Faifey Invest SOCIMI, S.A.

Audit report,
Annual accounts as of December 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 Faifey Invest SOCIMI, S.A.

Opinion

We have audited the annual accounts of Faifey Invest SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 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 December 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.

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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Measurement of equity instruments in group companies The Company holds two equity investments in group companies for a total amount of 112.73 million euros, as indicated in note 5.3 to the annual accounts. This item represents 100% of the Company's total assets. Investments are initially measured at cost, which corresponds to the fair value of the consideration received. Subsequently, investments are measured at cost, reduced, where appropriate, by the accumulated amount of impairment losses, as indicated in notes 4.2.c) and 2.4 to the annual accounts. These impairment losses are calculated as the difference between the carrying amount and the recoverable amount, the latter being the higher of the fair value of the asset less costs to sell and the present value of future cash flows from the investment. Unless there is better evidence of the recoverable amount, the equity of the investee is taken into account, adjusted for any unrealised gains existing at the measurement date, net of the tax effect. We consider the measurement of investments in group companies to be a key audit matter mainly because of their significance in relation to the financial statements as a whole and because there is an inherent risk associated with the measurement of such investments.	In relation to potential impairment losses on investments in group companies, we used our knowledge to conclude on the appropriateness of the value and assumptions used by the Company. In particular: • We compared the cost of the investee with the corresponding results and reserves of each investment. • We evaluated the existing unrealized gains on real estate investments acquired from group companies. • We checked the arithmetic calculations. In addition, we assessed the adequacy of the information disclosed in the abridged annual accounts of the Company. The result of the procedures performed has allowed us to reasonably achieve the audit objective for which these procedures were designed.

Other matters

The figures belonging to the previous financial year of 2020 that have been included as a comparative in each of the statements of the 2021 annual accounts have not been audited.

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 directors determine is 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 signed by Rafael Pérez Guerra (20738)

21 April 2022

FAIFEY INVEST SOCIMI, S.A.

Annual accounts and management

report as of December 31, 2021

FAIFEY INVEST SOCIMI, S.A

Notes to the financial statements

FAIFEY INVEST SOCIMI, S.A.

Balance sheet at year-end 2021 (Expressed in euros)

ASSETS		NOTES	2021	2020[a]
A)	**NON-CURRENT ASSETS**		**112,735,330.81**	**107,881,814.62**
IV.	**Long-term investments in group companies and associates**	**5.3**	**112,735,330.81**	**107,881,814.62**
1.	Equity instruments		112,735,330.81	107,881,814.62
B)	**CURRENT ASSETS**		**154,524.09**	**200,832.53**
VII.	**Cash and other cash equivalents**	**5**	**154,524.09**	**200,832.53**
1.	Cash and banks		154,524.09	200,832.53
TOTAL ASSETS (A + B)			**112,889,854.90**	**108,082,647.15**

NET ASSETS AND LIABILITIES		NOTES	2021	2020
A)	**NET WORTH**		**112,681,893.16**	**107,874,195.85**
A-1)	**Stockholder equity**	**5.4**	**112,681,893.16**	**107,874,195.85**
I.	**Capital**	**5.4**	**5,060,000.00**	**5,060,000.00**
1.	Registered capital		5,060,000.00	5,060,000.00
II.	**Issue premium**	**5.4**	**111,444,251.46**	**113,444,251.46**
III.	**Reserves**	**5.4**	**(18,796.30)**	**(18,796.30)**
2.	Other reserves		(18,796.30)	(18,796.30)
V.	**Profit/(loss) brought forward**	**3**	**(10,611,259.31)**	**(1.70)**
2.	(Loss brought forward)		(10,611,259.31)	(1.70)
VII.	**Profit/(loss) for the year**	**3**	**6,807,697.31**	**(10,611,257.61)**
C)	**CURRENT LIABILITIES**		**207,961.74**	**208,451.30**
III.	**Short-term debts**	**5.3**	**186,918.79**	**186,918.79**
5.	Other financial liabilities		186,918.79	186,918.79
V.	**Trade creditors and other payables**		**21,042.95**	**21,532.51**
3.	Sundry accounts payable	**5.2**	16,111.41	17,700.73
6.	Other debts to Public Administrations	**6**	4,931.54	3,831.78
TOTAL NET ASSETS AND LIABILITIES (A + B + C)			**112,889,854.90**	**108,082,647.15**

** Unaudited figures.*

Notes 1 to 15 of the report form an integral part of these Annual Accounts.

