



**VBARE Iberian Properties SOCIMI, S.A.
and subsidiaries**

Report on limited review of of interim condensed consolidated
financial statements for the nine-month period ended
30 September 2021 prepared in accordance with
International Financial Reporting Standards as adopted by
the European Union (IFRS-EU)



Report on review of condensed consolidated interim financial statements

To the shareholders of VBARE Iberian Properties SOCIMI, S.A.:

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of VBARE Iberian Properties SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 30 September 2021, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the nine month period then ended. The Parent company's directors are responsible for preparation and presentation of these condensed consolidated interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to note 2, in which it is mentioned that these condensed consolidated interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers Auditores, S.L.

Gonzalo Sanjurjo Pose

1 December 2021

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2021 Num. 01/21/18150
30,00 EUR

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VBARE Iberian Properties SOCIMI, S.A. and subsidiaries

Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

INDEX

	Page
Consolidated Interim Statement of Financial Position	3-4
Consolidated Interim Income Statement	5
Consolidated Interim Statement of Comprehensive Income	6
Consolidated Interim Statement of Changes in Equity	7
Consolidated Interim Statement of Cash Flows	8
Notes to the Interim Condensed Consolidated Financial Statements	9 – 31



Consolidated Statement of Financial Position as at 30 September 2021 and 31 December 2020

(€ Thousand)

Assets	Notes	30 September 2021	31 December 2020
Non- Current Assets		65,014	69,459
Property plant and equipment		33	35
Investment properties	3	64,787	69,210
Non - Current financial assets	4	194	214
Current Assets		5,293	4,065
Advance payments to suppliers	4	70	56
Trade and other receivables		368	301
Trade debtors	4	190	156
Other receivables from Public Administrations	9	176	145
Short term accruals		66	44
Cash and cash equivalents	4, 5	4,791	3,664
Total Assets		70,307	73,624

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Consolidated Statement of Financial Position as at 30 September 2021 and 31 December 2020

(€ Thousand)

Equity and Liabilities	Notes	30 September 2021	31 December 2020
Net Equity		46,197	49,870
Share capital	6	18,049	18,049
Share Premium	6	17,280	20,605
Treasury shares	6	(598)	(518)
Retained earnings	6	11,466	11,734
Non-current Liabilities		22,273	22,350
Non-current financial liabilities		22,273	22,350
Bank Borrowings	4,8	21,947	22,024
Other financial liabilities	4	326	326
Current Liabilities		1,837	1,304
Current financial liabilities		644	624
Bank Borrowings	4,8	644	624
Trading creditors and other accounts payable		1,193	680
Trade Payables	4	851	589
Trade payables, group companies, associates and others	4,12	231	14
Accruals, wages and salaries	4	15	37
Other payables with Tax Administration	9	37	35
Advances from creditors	4	59	5
Equity and Liabilities		70,307	73,524

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Consolidated Income Statement for nine-month period ended 30 September 2021 and 30 September 2020

(€ Thousand)

Continuing operations	Note	30 September 2021	30 September 2020
Gross Rental income		1,343	1,525
Other operating income		31	95
Personal expenses	10b	(323)	(380)
Other operating expenses	10b	(1,556)	(1,635)
Realize gain (Loss) and change of fair value on investment properties	3,10a	622	(1,283)
Operating result		117	(1,678)
Finance result	10c	(385)	(323)
Profit / Loss for the period		(268)	(2,001)
Corporate income tax	9	-	-
Profit / Loss for the period attributable to the shareholders		(268)	(2,001)
Basic and diluted earnings / loss per share (Euro)	6	(0.08)	(0.56)

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Consolidated Statement of Comprehensive Income for the nine-month period ended 30 September 2021 and 30 September 2020

(€ Thousand)

	Note	30 September 2021	30 September 2020
Profit / Loss for the period		(268)	(2,001)
Other comprehensive income:			
Items that may subsequently be reclassified to results		-	-
Items that will not be reclassified to results		-	-
Total comprehensive income for the period		(268)	(2,001)
Attributable to the Parent Company's shareholders		(268)	(2,001)

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Consolidated Statement of Changes in Equity for the nine-month period ended 30 September 2021 and 30 September 2020

(€ Thousand)

	Share Capital	Share Premium	Treasury shares	Retained earnings	Total
OPENING BALANCE AS AT 1 JANUARY 2020	18,049	22,007	(420)	15,990	55,626
Profit / Loss for the period	-	-	-	(2,001)	(2,001)
Transactions with shareholders					
Share Premium distribution	-	(1,402)	-	-	(1,402)
Operation with treasury shares	-	-	(44)	-	(44)
FINAL BALANCE AS AT 30 SEPTEMBER 2020	18,049	20,605	(464)	13,989	52,179
OPENING BALANCE AS AT 1 JANUARY 2021	18,049	20,605	(518)	11,734	49,870
Profit / Loss for the period	-	-	-	(268)	(268)
Transactions with shareholders					
Share Premium distribution	-	(3,325)	-	-	(3,325)
Operation with treasury shares	-	-	(80)	-	(80)
FINAL BALANCE AS AT 30 SEPTEMBER 2021	18,049	17,280	(598)	11,466	46,197

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Consolidated Statement of Cash Flows for the nine-month period ended 30 September 2021 and 30 September 2021

(€ Thousand)

	Note	30 September 2021	30 September 2020
CASH FLOW FROM OPERATING ACTIVITIES		(167)	(126)
Profit / Loss for the period		(268)	(2,001)
Adjustments required to reflect the cash flows from operating activities:		101	1,875
Income and expenses not involving cash flows:		(175)	1,683
- Realize Loss (Gain) and from changing on fair value on investment properties	3	(622)	1,283
- Valuation corrections for impairment		62	77
- Finance Expense	10d	385	323
Changes in operating asset and liability items:		276	192
- Trade receivables and other accounts receivables		(142)	(213)
- Trade payables and other accounts payables		418	405
CASH FLOW FROM INVESTING ACTIVITIES		5,046	(179)
- Payments for property, plant and equipment		-	(30)
- Payments for investment Properties		(1,669)	(1,012)
- Collections from selling investments properties	3	6,715	863
CASH FLOW FROM FINANCING ACTIVITIES		(3,752)	1,911
- Payments / Collections on acquisitions of treasury shares	6	(80)	(86)
- Collections on disposals of treasury shares	6	-	42
- Distribution of share premium	6	(3,325)	(1,402)
- Collections from bank financing (net of arrangement fees)	8	2,615	4,285
- Payments for bank financing	8	(2,962)	(928)
Net increase in cash & cash equivalents		1,127	1,606
Cash & cash equivalents at beginning of the period	5	3,664	2,729
Cash & cash equivalents at the end of the period	5	4,791	4,335

Notes 1 to 15 of the attached notes are an integral part of these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

1. General information

VBARE Iberian Properties SOCIMI, S.A. (hereafter the **"Company"** or the **"Parent Company"**), is a private company, which was incorporated on 5 March 2015, in Spain in accordance with the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July ("the Capital Companies Act") by public deed executed before the notary of Madrid, Mr. Antonio Morenés Gilés, with number 267/15 of its protocol, filed in the Madrid Mercantile Registry, volume 33.274, sheet 61, section 8, page M-598783, entry 1. Its registered office is at Calle General Castaños, 11, 1º Izq. 28004 - Madrid.

On 21 of April 2015 the Company changed its corporate name from VBA Real Estate Investment Trust 3000, S.A. to VBA Real Estate Investment Trust 3000, SOCIMI, S.A., by public deed executed before the notary and registered in the Mercantile Registry of Madrid.

On the same date, it was publicly registered the minute of the Universal Meeting of Shareholders held on 23 March 2015 where it was agreed to apply the scheme for the Spanish Real Estate Investment Trust Regime (hereafter **"Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario"** or **"SOCIMI"**), regulated by the Law 11/2009 of October 26, also, amended by the Law 16/2012, of 27 December.

