lettable area at any of the assets.

Tenant incentives

It refers to the Capex investment to fit out retail units, including contributions made to tenants.

4. PERFORMANCE OF THE COMPANY'S SHARES

The parent company has listed its shares on the BME Growth (Former Spanish Alternative Stock Exchange (MAB)) since 25 July 2018. The shares were listed at €6.00 per share, closing at €5.75 per share on 31 March 2021 (€7.10 per share on 31 March 2020).

5. TREASURY SHARES

Movements in 2021 and 2020 were as follows:

	2021		2020	
Description	**Number of treasury shares**	**Thousands of euros**	**Number of treasury shares**	**Thousands of euros**
Opening balance	**37,882**	**228**	**45,470**	**273**
Additions/purchases	22,901	142	**800**	**5**
Decreases	(2,610)	(15)	**(8,388)**	**(50)**
Closing balance	**58,173**	**355**	**37,882**	**228**

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 2021 represented 0.07% of the Company's share capital (0.04% at 31 March 2020) and totalled 58,173 shares (37,882 at 31 March 2020). The average cost of the Company's treasury shares at 31 March 2021 and 31 March 2020 was €6 per share.

These shares are recognised as a reduction of €355 thousand in the value of the Company's shareholders' funds on 31 March 2021 (€228 thousand at 31 March 2020).

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:

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, where applicable, in the year in which the reinvestment period expires. If the items in which the reinvestment has been made are transferred prior to the end of the holding period, profits must be distributed in full, together, where applicable, with the part of the profits attributable to the years in which the Company was not 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.

Prior-year profit/(loss) distribution

The distribution of the profit/(loss) and reserves for the financial year ended on 31 March 2020, which was approved by the General Shareholders' Meeting on 15 September 2020, was as follows:

Description	Thousands of euros
Available for distribution	
Profit for the year	23,320
	23,320
Distribution of profit/(loss)	
Legal reserve	2,332
Dividend distribution	20,923
Voluntary reserves	65
	23,320

The Company also distributed €19,527 thousand to shareholders out of the share premium account.

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 2021	**Financial year ended on 31 March 2020**
Profit/(loss) for the year under Spanish GAAP	**(4,811)**	**23,321**
Adjustments:		
(i) Consolidation	8,083	7,210
(ii) Depreciation of investment property	10,336	9,986
(iii) Investment property impairment	(45,464)	(23,355)
Earnings per IFRS	**(31,856)**	**17,162**

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

Description	Thousands of euros
Available for distribution	
Profit/(loss) for the year	(4,811)
	(4,811)
Application	
Prior-year losses	(4,811)
	(4,811)

Share premium distribution

On 11 November 2020, the Castellana Board of Directors agreed to pay out a share premium distribution in the amount of €6,196 thousand, equating to €0.07186 per share, effective as at 27 November 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	
	2021	2020
Average supplier payment period	48	35
Ratio of transactions settled	47	34
Ratio of transactions not yet settled	94	46

Description	Thousands of euros	
	2021	2020
Total payments settled	73,755	43,553
Total outstanding payments	1,279	2,333

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 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 2021-2022, as well as maintaining the good occupancy levels.

As regards the health crisis caused by COVID-19, the Company will continue to take the necessary steps to keep the assets operating at the highest possible occupancy rates. This entails fostering communication between the owner and the operators 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 ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CASTELLANA
PROPERTIES

Pursuant to the requirements of Article 253 of the Spanish Companies Act and Article 37 of the Spanish Commercial Code, on 27 May 2021 the members of the Board of Directors of the Company Castellana Properties Socimi, S.A. prepared the following Consolidated Annual Accounts and the Consolidated Management Report for the financial year ended 31 March 2021, 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