FAIFEY INVEST SOCIMI, S.A.

Profit and Loss Account corresponding to the 2021 financial year (Expressed in euros)

		NOTES	2021	2020[a]
A)	**CONTINUING OPERATIONS**			
1.	**Net turnover**	**7.2**	**1,370,000.00**	**1,314.36**
18.	**Impairment and result on disposal of financial instruments**	**5.3**	**5,783,516.19**	**(10,524,970.00)**
7.	**Other operating expenses**	**7.1**	**(345,818.88)**	**(87,601.97)**
a)	Outsourced services		(308,072.78)	(72,073.35)
b)	Taxes and rates		(37,746.10)	(15,528.62)
A.1)	**OPERATING PROFIT/(LOSS)**	**3**	**6,807,697.31**	**(10,611,257.61)**
A.2)	**FINANCIAL RESULT**		**-**	**-**
A.3)	**RESULT BEFORE TAX**		**6,807,697.31**	**(10,611,257.61)**
A.5)	**PROFIT/(LOSS) FOR THE YEAR**	**3**	**6,807,697.31**	**(10,611,257.61)**

** Unaudited figures.*

Notes 1 to 15 of the report form an integral part of these Annual Accounts.

FAIFEY INVEST SOCIMI, S.A.

Statement of Changes in Net Equity for the year ended December 31, 2021

A) Statements of recognized income and expense for the year ended December 31, 2021 (Expressed in euros)

	NOTES	2021	2020[a]
A) RESULT OF THE PROFIT AND LOSS ACCOUNT	**3**	**6,807,697.31**	**(10,611,257.61)**
Income and expenses recognized directly in net equity			
B) TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN NET EQUITY		**-**	**-**
Transfers to the profit and loss account			
C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSES	**7**	**6,807,697.31**	**(10,611,257.61)**

**Unaudited figures.*

Notes 1 to 15 of the report form an integral part of these Annual Accounts.

FAIFEY INVEST SOCIMI, S.A.

Statement of Changes in Net Equity for the year ended December 31, 2021

B) Statement of Total Changes in Net Equity for the year ended December 31, 2021 (Expressed in euros)

		Capital		Issue premium	Reserves	Result from previous financial years	Profit/(loss) for the year	TOTAL
		Authorized	Uncalled					
A)	**BALANCE, END OF 2019 FINANCIAL YEAR***	**60,000.00**	**(45,000.00)**	-	**(663.57)**	**-**	**(1.70)**	**14,334.73**
B)	**ADJUSTED BALANCE, BEGINNING OF 2020 FINANCIAL YEAR**	**60,000.00**	**(45,000.00)**	**-**	**(663.57)**	**-**	**(1.70)**	**14,334.73**
I.	Total recognized income and expense	-	-	-	-	-	(10,611,257.61)	(10,611,257.61)
II.	Transactions with partners or owners	5,000,000.00	45,000.00	113,444,251.46	-	-	.	118,489,251.46
1.	*Capital increases*	5. *000,000.00*	-	-	-	-	-	*5,000,000.00*
7.	*Other transactions with partners or owners*	-	-	*113,444,251.46*	-	-	-	*113,444,251.46*
III.	Other changes in net equity	-	-	-	(18,132.73)	(1.70)	1.70	(18,132.73)
C)	**BALANCE, END OF 2020 FINANCIAL YEAR***	**5,060,000.00**	**-**	**113,444,251.46**	**(18,796.30)**	**(1.70)**	**(10,611,257.61)**	**107,874,195.85**
D)	**ADJUSTED BALANCE, BEGINNING OF 2021 FINANCIAL YEAR**	**5,060,000.00**	-	**113,444,251.46**	**(18,796.30)**	**(1.70)**	**(10,611,257.61)**	**107,874,195.85**
I.	Total recognized income and expense	-	-	-	-	-	6,807,697.31	6,807,697.31
II.	Transactions with partners or owners	-	-	(2,000,000.00)	-	-	-	(2,000,000.00)
7.	*Other transactions with partners or owners*	-	-	*(2,000,000.00)*	-	-	-	*(2,000,000.00)*
III.	Other changes in net equity	-	-	-	-	(10,611,257.61)	10,611,257.61	-
E)	**BALANCE, END OF 2021 FINANCIAL YEAR**	**5,060,000.00**	**-**	**111,444,251.46**	**(18,796.30)**	**(10,611,259.31)**	**6,807,697.31**	**112,681,893.16**

Notes 1 to 15 of the report form an integral part of these Annual Accounts.