Afterwards, on 13 of May 2015, and with retroactive effects from the financial year beginning since its incorporation, on 5 March 2015, the Company formally informed to the Tax Authorities of its tax registered office, the option chosen by its shareholders to be eligible for the SOCIMI special regime regulated by the SOCIMI Law 11/2009, of October 26, amended by the Law 16/2012, of 27 December.

On 7 September 2016, the General Shareholders' Meeting of the Company resolved to change its corporate name to the current one (VBARE Iberian Properties SOCIMI, S.A.). These resolutions were formalized into public deed before notary public on 21 September 2016 and registered with the Mercantile Registry of Madrid on 28 September 2016 and 6 October 2016.

All the shares of VBARE Iberian Properties SOCIMI, S.A. are listed since 23 December 2016, and they are traded on the market for BME Growth of BME MTF Equity (formerly alternative stock Market **"MAB"**).

The Company's main activity is the acquisition, development and management of real estate investment properties in Spain for leases purposes under the Law 11/2009 of October 26, also, amended by the Law 16/2012, of 27 December regulating the Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (the **"SOCIMI"** Law).

Its corporate objects according to its bylaws consist in:

- a. The acquisition and refurbishment and development of urban properties for leasing purposes. Development activity includes the rehabilitation of buildings in the terms established by Law 37/1992 of 28 December, of the Value Added Tax.
- b. The ownership of interests in the share capital of other Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (SOCIMIs) or other companies not resident in Spain with a corporate object identical to that of the former and that are subject to a regime similar to that established for the SOCIMI in relation to the mandatory, legal or statutory profit distribution policy.
- c. The ownership of interests in the share capital of other companies, resident or not in Spain, which its main corporate object is the acquisition of urban properties for leasing purposes, that are subject to a regime similar to that established for the SOCIMI in relation to the mandatory, legal or statutory profit distribution policy and meet the investment requirements regulating the SOCIMIs.
- d. The ownership of shares or ownership interests in property Collective Investment Undertakings ("Instituciones de Inversión Colectiva Inmobiliaria") governed by the Collective Investment Undertakings Law 35/2003, of 4 November. The Company is regulated in accordance with the Capital Companies Act.
- e. Any other activities ancillary to those referred to above, meaning any activities generating, in the aggregate, less than 20% of the income of the Company for each tax period or otherwise deemed ancillary in accordance with applicable laws from time to time.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

SOCIMI Regime

VBARE Iberian Properties SOCIMI, S.A. is regulated in accordance with the Law 11/2009, of October 26, also, amended by the Law 16/2012, of 27 December, governing Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario. On the Articles 3 to 6 of the mentioned law it is stated the main requirements and obligations to be complied with by this kind of companies:

Investment requirements (Art. 3)

1. The SOCIMI must have invested at least 80% of the value of their assets in urban properties for leasing purposes, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of above-mentioned Law 11/2009, of October 26.

The mentioned percentage will be calculated on the consolidated balance sheet in the event that the Parent Company of a group according to the criteria set out in Article 42 of the Code of Commerce, regardless of the residence and the obligation to prepare Interim Condensed Consolidated Financial Statements. The group will be composed exclusively by the SOCIMI and the other entities that paragraph 1 of Article 2 of the Law that regulates concerns.

The asset value is determined by the average of the quarterly individual balance sheets of each financial year. The Company can choose to calculate that value by substituting the book value by the market value of the elements of such balances sheets, which apply to all balances sheet for the financial year.

2. At least, 80% of the income for the fiscal year corresponding to each year, excluded those arising from the transfer of the shares and investment properties used by the Company to achieve its main corporate object, once the retention period referred to below has been elapsed, should arise from the lease of investment properties or from dividends or profit on shares coming from the aforementioned investments.

This percentage will be calculated on the consolidated result in the event that the Company is the parent of a group according to the criteria set out in Article 42 of the Code of Commerce, regardless of the residence and the obligation to prepare Interim Condensed Consolidated Financial Statements. The group will be composed exclusively by the SOCIMI and the other entities that paragraph 1 of Article 2 of the Law that regulates concerns.

The Company is the parent company of the VBARE Group, accordingly, the requirements as explained above will be calculated based on the consolidated figures of the Group.

3. The investment properties included in the Company's assets should remain leased for at least three years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year.

In this sense, the period shall begin:

- a) Regarding real estate assets owned by the Company before having opted for the Socimi Regime, the period would be computed from the initial date of its first tax period in which the special tax regime set out in the act, provided that at such date the property were leased or offered for lease.
- b) Regarding real estate assets subsequently acquired or promoted by the Company, from the date on which they were leased or offered for lease for the first time.

Regarding shares in entities as specified in paragraph 1 of Article 2 of the act, they shall be maintained by the Company for at least three years from its acquisition or, if applicable, from the beginning of the first tax period in which the special tax regime set out in the act is applied.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Obligation of being listed on a regulated market or in a multilateral trading system (Art. 4)

The shares of the SOCIMI must be admitted to trading on a Spanish regulated market or a multilateral system Spanish negotiation or any other Member State of the European Union or the European Economic Area or in a regulated market of any country or territory with in which there is an effective exchange of tax information, continuously throughout the whole tax period. The shares must be nominative.

Minimum capital required (Art. 5)

The minimum share capital figure is set at Euro 5 Million.

Distribution Obligation Results (Art. 6)

The Company must distribute as dividends, after fulfilling the mercantile requirements:

- 100% of profits from dividends by entities as stated in paragraph 1 of Article 2 of the Law 11/2009.
- At least 50% of the profits derived from the transfer of the investment properties and shares as stated in paragraph 1 of Article 2 of the Law 11/2009, made after expiry of the minimum holding periods, affected to its main corporate object. The rest of these benefits must be reinvested in other investment properties or shares affecting the attainment of that objective, within the three years following the date of transmission.
- At least 80% of the rest of the profits obtained. When the dividend distribution is made out of reserves from profits of a year in which has been applied the special tax regime, the distribution will necessarily be taken as previously described.

The agreement for the distribution of dividends must be agreed within six months following the end of each financial year and paid within the month following the date of the distribution agreement.

The obligation to distribute dividends described above will be according to regulations in force and will only work if the Company records profits under Spanish accounting principles.

However, the company intends to propose the distribution of a dividend (including the share premium, in case the Company does not generate profits in accordance with Spanish accounting principles) equivalent to 3% of the opening balance of the Consolidated Net Equity according to IFRS - EU. This annual amount will be paid in two instalments corresponding to 1.5% each, the first during the third quarter and the second after the approval of the annual accounts of the Company. For this purpose, the General Shareholders' Meeting of the Parent Company held on 12 December 2017, at the proposal of the Board of Directors of the Parent Company, approved the execution of a distribution of share premium among the shareholders in proportion to their stake in the share capital figure of the Parent Company. It has been delegated to the Board of Directors the execution of said agreement as well as for the determination of the date of payment and amount to be distributed.

On March 9, 2020, the Board of Directors agreed to distribute a share premium amounting 573 thousand euros (0.16 euros per share), which become effective on March 16, 2020, among the shareholders in proportion to their participation in the capital of the Parent Company.

On September 22, 2020, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 829 thousand euros (0.232 euros per share), which become effective on September 30, 2020, among the shareholders in proportion to their participation in the capital of the Parent Company.

On May 4, 2021, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 828 thousand euros (0.232 euros per share), which become effective on May 11, 2021, among the shareholders in proportion to their participation in the capital of the Parent Company.

Additionally, on July 30, 2021, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 2,497 thousand euros (0.700 euros per share), which become effective on August 10, 2021, among the shareholders in proportion to their participation in the capital of the Parent Company.

As established the first Transitional Provision of the Law 11/2009 of October 26, amended by Law 16/2012, of 27 December, the SOCIMI can opt for the application of the special tax regime under the terms established in Article 8 of that Law, even if the requirements are not completed, but such requirements are met within two years from the date since the Company opted for the SOCIMI regime.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

As of 30 September 2021, the Company met all the requirements of the SOCIMI regime according to the Parent Company's Directors.