FAIFEY INVEST SOCIMI, S.A.

Cash flow statement for the year ended December 31, 2021
(Expressed in euros)

		NOTES	2021	2020[a]
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.	**Profit/(loss) for the year before tax**	**7**	**6,807,697.31**	**(10,611,257.61)**
2.	**Adjustments to the profit/(loss)**		**(5,783,516.19)**	**10,524,970.00**
b)	Valuation adjustments due to impairment		(5,783,516.19)	-
f)	Profit/(loss) on derecognition and disposal of financial instruments		-	10,524,970.00
g)	Financial income			-
3.	**Changes in working capital**		**(489.56)**	**21,430.87**
d)	Creditors and other payables		-	21,430.87
e)	Other current liabilities		(489.56)	-
4.	**Other cash flows from operating activities**		**-**	**221.18**
d)	Payments (receipts) Income tax		-	221.18
5.	**Cash flows from operating activities (+/-1 +/-2 +/-3 +/-4)**		**1,023,691.56**	**(64,635.56)**
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**			
6.	**Payments for investments**		**-**	**(118,406,784.62)**
a)	Group companies and associates			(118,406,784.62)
7.	**Divestment receipts**		**930,000.00**	**-**
a)	Group companies and associates		930,000.00	-
8.	**Cash flows from investing activities (6+7)**		**930,000.00**	**(118,406,784.62)**
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**			
9.	**Receipts and payments for equity instruments.**		**(2,000,000.00)**	**118,471,118.73**
a)	Issuance of equity instruments		-	118,489,251.46
b)	Amortization of equity instruments		-	(18,132.73)
c)	Acquisition of own equity instruments		(2,000,000.00)	-
10.	**Receipts and payments for financial liability instruments**		**-**	**186,918.79**
b)	returns and amortization of		-	186,918.79
5.	*Other debts*		-	*186,918.79*
11.	**Payments for dividends and remuneration of other equity instruments**		**-**	**-**
12.	**Cash flows from financing activities (+/-9 +/-10 -11)**		**(2,000,000.00)**	**118,658,037.52**
D)	**Effect of exchange rate changes**		**-**	**-**
E)	**NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS**		**(46,308.44)**	**186,617.34**
Cash or cash equivalents at beginning of year			200,832.53	14,215.19
Cash or cash equivalents at the end of the financial year			154,524.09	200,832.53

(*) Unaudited figures

Notes 1 to 15 of the report form an integral part of these Annual Accounts.

1. COMPANY ACTIVITY

The Company Faifey Invest SOCIMI, S.A. (hereinafter, the "**Company**") was incorporated as a public limited company in Spain, for an indefinite period of time, on November 12, 2019, under the name of Faifey Invest, by a deed executed before the notary Mr Francisco Javier Piera Rodríguez, under number 5,001 of his record book. Its registered office is at Calle Príncipe de Vergara 112, 4º, 28002 Madrid.

It is entered in the Mercantile Registry of Madrid, in volume 39903, sheet 80, page M-708714. Its tax identification number is A88525563.

On February 1, 2021, in accordance with the public deed executed before Notary Public of Madrid Mr Antonio Pérez Coca Crespo, under number 988 of his record book, the Company placed the resolutions of the General Shareholders' Meeting on record. Said resolutions changed the corporate name to the current name and changed the Company's business purpose to the following:

- The acquisition and development of urban real estate for lease or the refurbishment of buildings under the terms established in Law 37/1992 of December 28 on Value Added Tax;

- The holding of shares in the capital of other investment companies listed on the property market (SOCIMIs) or in that of other entities not based on Spanish territory that have the same corporate purpose as the former and that are subject to a regime similar to that established for the SOCIMIs with regard to the compulsory policy, legal, or statutory, for the distribution of profits;

- The holding of shares in the capital of other entities, regardless of whether or not these are based in Spanish territory, the main corporate purpose of which is the acquisition of urban real estate for lease and which are subject to the same system established for SOCIMIs with regard to the compulsory legal or statutory policy of the distribution of profits and which meet the investment requirements referred to in Article 3 of Law 11/2009 of October 26, which regulates SOCIMIs (the “SOCIMI Law”);

- The holding of shares or units in Real Estate Collective Investment Institutions regulated by Law 35/2003, of November 4, on Collective Institutions, or any law that may replace it in the future.