The failure to comply with any of the above conditions means that the Company will be taxed under the general corporate income tax regime, from the tax period in which such failure arises, unless it would be restored in the following year. In addition, the Company will be obligated to pay the quote of the currently tax period, and the difference between the amount that the tax resulting from applying the general corporate income tax regime and the tax paid resulting from applying the SOCIMI regime in previous tax periods, subject to corresponding interest, recharges and penalties, if any, may be applicable.

The tax rate of the SOCIMI in the Corporate Income Tax is set at 0%. However, if the dividends that SOCIMI distribute to its shareholders with a holding percentage higher than 5% are exempt or taxed at a rate lower than 10%, the SOCIMI is subject to a special tax rate of 19%, which will be considered as corporate income tax on the amount of dividend distributed to such shareholders. To be applicable, this special rate must be satisfied by the SOCIMI within two months from the date of the dividend distribution.

The Company is the parent of a group of companies, and presents its Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU). As of 30 September 2021, VBARE Iberian Properties SOCIMI, S.A. is the parent company of the VBARE Group. There have been no changes in the consolidation perimeter of the Group with respect to the one presented as of December 31, 2020.

1.2 Management Agreement

The following information highlights the most relevant points of certain management agreements originally signed in English language.

On 15 April 2015 the Company and VBA Real Estate Asset Management 3000, S.L., a private Spanish company, (the "**Management Company**") signed a management agreement (as amended) (hereafter the "**Management Agreement**") which determines the relationship between the parties. The Management Agreement describes the main services that the Management Company will be rendering to the Company on an exclusive basis. A description of some of these services is the following:

- 1) Management of the acquisitions or sales of the assets, refurbishments, maintenance, insurance, rental of the properties, IT platform, overseeing of the property management, and coordination with the Company's legal advisor and with the origination companies to validate opportunities and present such to the Board of Directors, as well as to acquire, lease, sell, transfer or otherwise exchange or dispose of real estate properties on behalf of the Company and to enter and execute any agreement, contract, or arrangement in relation with the purchase, acquisition, holding, lease, exchange, transfer, sell or disposal of any property or property related investment, among other.
- 2) Provide the Company with services of Key Executive.
- 3) Provide the Company with strategic services, including formulating the general investment policy of the Company, assistance in locating investment opportunities, raising of capital and other funds by the Company and assistance in locating and contracting with service providers, as well as entering into financing agreements and ancillary agreements or documents on behalf of the Company.

The Management Agreement took effect on 2 July 2015, the date on which initial funds were raised by the Company. According to the Management Agreement, all the following definitions and calculations are made in accordance and over the consolidated financial statements under IFRS-EU.

- a) "**Management fee**": The Management Company shall be entitled to receive a Management Fee which will be calculated quarterly (as defined in the Management Agreement), starting as of the calendar quarter on which the Company has made its first real estate investment. The Management Fee for the Relevant Quarter (as defined in the Management Agreement) will be the result of multiplying 0.25 in the Relevant Management Fee Percentage and in the FS Asset (as defined in the Management Agreement).



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

In any case, VAT shall be added to all payments made in accordance with this section.

- b) **"Relevant Management Fee Percentage"** means, the percentage set forth in the table below, with respect to the FS Asset:

The FS Asset (Euro Million)	Progressive Management Fee as a Percentage of the FS Asset
0 to 60	1%
60.01 to 120	0.9%
120.01 to 250	0.8%
250.01 to 500	0.7%
Above 500	0.6%

- c) **"Success fee"**: The Company shall pay the Management Company a Success Fee at a rate of 16% multiplied by (1+ applicable VAT rate) of the profit obtained by the Company resulting from its consolidated financial statements prepared under IFRS-EU. The Success Fee shall be subject to a Catch Up Mechanism (including Catch Up for previous years with respect to which the Accrued Catch Up Amount was not fully paid) and shall only be paid after and subject to meeting the minimum Hurdle Rate Amount (at a rate of 8% calculated severally for each annum, based on the formula set forth in the Management Agreement), and subject to a high water mark mechanism (applied on an annual basis), it being clarified that the Success Fee shall be calculated severally for each annum (as defined in the Management Agreement).

The Company shall pay to the Management Company the Success Fee on the following dates:

- (a) For any Relevant Annum, within 7 Business Days of the execution date of the Company's audited annual consolidated financial statements for such Relevant Annum.
- (b) To the extent the Company is liquidated during a Relevant Annum – on the date of the Company's liquidation.

The Management Company shall have the option, by providing the Company with written notice no later than 31 December of each Relevant Annum to receive all or a part of the Success Fee for such Relevant Annum in listed and tradable shares of the Company. The amount of shares to be issued to the Management Company shall be the result of dividing the Success Fee (excluding VAT) by the quoted price per share of the Company based on the average trading price during the 30 trading days prior to the exercise and consummation of such option. VAT shall be paid in immediately available funds, even if the Success Fee is paid in Company shares, as provided in this clause.

The success fee was valid until December 31, 2018 and new success fee enter in force as amended and described in Note 1.3 below.

- d) **Expenses**: Except for the Management Company Costs and Expenses (as defined in the Management Agreement), the Company shall bear all the costs and expenses related to its business activity. The Company shall bear all costs and expenses relating to its establishment, including all costs relating to the registration and incorporation of the Company; costs relating to the Initial Offering, agent fees and so forth.
- e) **Term of the Management Agreement**. The Management Agreement shall be subject to an initial term of five years (the "Initial Period") and neither party may terminate this agreement during the Initial Period except in the circumstances set out in the Management Agreement. After the Initial Period shall have elapsed, this Management Agreement shall continue to be in force for consecutive three years renewal periods without any actions required by either of the Parties, except that at any time, after the end of the Initial Period, each of the Management Company and the Company (by resolution of the shareholders of the Company passed by a majority of at least 75% of the Company's voting rights), shall have a right to terminate the Management Agreement, by giving the other party a 180 days prior notice.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

1.3 Amendment to the Management Agreement

On June 19, 2019, the Company's shareholders and the Management Company's shareholders approved to amend the Management Agreement (the "Amendment") in the following terms and always subjected to the success of the capital increase approved on June 19, 2019, by VBARE's Shareholders Meeting in a minimum amount of 12,500,000 euros, which was accomplished on August 2, 2019:

1. From January 1, 2019, the success fee is calculated as a 16% plus Value Added Tax of the Distributable Amount of the Relevant Year (as defined in the Amendment) (the "**new Success Fee**"). The new Success Fee shall only be paid after and subject to meeting an annual Hurdle Rate of 6% and based on a fully Catch-Up mechanism. The Success Fee is subjected to annually high-water mark mechanism which is reflected in the definitions and formulas in the Amendment.
2. The Distributable Amount of the Relevant Year derived, inter alia, from the annual increasing in the Company share price, which will be the difference between the weighted average Company's end year share price in the last 90 trading days, but not less than 15.7 euros per share, adjusted for dividends, other distributions and capital increase made during the relevant year.
3. The new Success Fee will be paid in ordinary shares of the Company, except for the applicable Value Added Tax that will be paid in cash.
4. The Company shall pay the new Success Fee to the Management Company within seven Business Days from the date on which the Company's general shareholders meeting approves the Consolidated Annual Accounts according to the IFRS of the Relevant Year.
5. Additionally, it has been agreed that the termination date of the Management Agreement will be 31 December 2024 unless the Company starts its own liquidation before 31 December 2024. In this case the Management Agreement will be extended for two additional years until 31 December 2026, or until the date of liquidation of the Company.
6. In the event of termination of the Management Agreement, the Company shall not pay the Management Company any Termination Fee, if (a) the liquidation of the Company occurs, or (b) a breach of the Management Agreement by the Management Company declared by a competent court or authority, or (c) starting from April 2020, as part of a successful tender offer subject that at least 75% of the Company's shareholders approve to terminate the Management Agreement with a minimum 180 days' notice period.

A liquidation of the Company can occur also as from the calendar year 2022 if (a) the net equity of the Company, according to the audited IFRS consolidated annual accounts, as at 31 December 2021 is lower than 100,000,000 euros or (b) the average daily trading volume during 2021 is lower than 75,000 euros.

7. In the event of termination of the Management Agreement before 31 December 2024, except per clause 6 above, because at least 75% of the Company's shareholders approve to terminate the Management Agreement, the Company shall pay to the Management Company a termination fee ("**Termination Fee**") equal to the sum of (i) the management fee paid in the year previous to the termination, multiplied by two, and (ii) the annual success fee to be paid for the two calendar years following the date of termination of the agreement.
8. In the event of tender offer, the new Success Fee will be paid in cash, and the Distributable Amount of the Relevant Year as describe above will derived from the price per share paid in the tender offer and all the definitions shall be construed accordingly to the date of the actual execution.
9. In the event of liquidation of the Company, the Management Company will manage the liquidation of the Company's assets, including assets portfolio, repayment of all debts by the Company and subsequently distribute the liquidation's proceeds to shareholders with the majorities applicable by law, subject to the fulfilment of clause 1 above. In such event, the Company shall sell or dispose of its entire portfolio (on a consolidated basis) and distribute to shareholders all amounts in cash resulting from such distribution or otherwise available upon compliance with all its legal and contractual obligations.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

2. Basis of preparation of the Interim Condensed Consolidated Financial Statements

2.1 Regulatory framework

The Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021, that were obtained from the accounting records of the parent company and its subsidiary as of 30 September 2021, have been prepared by the Parent Company's Directors in accordance with IAS 34 "Interim financial reporting", and should be read in conjunction with the Group's Consolidated Financial Statements as of 31 December 2020. The Group's accounting policies and methods remain unchanged compared to 31 December 2020.

These Interim Condensed Consolidated Financial Statements are presented in accordance with the International Financial Report Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union (together, IFRS-EU), pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council and successive amendments.

During the nine-month period ended 30 September 2021 there was no significant changes in the estimates made at the end of the previous period. The preparation of these Interim Condensed Consolidated Financial Statements, although this does not coincide with the fiscal year of the Group and subsidiary forming such Group (as the end of the fiscal year is established on 31 December of each year), is not due to compliance with legal or statutory requirements.

VBARE Iberian Properties SOCIMI, S.A.'s Stand Alone Annual Accounts and Consolidated Financial Statements for the year 2020, have been drawn-up by its directors, and have been approved by the General Shareholders Meeting held on 19 April 2021.

The Directors of the Parent Company have prepared these Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021 on a going-concern basis.

The presentation currency of the Interim Condensed Consolidated Financial Statements is the Euro, which is the Group's functional currency.

The figures stated in these Interim Condensed Consolidated Financial Statements are expressed in Euro Thousand, unless otherwise stated.

New IFRS - EU standards, amendments and IFRIC interpretations issued

a) Standards, modifications and mandatory interpretations for all years beginning on 1 January 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – "Interest rate benchmark reform."
- IFRS 4 – "Deferral of effective date of IFRS 9."
- IFRS 16 " Covid-19-Related Rent Concessions beyond 30 June 2021"

These amendments on the Interim Condensed Consolidated Financial Statements of the company have not had a significant impact.

b) Standards, amendments, and interpretations applied to existing standards that cannot be adopted in advance or that have not been adopted by the European Union:

- IAS 16 – "Property, plant and equipment – Revenue before set in motion."
- IAS 37 – "Onerous contracts – Cost of breaching a contract."
- IFRS 3 – "Reference to Conceptual Framework."
- IAS 41 Annual improvements - Cycle 2018-2020 (May 2020).
- IFRS 1 Annual improvements - Cycle 2018-2020 (May 2020).
- IFRS 9 Annual Improvements – Cycle 2018-2020 (May 2020).
- IFRS 16 Annual improvements – Cycle 2018-2020 (May 2020).
- IFRS 10 y IAS 28 – "Sale of contribution of assets between an investor and its associates of joint venture."
- IFRS 14 – "Regulatory Deferral Accounts."
- IFRS 17 – "Insurance contract."
- IAS 1 - "Classification of liabilities as current or non-current."



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

- IAS 8 – “Definition of Accounting Estimates”
- IFRS 16 – “Concessions to rental due to Covid-19. “
- IAS 12 – “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.”

If any of the above standards were adopted by the European Union or they could be adopted in advance, the Company will apply them with the corresponding effects in its financial statements.

These amendments or interpretations on the special purpose interim financial statements will not have a significant impact.

2.2 Comparative figures

According to the International Financial Reporting Standards as adopted by the European Union, the information included in these Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2021 is presented with comparative figures with the information for the nine-month period ended 30 September 2020 for the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and for the year ended 31 December 2020 for the Consolidated Statement of Financial Position.

2.3 Seasonality of operations

Considering the type of operations involved, revenues and operating results on these Interim Condensed Consolidated Financial Statements are not affected by seasonality.

2.4 Operating segment information

Information on operating segments is reported based on the internal information supplied to the ultimate decision-making body, the Board of Directors, which have been identified as the highest decision-making authority, being responsible for allocating resources and assessing the performance of operating segments

The members of the Board of Directors have established that the Group has only one activity segment as at the date of these Interim Condensed Consolidated Financial Statements.

2.5 Responsibility of the information and use of estimates

The information included in these Interim Condensed Consolidated Financial Statements is responsibility of the Parent Company's Directors.

The preparation of the Interim Condensed Consolidated Financial Statements according to IFRS- EU requires the Parent Company's Directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The Board of Directors reviews these estimates on a continuous basis. However, given the uncertainty inherent to these estimates, there is a significant risk that significant adjustments could arise in the future regarding the value of the associated assets and liabilities and significant changes in the assumptions, events, and circumstances on which they are based.

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Parent Company's Directors in applying the group's accounting policies and the key sources of estimation uncertainty are as follows:

- a) Fair value of Investment property
- b) Corporate Income Tax and the compliance with the requirements of the SOCIMIs
- c) The management of the financial risk and especially the liquidity risk

2.6 Relevant information and materiality

When determining the information to be disclosed in the Interim Condensed Consolidated Financial Statements or other subjects, the Group, in accordance with IAS 34, has considered the relevant



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

information and materiality in relation with the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021.

3. Investment property

Investment properties comprise apartments, penthouses, buildings, scattered apartments, storage rooms, parking spaces and retail assets owned by the Group for rent on a long-term basis and not occupied by the Group.

Set out below is a breakdown of and movements in the accounts recorded under investment properties for the nine-month period ended 30 September 2021.

	Euro Thousand	
	Investment Properties	Total
Balance at 1 January 2020	72,945	72,945
Acquisitions	-	-
Transaction cost capitalised	59	59
Subsequent disbursements capitalised	1,511	1,511
Disposals	(2,013)	(2,013)
Others	(16)	(16)
Gain from fair value adjustments	(3,276)	(3,276)
Balance at 31 December 2020	69,210	69,210
Acquisitions	-	-
Transaction cost capitalised	4	4
Subsequent disbursements capitalised	1,637	1,637
Others	19	19
Disposals	(7,282)	(7,282)
Gain (Loss) from fair value adjustments	1,199	1,199
Balance at 30 September 2021	64,787	64,787

Between January 1, 2021, and September 30, 2021, no acquisitions have been formalized but the Group has formalized the sale of 54 apartments for total price €6,715 thousand euros.

Under "Others" caption the Group records the letting fees incurred for the commercialisation of the properties. These are capitalised within the carrying amount of the leased assets and are recognised as an expense during the minimum lease term, on the same basis as the lease derived therefrom, as established in IAS 40 and IAS 17.

The identification of qualified assets included under this note in accordance with the Article 11 of SOCIMI Law and is included in Appendix 1 to the Interim Condensed Consolidated Financial Statements.

Valuation Process

Investment properties are recognized at fair value, according to IAS 40. The fair value of the Group's investment properties is calculated based on independent appraisers' reports not related to the Group.