Along with the economic activity derived from the main corporate purpose, the Company may carry out other ancillary activities, understood as those that represent as a whole less than 20% of the Company’s income in each tax period, or those that may be considered ancillary in accordance with the law applicable at any given time.

In addition, on February 1, 2021, by virtue of a deed executed before Notary Public of Madrid Mr Antonio Pérez Coca Crespo, under number 989 of his record book, the Company placed the resolutions of the General Meeting accepting the resignation of Ms Karoline Nader-Gräff as a member of the Board of Directors of the Company and appointing Mr Christian Muller in her place as a new member of the Board on public record. Therefore, the Company’s current Board of Directors is made up of the following members:

- Board Member and Chair - Mr. Volker Kraft

- Board Member and Vice-Chairman - Mr Markus Oscar Schmitt-Habersack

- Board Member and Secretary - Mr José Ma Ortiz Lopez-Camara

- Board Member and Vice-Secretary: Mr Christian Muller

The closing date of the financial year is December 31 of each year.

The annual accounts statements are presented in euros, which is the Company’s functional and reporting currency.

The Company is the head of a group of two companies and forms part of a group of companies, the parent company being ECE Real Estate Partners S.à r.l, with its registered office in Luxembourg. The Company is not obliged to present consolidated annual accounts as it does not exceed the limits established by law.

1.1 SOCIMI SYSTEM

On September 25, 2020, the sole shareholder adopted the system regulated by Law 11/2009, of October 26, which regulates Real Estate Corporations ("SOCIMI"). The adoption of this system was notified to the State Tax Administration Agency in a letter dated September 25, 2020.

2. BASIS OF REPORTING OF ANNUAL ACCOUNTS

2.1. REGULATORY FRAMEWORK FOR FINANCIAL REPORTING APPLICABLE TO THE COMPANY

The Annual Accounts have been prepared by the Company's Board of Directors in accordance with the regulatory financial reporting framework applicable to the Company, which is set out in:

- the Code of Commerce, Capital Companies Law, and other commercial legislation.

- The General Accounting Plan approved by Royal Decree 1514/2007 and the amendments incorporated therein, the latest being those incorporated by Royal Decree 1/2021, dated January 12, in force for the financial years beginning on or after January 1, 2021, as well as the Rules for the Adaptation of the General Accounting Plan to Real Estate Companies (Order dated December 28, 1994), provided these are not incompatible with the General Accounting Plan.

- The mandatory rules approved by the Accounting and Auditing Institute to implement the General Accounting Plan and its supplementary rules.

- System established in Law 11/2009, of October 26, as amended by Law 11/2021, of June 30, regulating Listed Real Estate Investment Companies (SOCIMIs), which in practice means that under certain requirements the Parent Company is subject to a 0% income tax rate (Note 1). The amendment to Law 11/2021 imposes a 15% tax on earnings not distributed through dividends, which is not applicable to the Group for the year ended December 31, 2021.

- All other applicable Spanish accounting legislation.

The figures included in the Financial Statements are expressed in euros, unless otherwise indicated.

2.2. FAITHFUL IMAGE

The Board of Directors considers that the annual accounts for the 2021 financial year will be approved by the Shareholders in their General Meeting without any changes.

The annual accounts have been prepared on the basis of the 2021 accounting records. The annual accounts for 2021 have been prepared in accordance with current commercial legislation and with the standards established in the previous section, in order to faithfully represent the Group's equity and financial position as at December 31, 2021, and the profit/(loss) from its operations, changes in equity, and cash flows for the year ended on said date.

2.3. NON-MANDATORY ACCOUNTING PRINCIPLES APPLIED

No non-mandatory accounting principles have been applied.

2.4. CRITICAL ASPECTS OF VALUATION AND ESTIMATION OF RELEVANT UNCERTAINTIES AND JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

The preparation of the annual accounts requires the application of significant accounting estimates and the making of judgments, estimates, and assumptions in the process of applying the Company's accounting policies. A breakdown of the aspects that have involved a greater degree of judgment or complexity, or in which the assumptions and estimates are significant for the preparation of the annual accounts is summarized below.

In preparing the accompanying financial statements, estimates made by the Board of Directors have been used to value some of the assets, liabilities, income, expense, and commitments reported herein. The estimates and criteria considered critical in the interpretation of the financial statements refer mainly to the following aspects:

Impairment of investment in group and associated companies:

There is objective evidence that equity instruments are impaired when, after initial recognition, an event or combination of events occurs that implies that their carrying amount will not be recoverable due to a prolonged or significant decline in their fair value.