Below is the cost and fair value of investment properties on 30 September 2021 and 31 December 2020:

	30 September 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
Investment properties	47,822	64,787	51,630	69,210

The results recognized in the consolidated interim income statement on measuring investment property at fair value as of 30 September 2021 amounts to Euro 1,202 Thousand (minus Euro 1,301 Thousand as of 30 September 2020). According to IFRS 13, some situations may arise where transaction prices may not represent the fair value of an asset at initial recognition.

These investments have been valued following a market value approach, and these valuations have been performed by Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U., an independent expert firm in



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

accordance with the provisions of the RICS Appraisal and Valuation Manual (the "Red Book") published by The Royal Institution of Chartered Surveyors based in England.

The market value is defined as the estimated amount for which an asset can be sold on a given market at the date of valuation between a seller and a willing buyer, being both reasonably knowledgeable about the asset, prudently, free of undue pressure to trade and assuming a reasonable time is given for completing the transaction.

Investment properties measured after initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1:** Measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3:** Measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (non-observable inputs).

The investment properties measured at fair value as of 30 September 2021 and 31 December 2020 are as follows:

	Level 1	Level 2	Level 3
Investment properties	-	-	64,787
Total 30.09.2021	-	-	64,787
Investment properties	-	-	69,210
Total 31.12.2020	-	-	69,210

Methodology:

a) Discounted cash flows method:

The valuation methodology adopted in terms of determining fair value of currently rented properties is the discounted cash flows method with projected net operating income at 5 years and capitalizing the 6th year at an exit yield between 3% and 6.5% and using an Internal Rate of Return for discounting cash flows obtained between 4.75% and 7.5%.

The discounted cash flow method is based on predictions of the probable net income that will be generated by assets over a specific time period, taking into account the assets' residual value at the end of that period. Cash flows are discounted at an internal rate of return to arrive at the present net value. That internal rate of return is adjusted to reflect the risk associated with the investment and assumptions adopted.

Key variables are therefore net income, approximate residual value, and internal rate of return.

Sensitivity analysis

Based on the simulations performed, the impact over fair value of investment properties of a 1% change in the internal rate of return would produce the following impacts:

	Euro thousand			
	Theoretical value			
	30 September 2021		31 December 2020	
	+1%	-1%	+1%	-1%
Valued using discounted cash flows method	61,907	67,831	66,178	72,404
Fair value of investment properties	61,907	67,831	66,178	72,404



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Based on the simulations performed, the impact over fair value of investment properties of a 0.25% change in the exit yield would produce the following impact:

	Euro thousand			
	Theoretical value			
	30 September 2021		31 December 2020	
	+0.25%	-0.25%	+0.25%	-0.25%
Valued using discounted cash flows method	61,138	68,983	65,302	73,699
Fair value of investment properties	61,138	68,983	65,302	73,699

Commitments

The Group has no material contractual commitments for the acquisition, construction, or development of investment properties or in relation to repairs, maintenance, or insurance.

Mortgages

Certain assets include under the caption Investment Properties, whose whole fair value amounts to Euro 64,787 thousand (Euro 63,091 Thousand as of 31 December 2020) serves as guarantee of the compliance with the obligations arranged as a result of the financing obtained by the Group (Note 8).

4. Analysis of financial instruments

4.1 Analysis by categories

The carrying amount of each category of financial instruments stipulated in the standard "Financial instruments" is as follows:

a) Financial assets:

	Euro thousand			
	Non-current assets			
	Debt and equity securities		Loans, derivatives and other	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Credits and other receivables	-	-	194	214
	-	-	194	214
	Current assets			
	Debt and equity securities		Loans, derivatives and other	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Credits and other receivables	-	-	5,051	3,876
	-	-	5,051	3,876
Total financial assets	-	-	5,245	4,090

Under the category of non-current financial assets, the Group recognizes the amount related to the deposits made in the corresponding public bodies derived from leases.

b) Financial liabilities:

	Euro thousand			
	Non-current liabilities			
	Borrowings		Loans, derivatives and other	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Loans and payables	21,947	22,024	326	326
	21,947	22,024	326	326

Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

	Current liabilities			
	Borrowings		Loans, derivatives and other	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Loans and payables	644	624	1,156	645
	644	624	1,156	645
Total financial liabilities	22,591	22,648	1,482	971

Under non-current financial liabilities, they are recognised the deposits to be returned to the tenants. These deposits will be withheld if the lease rents payable by the tenants to the Group are not paid or there is a breach in the lease contract. Also, under this caption are recorded the loan agreements arranged by the Group (Note 8).

Under Current financial liabilities it is recognised the part of the aforementioned loan agreements with maturity in the short term (Note 8).

4.2 Analysis by maturity

The maturity of the financial liabilities as per the Consolidated Statement of Financial Position as at 30 September 2021 is presented in the following table:

	Euro thousand					
	30/09/2022	30/09/2023	30/09/2024	30/09/2025	Next Years	Total
Bank borrowings	644	706	832	1,007	19,697	22,886
Other financial liabilities	-	326	-	-	-	326
Trade payables	851	-	-	-	-	851
Trade payables, group companies and associates	231	-	-	-	-	231
Accruals, wages and salaries	15	-	-	-	-	15
Advances from clients	59	-	-	-	-	59
Total financial liabilities	1,800	1,032	832	1,007	19,697	24,368

The total amount does not match with the analysis by categories because the loans that the Group formalized with the different financial entities were accounted at each moment at amortized cost, resulting all the costs incurred in arranging such financing and paid in full, are netting the outstanding September 30, 2021, amounts to 295 thousand euros.

The maturity of the financial assets as per the Consolidated Statement of Financial Position as at 30 September 2021 is presented in the following table:

	Euro thousand					
	30/06/2022	30/06/2023	30/06/2024	30/06/2025	Años posteriores	Total
Advance payments to suppliers	70	-	-	-	-	70
Trade Debtors	190	-	-	-	-	190
Financial assets	-	194	-	-	-	194
Cash and cash equivalents	4,791	-	-	-	-	4,791
Total financial assets	5,051	194	-	-	-	5,245

Non-current assets and liabilities relate to deposits linked to lease contracts. Its maturity is conditioned to the maturity of these contracts. It is the Group estimation that the average maturity of leasing contracts will range from two to three years.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

5. Cash and cash equivalents

The heading "Cash and cash equivalents" includes cash (cash in hand and sight bank deposits) and cash equivalents (ie highly liquid short-term investments, easily convertible into certain amounts of cash within a maximum period of time of six months and whose value is subject to a negligible exchange rate risk.) The carrying amount of these assets is equal to their fair value.

As of 30 September 2021, the balance of "Cash and cash equivalents" is not restricted, except for a total amount of Euro 38 thousand (Euro 70 thousand as of 31 December 2020) whose management have been entrusted to the liquidity provider (Renta 4 Banco, S.A.).

Additionally, the Group has one credit line for a maximum amount of 500,000 euros which a maturity date on 18 March 2024. On 30 September 2021, 0 euros have been drawn down (0 euros drawn down as of December 2020).

6. Net Equity

Share Capital and share premium

	Euro thousand			
	Number of shares	Share capital	Share Premium	Total
Balance as at 31 December 2019	3,609,790 (*)	18,049	22,007	40,056
Capital Increase	-	-	-	-
Issuance costs	-	-	-	-
Distribution of share premium	-	-	(1,402)	(1,402)
Balance as at 31 December 2020	3,609,790 (*)	18,049	20,605	38,654
Capital Increase	-	-	-	-
Issuance costs	-	-	-	-
Distribution of share premium	-	-	(3,325)	(3,325)
Balance as at 30 September 2021	3,609,790(*)	18,049	17,280	35,329

(*) This figure includes 48,814 treasury shares as of 30 September 2021 (40,451 treasury shares as of 31 December 2020).

As of 30 September 2021, the share capital of VBARE Iberian Properties SOCIMI, S.A. amounts to Euro 18,049 thousand represented by 3,609,790 nominative ordinary shares represented by book entries with a nominal value of 5 Euro each, granting the same rights to their owners.