Investments are initially measured at cost, which corresponds to the fair value of the consideration received. Subsequently, the investments are valued at cost, less the accumulated amount of impairment losses, if applicable.

These adjustments are calculated as the difference between their **carrying amount** and the recoverable amount, the latter being the higher of the fair value of the asset less costs to sell and the present value of future cash flows derived from the investment. Unless there is better evidence of the recoverable amount, the equity of the investee is taken into consideration, adjusted by the unrealized gains existing at the valuation date, net of the tax effect.

2.5. COMPARISON OF INFORMATION

The annual accounts are presented, for comparative purposes, with the figures for the previous year for each of the items of the balance sheet, profit and loss account, statement of changes in net equity, cash flow statement, and notes to the annual accounts, in addition to the figures for 2021 and which formed part of the annual accounts of the 2020 financial year approved by the Shareholders in their General Meeting on June 25, 2021.

2.6. GOING CONCERN PRINCIPLE

As at December 31, 2021, the Company had a negative working capital of 53,437.65 euros, mainly due to the financing granted by its shareholders.

The financial statements have been prepared on a going concern basis due to the ongoing financial support provided by the shareholders for the next 12 months.

2.7. GROUPING OF ITEMS

Certain items in the balance sheet, income statement, statement of changes in net equity, recognized income and expenses statement, and cash flow statement are presented in groups to facilitate their understanding, although, to the extent it is significant, the information is disclosed in the related notes to the consolidated financial statements.

2.8. ELEMENTS INCLUDED UNDER VARIOUS ITEMS

There are no assets and liabilities that are recorded or included in two or more balance sheet items.

3. DISTRIBUTION OF PROFIT/LOSS

The distribution of the Company's profit for the year ended December 31, 2020, was approved by the Shareholders in their General Meeting of June 25, 2021. The proposed distribution of profit for the year ended December 31, 2021, prepared by the Company's Governing Body on March 30, 2022, and to be submitted for the approval of the Shareholders in their General Meeting is as follows (in euros):

Balance for the purpose of distribution	**2021 Amount**	**2020* Amount**
Profit and loss account balance.......................................	6,807,697.31	(10,611,257.61)
Total	**6,807,697.31**	**(10,611,257.61)**
Balance for the purpose of distribution	**Amount**	**Amount**
To the legal reserve	680,769.73	-
To dividends...	343,411.39	-
To offsetting of prior years' losses	5,783,516.19	-
Loss brought forward	-	(10,611,257.61)
Total	**6,807,697.31**	**(10,611,257.61)**

**Unaudited figures*

4. RECORDING AND VALUATION RULES

4.1. CHANGES IN ACCOUNTING CRITERIA AS A RESULT OF ROYAL DECREE 01/2021

On January 30, 2021, Royal Decree 1/2021, dated January 12, was published in the Official State Gazette, amending the General Accounting Plan approved by Royal Decree 1514/2007, dated November 16; the General Accounting Plan for Small and Medium-Sized Companies approved by Royal Decree 1515/2007, dated November 16; the Rules for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010, of September 17; and the Rules for the Adaptation of the General Accounting Plan to Non-Profit Entities approved by Royal Decree 1491/2011, of October 24. Likewise, as a consequence of RD 1/2021, on February 13, 2021, the resolution of the Spanish Accounting and Auditing Institute (ICAC) was published in the Official State Gazette establishing rules for the recording, valuation, and preparation of annual accounts for the recognition of income from the provision of goods and the rendering of services.

In accordance with section 1) of the First Transitional Provision of Royal Decree 1/2021, the Company has opted for the application of the new criteria considering January 1, 2021 as the transition date, and the figures for 2020 included for comparative purposes in the financial statements for 2021 have not been adapted in accordance with the new criteria, without detriment to the reclassification of the previous year's financial instrument items to the new presentation in application of Transitional Provision 6, section 6 e).

The contents of the aforementioned Royal Decree and Resolution have been applied to the financial statements for the financial year beginning on January 1, 2021.

The changes affect the Company mainly in the following items:

a) Financial instruments.

b) Trade revenue - sales and services

The main differences between the accounting and classification criteria used in 2020 and those applied in 2021 that have affected the Company are as follows:

a) Financial instruments

Financial instruments are now classified based on our business model for managing financial assets and liabilities, as well as the contractual terms of their cash flows.

The classification of financial assets falls into the following main categories:

- Fair value through profit or loss: This category includes all financial assets except those that must be classified in another category. It groups together the previous "Financial assets held for trading" and "Other financial assets at fair value through profit or loss" portfolios.

- Amortized cost: this category includes the previous "Loans and receivables" portfolios to the extent that they are held for the purpose of receiving cash flows arising from the execution of the contract, and the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Also included in this category are trade receivables and non-trade receivables.

The classification of financial liabilities falls into the following main categories:

- Amortized cost: This category includes all financial liabilities except those that must be measured at fair value through profit or loss. Therefore, it includes the previous "Loans and payables" portfolios, which include participating loans that have the characteristics of an ordinary or common loan, including those the interest rates of which were set below market, and "Debits and payables" portfolios for both commercial and non-commercial operations.

(i) Classification and valuation:

At the date of initial application of RD 1/2021, January 1, 2021, the Company has opted for the application of the TD 2a and to include comparative information without restating the items of the year 2020 to show the balances of that year adjusted to the new presentation criteria. Therefore, the Company has applied the new categories of financial instruments in accordance with RD 1/2021 for the year ended December 31, 2021, and has applied the new categories, for presentation purposes only, for the comparative year ended December 31, 2020.

4.2. FINANCIAL INSTRUMENTS

Financial assets

Classification and valuation

4.1. a) Financial assets and financial liabilities at fair value through profit and loss

This category includes equity instruments that are neither held for trading nor are to be measured at cost, and for which an irrevocable choice was made at the time of initial recognition to present subsequent changes in fair value directly in equity.

In addition, financial assets irrevocably designated at initial recognition as measured at fair value through profit or loss, and which otherwise would have been included in another category, are included to eliminate or significantly reduce the valuation inconsistency or accounting asymmetry that would otherwise arise from valuing assets or liabilities on different bases.

Initial assessment

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration given. Transaction costs directly attributable thereto are recognized in the income statement for the year.

Subsequent valuation

After initial recognition, the Company will measure the financial assets included in this category at fair value through profit or loss.

4.1. b) Financial assets at amortized cost

This category includes those financial assets, including those admitted to trading on an organized market, in which the Company holds an investment with the objective of receiving the cash flows arising from the execution of the contract, and for which the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in agreements the nature of which is an ordinary or common loan, even if the transaction is agreed at a zero or below-market interest rate.

This category includes receivables from trade operations and receivables from non-trade operations:

a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the company's trade operations with deferred payment, and

b) Non-trade receivables: financial assets which, not being equity instruments or derivatives, do not have a commercial origin and the collections for which are of a determined or determinable amount, arising from loan or credit transactions granted by the Company.

Initial assessment

Financial assets classified in this category are initially recognized at fair value, which, unless there is evidence to the contrary, will be the transaction price, which will equate to the fair value of the fee provided plus any transaction costs directly attributable thereto.

Nonetheless, trade receivables maturing within one year with no explicit contractual interest rate, as well as advances, dividends receivable, and payments required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value to the extent that the effect of not updating the cash flows is not considered to be material.

Subsequent valuation

Financial assets included in this category are valued at amortized cost. Accrued interest is recognized in the profit and loss account using the effective interest rate method.

However, loans maturing in less than one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their nominal value, continue to be valued at that amount, unless they have been impaired.

When the contractual cash flows of a financial asset change due to the issuer's financial difficulties, the company analyzes whether an impairment loss should be recognized.

Impairment

The necessary valuation adjustments are made, at least at closing and whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk characteristics valued collectively, has deteriorated as a result of one or more events occurring after initial recognition that cause a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, if applicable, those from the execution of real and personal guarantees expected to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at variable interest rates, the effective interest rate that corresponds to the closing date of the annual accounts according to the contractual conditions is used. Models based on formulas or statistical methods are used in the calculation of impairment losses for the group of financial assets, specifically.

Impairment losses, as well as their reversal when the amount of said loss decreases due to a subsequent event, are recognized as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset recognized on the date of reversal if the impairment has not been recorded.