All the shares of VBARE Iberian Properties SOCIMI, S.A. are listed since 23 December 2016, and they are traded on the market for BME Growth of BME MTF Equity (formerly alternative stock Market "MAB") being part of the SOCIMIs segment.

The share capital and the share premium, including the shares and the share premium that derived from the advances on share capital and share premium, which are totally paid, is as follows:

	30 September 2021	31 December 2020
Number of shares	3,609,790	3,609,790
Par value (Euro)	5	5
Share capital (Euro Thousand)	18,049	18,049
Share Premium (Euro Thousand)	17,995	21,320
	36,044	39,369
Issuance Cost Deducted (Euro Thousand)	(715)	(715)
	35,329	38,654

Issuance costs have been deducted according to IAS 32.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Share premium distribution

The General Shareholders' Meeting of the Parent Company held on December 12, 2017, at the proposal of the Board of Directors of the Company, approved the distribution of the share premium among the shareholders in proportion to their participation in the share capital of the Company. The Parent Company has delegated to the Board of Directors the execution of said agreement as well as for the determination of the date of payment and premium amount of the issue to be distributed.

On March 9, 2020, the Board of Directors agreed to distribute share premium amounting 573 thousand euros (0.16 euros per share), which become effective on March 16, 2020, among the shareholders in proportion to their participation in the capital of the Parent Company.

On September 22, 2020, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 829 thousand euros (0.232 euros per share), which become effective on September 30, 2020, among the shareholders in proportion to their participation in the capital of the Parent Company.

On May 4, 2021, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 828 thousand euros (0.232 euros per share), which become effective on May 11, 2021, among the shareholders in proportion to their participation in the capital of the Parent Company.

Additionally, on July 30, 2021, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 2,497 thousand euros (0.700 euros per share), which become effective on August 10, 2021, among the shareholders in proportion to their participation in the capital of the Parent Company.

Treasury shares

The movement under this caption during the nine-month period ended 30 September 2021 and the year 2020 is the following:

	Euro thousand	
	Number of shares	Value
Balance at 31 December 2019	32,569	420
Increases / Acquisitions	11,184	140
Decreases / Disposals	(3,302)	(42)
Balance at 31 December 2020	40,451	518
Increases / Acquisitions	8,364	80
Decreases / Disposals	(1)	-
Balance at 30 September 2021	48,814	598

Treasury shares of the Parent Company as of 30 September 2021 represent 1.35% (1.12% at December 31, 2020) of the share capital figure totalling 48,814 shares with an average price of acquisition of 12.29 Euro per share (40,451 shares with an average purchase price of 12.65 euros per share as of December 31, 2020).

On 7 September 2016 the General Shareholders Meeting of the Parent Company agreed to authorise the Board of Directors to acquire Company's treasury shares by way of sale, exchange or payment in kind, in one or several transactions, provided that the acquired shares shall not exceed 20% of the Company's share capital. The price or consideration for such shares shall range from a minimum equal to their nominal value to a maximum of (i) in case that the Company's shares have not been admitted to listing on any regulated market or multilateral trading facility, 25 euros per share (ii) in case that the Company's shares are listed on the market for BME Growth of BME MTF Equity (formerly alternative stock Market "MAB") being part of the SOCIMIs Segment, 120% of the listed price for the shares in the Company at the time of the acquisition. This authorisation is in force for a five-year period after the date of the agreement.

Legal reserves and other reserves

In accordance with the Spanish Companies Act, private companies must transfer an amount equal to 10% of the profit for the year to the legal reserve until this reserve reaches at least 20% of capital. The legal reserve can be used to increase capital in the part of the balance exceeding 10% of the increased capital. Except as mentioned above, while not exceeding 20% of the capital and considering the limitations set



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

forth under the SOCIMI regime, the legal reserve can only be used to offset losses, provided that sufficient other reserves available for this purpose.

In accordance to Law 11/2009, for which SOCIMI are regulated, the legal reserve of the companies that have opted to apply the SOCIMI tax regime, may not exceed 20% of the share capital figure. The bylaws of these companies may not establish any other statutory reserve unavailable different from the legal reserve.

As of 30 September 2021, and 31 December 2020 the Parent Company's legal reserve is not constituted.

Shareholders

The main shareholders of the Parent Company as of 30 September 2021 (last information available), and 31 December 2020, with a percentage higher than 5% of the share capital of the Parent Company, directly or indirectly, are as follows:

Shareholder	% Number of Shares		
	30 September 2021		
	Direct	Indirect	Total
Meitav Dash Provident Funds and Pension Ltd.	16.58%	-	16.58%
Dan Rimoni	11.22%	-	11.22%
M. Wertheim (holdings) Ltd.	10.43%	-	10.43%
Value Base Ltd.	4.88%	3.26%	8.14%
Kranot Hishtalmut Psagot	6.08%	-	6.08%
Ido Nouberger (*)	3.39%	-	3.39%

Shareholder	% Number of Shares		
	31 December 2020		
	Direct	Indirect	Total
Meitav Dash Provident Funds and Pension Ltd.	16.58%	-	16.58%
Dan Rimoni	10.98%	-	10.98%
M. Wertheim (holdings) Ltd.	10.43%	-	10.43%
Value Base Ltd.	4.88%	3.26%	8.14%
Kranot Hishtalmut Psagot	6.08%	-	6.08%
Ido Nouberger (*)	3.39%	-	3.39%

(*) Ido Nouberger also holds 20.075% in Value Base Ltd.

Earnings per share

a) Basic earnings per share:

Basic earnings per share are calculated by dividing the profit / (loss) for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares throughout the period, excluding the weighted average number of treasury shares held shares throughout the year or period.

Details of the calculation of earnings/(losses) per share are as follows:

	30 September 2021	30 September 2020
Net profit for the period attributable to equity holders of the Parent Company (Euro Thousand)	(268)	(2,001)
Number of the weighted average shares (excluding own shares)	3,567,523	3,577,968
Earnings per share (Euro)	(0.08)	(0.56)



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

b) Diluted earnings per share:

Diluted earnings per share are calculated by dividing net profit/(loss) of the period attributable to the owners of the Parent Company by the weighted average number of ordinary shares in the period, plus the weighted average number of shares which would be issued when converting all potentially diluting instruments.

For these purposes, they are considered dilutive instruments the ordinary shares presented under "advances capital" which have been issued at the close of each period.

The Group has evaluated the effect of dilution of these potential shares and their potential impact on the calculation of earnings per share, and have concluded that its effect is not significant, and therefore basic and diluted earnings per share do not differ significantly.

Net result distribution

The distribution of results of the Parent Company as of 31 December 2020 according to Spanish General Accepted Accounting Principles as per their stand-alone annual accounts as approved by the General Shareholders' Meeting on 19 April 2021 is as follows:

	Euro Thousand
<u>Basis of distribution</u>	
Profit /(Loss)	(362)
<u>Distribution</u>	
Losses from prior years	(362)

Dividends distribution policy

The dividend will be paid in cash, and it will be recognized as a liability in the Interim Condensed Consolidated Financial Statements in the period in which the dividends are approved by shareholders of the Parent Company or subsidiaries.

The SOCIMI is required to distribute the profit generated during the year to shareholders as dividends. Once the corresponding mercantile obligations have been fulfilled, said distribution must be agreed as stated in note 1 of the Interim Condensed Consolidated Financial Statements.

During the period from 1 January 2021 to 30 September 2021 and the fiscal year 2020, no dividends have been distributed.

7. Trade payables

The carrying amount of these trade payables is equal to their fair value.

8. Borrowings

The breakdown of the Group's financial debt as of 30 September 2021 is as follows:

Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Signing date	Maturity	Interest rate (annual)	Amount financed	Long term debt	Short-term debt		Financial expense	Interest paid
				Principal	Principal	Interest due not paid		
21/04/2016	21/04/2031	Variable Eur12+1.25%	2,100	-	-	-	30	15
19/07/2016	19/07/2031	Fixed 1.8%	750	280	8	1	7	6
19/07/2016	19/07/2031	Fixed 1.8%	300	236	11	1	4	3
30/11/2016	31/12/2031	Fixed 1.8%	600	415	39	-	7	6
30/11/2016	31/12/2031	Fixed 1.8%	637	374	35	-	8	7
26/04/2017	30/06/2032	Fixed 1.8%	187	155	9	-	3	2
26/04/2017	30/06/2032	Fixed 1.8%	1,250	1,034	63	-	16	15
26/04/2017	30/06/2032	Fixed 1.8%	250	207	13	-	3	3
10/05/2017	10/05/2032	Fixed 1.8%	508	420	25	-	6	6
31/01/2018	31/01/2030	Fixed 1.8%	324	298	11	-	4	4
31/01/2018	31/01/2030	Fixed 1.8%	492	453	17	-	7	7
29/01/2018	29/01/2033	Fixed 2%	675	136	9	1	10	4
12/07/2018	30/09/2030	Fixed 1.8%	625	588	19	-	9	8
30/07/2018	30/09/2030	Fixed 1.8%	785	738	24	-	12	11
30/07/2018	30/09/2030	Fixed 1.8%	900	846	20	-	13	12
02/10/2018	31/12/2030	Fixed 1.8%	735	696	20	-	11	10
03/10/2018	03/10/2039	Fixed 1.8% (*)	8,250	5,352	0	7	72	70
09/10/2018	31/12/2030	Fixed 1.8%	800	336	10	-	10	6
08/01/2019	08/01/2039	Fixed 1.8% (**)	3,430	3,289	59	3	50	45
24/10/2019	01/10/2030	Fixed 1.7% (***)	4,000	3,470	30	-	49	45
14/05/2020	14/05/2025	Fixed 1.5%	425	286	104	-	5	5
25/05/2020	25/05/2025	Fixed 1.75%	360	250	88	-	2	5
30/09/2020	30/09/2025	Variable Eur12+2.35%	300	-	-	-	16	0
24/02/2021	24/02/2036	Fixed 1.8%	2,400	2,383	17	-	15	25
TOTAL			31,083	22,242	631	13	369	320

(*) VBA SUB 2018, S.L.U. has a mortgage loan for an amount of 8,250,000 euros at 21 years formalized in 2018 and amended in 2021 which accrues a fixed interest rate during the first 12 years and variable from year 13. This mortgage loan for the purposes of the above table is considered "Borrowings at fixed rate".

(**) VBARE Iberian Properties Socimi, S.A., has a mortgage loan for an amount of 3,430,000 euros at 20 years formalized in 2019 which accrues a fixed interest rate during the first 12 years and variable from year 13. This mortgage loan for the purposes of the above table is considered "Borrowings at fixed rate".

(***) VBARE Iberian Properties Socimi, S.A formalized a mortgage loan on October 24, 2019, for an amount of 4,000,000 euros that at September 30, 2021 had been withdrawn 3,500,000 euros.

The total amount does not match with the balance sheet as of September 30, 2021, because the loans that the Group formalized with the different financial entities were accounted at each moment at amortized cost, resulting all the costs incurred in arranging such financing and paid in full, are netting the outstanding debt and they will be amortized during the life of each loan. The amount pending to be amortized as of September 30, 2021, amounts to 295 thousand euros (272 thousand euros as of December 2020).

During the nine-month period ended September 30, 2021, the Group has formalized one mortgage loan of 2.4 million euros and a 3 million loan increase that will be withdrawn against capex incurred.

During the twelve-month period ended December 31, 2020, the Group formalized three loans without mortgage guarantees for amounts of 425,000, 360,000 and 300,000 euros, all with a maturity of 5 years.

From these three loans, only the first two have been withdrawn as September 30, 2021. Additionally, the Group withdrawn in 2020 3,500,000 euros from the 4,000,000 euros loan formalized on October 24, 2019.

Additionally, the Group has one credit line for a maximum amount of 500,000 euros which a maturity date on 18 March 2024. On 30 September 2021, 0 euros have been drawn down and has accrued a financial expense of 16 thousand euros in 2021.

Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

The Group's financial debt is recognised at its amortised cost in the Consolidated Interim Statement of Financial Position.

The abovementioned loan agreements contain certain covenants that are customary in the market for facilities of this nature, based on Loan to Value (LTV) and rental incomes over the asset mortgaged. Failure to meet these covenants represents an event of default and may result in, among other things, an acceleration of the loan's maturity and/or may trigger an early amortization event.

On December 31, 2020, the Parent Company defaulted on a ratio of a loan whose outstanding principal at December 31, 2020 amounted to 283 thousand euros. Despite this, the Parent Company received a waiver from said financial entity which exempt its compliance on December 31, 2020. The Parent Company is monitoring such ratio for 2021, but anyway, it is expected the principal amount on December 31, 2021, be close to 0 euros (145 thousand euros at September 30, 2021).

9. Tax situation
9.1 Balances with Tax Administration

The main current receivable and payable taxes balances as of 30 September 2021 and 31 December 2020 are as follows:

Euro Thousand				
	30 September 2021		31 December 2020	
	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Withholding tax	-	27	-	24
VAT	176	-	145	-
Payroll tax	-	11	-	11
	176	37	145	35

The Group does not maintain long term balances with tax authorities as of 30 September 2021 and 31 December 2020.

9.2 Corporate Income Tax

The reconciliation between the consolidated net result for the period from 1 January 2021 to 30 September 2021 and the taxable base of the Group companies' is set out below:

	Euro Thousand					
	Consolidated income statement			Income and expense allocated directly to net equity		
	Increase	Reductions	Total	Increases	Reductions	Total
Balance income and expenses of financial period	(1,455)	-	(1,455)	-	-	(1,455)
IFRS and Consolidation Adjustments	-	434	434	-	-	434
Corporation Tax	-	-	-	-	-	-
Permanent differences	-	-	-	-	-	-
Temporary differences:						
originating in the financial year	-	-	-	-	-	-
Taxable base			(1,021)			(1,021)

The taxable base presented in the previous table is the sum of the taxable bases of the companies that make up the Group, the consolidated result of the period having been adjusted for adjustments and eliminations of consolidation, as well as the conversion adjustments to International Standards of Financial information adopted by the European Union (IFRS-EU).

In accordance with the SOCIMI Law, current Corporate Income Tax is the result of applying 0% to the tax base. No deductions are applicable in the year 2021, nor withholdings or payments in accounts.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

9.3 Years open to review and tax inspections

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute of limitations has expired. On 30 September 2021, all the taxes applicable for which the Group companies are liable since its incorporation are open to inspection and for which its liquidation have occurred up to 30 September 2021.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax liabilities may arise in the event of a tax inspection. In any event, the Group consider that such liabilities, if ever they arise, will not have a significant effect on the accompanying Interim Condensed Consolidated Financial Statements.

10. Revenue and expenses

a) Gain from fair value on investment properties

The details of gain from fair value on investment properties are provided in note 3.

b) General and administrative expenses

The breakdown of this caption of the consolidated income statement is as follows:

	Euro Thousand	
	30 September	
	2021	2020
Property operating expenses	529	468
Management fee – see note 1.2(a) and note 12	648	684
Success fee – see note 1.2.1(c) and note 12	-	-
Variation in provisions and losses on bad debts	62	77
Professional fees and others	317	406
Total	1,556	1,635

Calculation of the success fee

The amount corresponding to the success fee as of September 30, 2021, and September 30, 2020 has been calculated in accordance with the conditions established in the Management Agreement and its subsequent amendments as detailed in notes 1.2. and 1.3.

As of September 30, 2021, and 2020, no success fee has been accrued by the Company as the as the "Distributable Amount of the Relevant Year" as stated in Note 1.3. has not reach the hurdle rate of 6%.

Payroll

	Euro Thousand	
	30 September	
	2021	2020
Wages and salaries	254	306
Social Security	69	74
Total	323	380

c) Finance result

The finance result is as of September 30, 2021, and 2020 is broken-down as follows:

	Euro Thousand	
	30 September	
	2021	2020
Financial expenses		
Bank interest from borrowings (Note 8)	(385)	(323)
Total	(385)	(323)



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

d) Contribution to the consolidated profit by Group company

The contribution to the profit for the nine-month period ended 30 September 2021 and 30 September 2020 by each company included in the consolidation scope is as follows:

	Euro Thousand	
	30 September	
	2021	2020
VBARE Iberian Properties SOCIMI, S.A.	(226)	(1,293)
VBA SUB 2018, S.L.U.	(42)	(708)
Total	(268)	(2,001)

11. Environmental information

Given the activity in which the Group operates, it has no environmental liabilities, expenses, assets, provisions, or contingencies that could have a material impact on its equity, financial position and results of its operations.

Therefore, no specific environmental disclosures have been included in these notes to the Interim Condensed Consolidated Financial Statements.

12. Outstanding balances and Transactions with the Management Company and Others

Transactions shown below were carried out with the Management Company and others as of 30 September 2021 and 2020 is as follows:

	Euro Thousand		
	30 September 2021		
	Success fee	Management fee	Other expenses
VBA Real Estate Asset Management 3000, S.L.	-	648	-
	-	648	-

	Euro Thousand		
	30 September 2020		
	Success fee	Management fee	Other expenses
VBA Real Estate Asset Management 3000, S.L.	-	684	-
Aura Asset Management, S.L.	-	-	2
	-	684	2

On 30 September 2021 and 31 December 2020, the outstanding balances with the Management Company and other's breakdown as follows:

	Euro Thousand	
	Trade and other payables	
	30 September 2021	31 December 2020
VBA Real Estate Asset Management 3000, S.L.	231	14
Total	231	14

	Euro Thousand	
	Trade and other receivables	
	30 September 2021	31 December 2020
VBA Real Estate Asset Management 3000, S.L.	-	-
Total	-	-



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

13. Provision and contingencies

As of 30 September 2021, and 31 December 2020 the Group has no claims or demands, and no provisions and contingencies have arisen.

14. Information requirements deriving from Socimi regime. Law 11/2009

Description	30 September 2021	31 December 2020
a) Reserves from years prior to the application of the tax scheme contained in Law 11/2009, amended by Law 16/2012.	N/A	N/A
b) Reserves from years in which the tax scheme contained in Law 11/2009, amended by Law 16/2012, have been applied.	N/A	N/A
c) Dividends distributed against profits each year in which the tax scheme contained in this Law is applicable, differentiating the part from income subject to tax at 0% or 19% from those where tax has been levied at the general rate.	N/A	N/A
d) For distribution against reserves, identifying the year from which the reserves applied derive and if they have been taxed at 0%, 19% or the general rate	N/A	N/A
e) Date of the agreement for the distribution of dividends referred to in c) and d) above.	N/A	N/A
f) Date of acquisition of buildings for rent and interests in the capital of companies referred to in Article 2.1. of this Law.	Please see note 6 and Appendix I and II	Please see note 6 and Appendix I and II
g) Identification of assets taken into account in the 80% referred to in Article 3.1 of this Law.	Please see note 6 and Appendix I and II	Please see note 6 and Appendix I and II
h) Reserves from years in which the tax system applicable in this Law was applicable, which were made available in the tax period, not for distribution or offsetting losses, identifying the year from which the reserves derive	N/A	N/A

15. Events occurring after the reporting period

As of this Interim Condensed Consolidated Financial Statements date and from September 30, 2021, the Group has sold 13 apartments for a total sale price of 1,7 million euros

In the opinion of the Parent Company's Directors, no facts or circumstances occurred after the nine-month period ended as at 30 September 2021 have come to their attention which may have significant impact on these Interim Condensed Consolidated Financial Statements.



Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Appendix I: Investment properties acquired by the Group

Kind of Asset	Location	Acquisition Date
Building of 14 units, 3 Storages & 16 parkings	Calle Juan Pascual, Madrid.	30/07/2015
Apartment	Calle Venancio Martín, Madrid.	19/11/2015
Apartment	Calle Uva, Madrid.	19/11/2015
Apartment	Calle San José y Pasaderas, Madrid.	19/11/2015
Apartment	Travesía de Getafe, Parla.	19/11/2015
Apartment	Calle Abedul, Madrid.	19/11/2015
Building of 6 units & 5 Storages	Calle Antonia Ruiz Soro, Madrid.	18/05/2016
Apartment	Camino de la Suerte, Madrid.	17/12/2015
Apartment	Calle León XIII, Parla.	17/12/2015
5 Apartments, 2 Storages & 1 Parking	Calle Oropéndola, Madrid.	17/12/2015
7 Apartments & 7 Storages	Calle Cantueso, Madrid.	17/12/2015
Apartment	Calle Cedro, Torrejón de Ardoz.	18/12/2015
Apartment	Calle Ernestina Manuel de Villena, Madrid.	18/12/2015
Apartment	Calle Rafaela Ybarra, Madrid.	18/12/2015
Apartment	Calle Alejandro Morán, Madrid.	21/04/2016
5 Apartments, 6 Storages & 5 Parkings	Calle Bariloche, Madrid.	19/01/2016
5 apartments	Calle Carnicer, Madrid.	04/02/2016
Building of 6 units	Calle Brihuega, Madrid.	14/04/2016
5 Apartments	Calle Santa Julia, Madrid.	31/05/2016
31 Apartments & 31 Storages	Calle Vicente Carballal, Madrid.	31/05/2016
Building of 16 units	Calle Margaritas, Madrid.	22/12/2016
Building of 8 units	Calle Carrascales, Madrid.	28/06/2017
Building of 7 units	Calle Santa Valentina, Madrid.	20/07/2017
1 Local Premise & 12 Apartments	Calle Concordia, Mostoles	21/03/2018
14 Apartments & 10 Storages	Calle Eugenio Gross, Málaga.	26/06/2018
Building of 12 units	Calle Don Quijote, Madrid.	24/07/2018
Building of 36 units	Calle Luchana, Madrid.	03/10/2018
Building of 29 units	Calle Vallehermoso, Madrid.	08/01/2019
Building of 12 units	Calle San Andrés, Madrid.	30/09/2019
35 Apartments & 35 parkings	Avenida Monte Igueldo, Madrid.	28/10/2019



VBARE Iberian Properties SOCIMI, S.A. and subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021

Appendix II: Investments in affiliates

Sociedad	Acquisition Date
VBA SUB 2018, S.L.U.	26/09/2018



Preparation of the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2021 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

DON IÑIGO DE LOYOLA SÁNCHEZ DEL CAMPO BASAGOITI, in his capacity as **SECRETARY NON-DIRECTOR OF THE BOARD OF DIRECTORS**, of the company **"VBARE IBERIAN PROPERTIES SOCIMI, S.A."** with registered office in the town of Madrid, at Calle General Castaños 11, 1º Izq, **CERTIFIES:**

That the Interim Condensed Consolidated Financial Statements for the **NINE (9)** month period ended 30 September 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) in English language, have been drawn up with **the favorable vote of all the members of the Company's Board of Directors** at the meeting held on 30 November 2021, for verification by the auditors.

The directors attended by telephone conference, in accordance with the provisions of article 23.14 of the Company's Bylaws, giving the meeting a telematic nature in the interests of adopting preventive measures and in order to preserve people's health and avoid the spread of COVID 19. For this reason, the duly formulated Interim Condensed Consolidated Financial Statements for the period of NINE (9) months period ended 30 September 2021 **DO NOT HAVE the signatures of any of the directors:**

- **Fernando Acuña Ruiz.**
- **Juan Manuel Soldado Huertas.**
- **Yair Ephrati.**
- **Ido Nouberger.**
- **Juan José Nieto Bueso.**
- **Yeshayau Manne.**

The above-mentioned Financial Statements, which precede this procedure, are numbered from page 1 to 31 and signed only at the end with my signature.

Madrid, November 30 2021



Mr. Iñigo de Loyola Sánchez del Campo Basagoiti
Secretary Non- Director of VBARE IBERIAN PROPERTIES SOCIMI, S.A.