4.2.c) Financial assets at cost

In any case, the following are included in this valuation category:

a) Investments in the equity of Group companies, jointly controlled entities, and associates.

a) Other investments in equity instruments the fair value of which cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying these investments.

c) Hybrid financial assets the fair value of which cannot be reliably estimated, unless the requirements for accounting at amortized cost are met.

d) Contributions made as a result of a participation account contract and similar.

e) Participating loans the interest of which is of a contingent nature, either because a fixed or variable interest rate is agreed upon on the condition of the fulfillment of a milestone in the borrower company (for example, the obtaining of profit), or because it is calculated exclusively through reference to the evolution of the borrower company's activity.

f) Any other financial asset that should initially be classified in the fair value through profit and loss account portfolio when it is not possible to obtain a reliable estimate of its fair value.

<u>Initial assessment</u>

Investments included in this category are initially valued at cost, *which* is equivalent to the fair value of the consideration given plus directly attributable transaction costs, the latter not being included in the cost of investment in group companies.

However, in cases in which there is investment prior to its classification as a group company, jointly-controlled entity, or associate, the cost of such investment is considered to be the book value that the investment should have had immediately before the company was classified as such.

The initial valuation includes the amount of any preemptive subscription rights and similar rights that may have been acquired.

<u>Subsequent valuation</u>

Equity instruments included in this category are valued at cost, less any accumulated impairment losses.

When these assets must be assigned value due to derecognition or other reasons, the weighted average cost method is applied by groups of similar assets, these being understood to be those with equal rights.

In the case of the sale of preemptive subscription rights and similar rights or their segregation to exercise these, the amount of the cost of the rights decreases the book value of the respective assets.

Contributions made as a result of a contract of participation accounts and similar shall be valued at cost, plus or minus the profit or loss, respectively, corresponding to the company as a non-managing participant, and less the accumulated amount of valuation adjustments for impairment, if applicable.

The same criterion is applied to participating loans the interest of which is contingent, either because a fixed or variable interest rate is agreed on the condition of the achievement of a milestone in the borrower company (for example, the obtaining of profit), or because it is calculated exclusively through reference to the performance of the borrower company's business. If irrevocable fixed interest is agreed in addition to contingent interest, the latter is recognized as financial income on an accrual basis. Transaction costs are charged to the income statement on a straight-line basis over the life span of the participating loan.

Impairment of financial assets

At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the carrying amount of an investment will not be recoverable. The amount of the valuation adjustment is the difference between its carrying value and the recoverable amount, understood as the higher of its fair value less costs to sell and the present value of the future cash flows derived from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee, both from its ordinary activities and from its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealized gains existing at the valuation date, net of the tax effect. In determining this value, and provided the investee has in turn invested in another investee, the net worth included in the consolidated financial statements prepared by applying the criteria of the Commercial Code and its implementing regulations is taken into account.

4.3. INCOME TAX

Income tax expenses or income comprises both current tax and deferred tax.

Current income tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, using the tax rates and regulations in force or approved and pending publication at the reporting date.

Current or deferred income tax is recognized in profit or loss, unless it arises from a transaction or economic event that has been recognized in the same or a different period, against equity or from a business combination.

Recognition of deferred tax liabilities

The Company recognizes deferred tax liabilities in all cases, except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor taxable profit.

Recognition of deferred tax assets

The Company recognizes deferred tax assets whenever it is probable that sufficient future taxable profit will be available against which they can be utilized or when tax legislation sets out the possibility of future conversion of deferred tax assets into a receivable from the tax authorities.

The Company recognizes the conversion of a deferred tax asset into a receivable from the tax authorities when it is receivable in accordance with current tax legislation. For these purposes, the deferred tax asset is derecognized with a charge to the deferred income tax expense and the account receivable with a credit to current income tax. Similarly, the Company recognizes the exchange of a deferred tax asset for government debt securities when ownership of these securities is acquired.

The Company recognizes the payment obligation arising from capital contributions as an operating expense with a credit to the debt with the Tax Authorities when this is accrued in accordance with the Corporate Income Tax Law.

However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor taxable profit are not recognized.

Unless there is evidence to the contrary, it is not considered probable that the Company will have future taxable profits when their future recovery is expected to take place more than ten years from the year-end date, regardless of the nature of the deferred tax asset, or in the case of tax credits and other tax benefits not yet available for tax purposes due to insufficient taxable profit, when the activity has been performed or the income has been obtained that gives rise to the right to the tax credit or tax relief and there are reasonable doubts as to whether the requirements for taking the tax credit or tax relief have been met.

The Company only recognizes deferred tax assets arising from tax loss carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilized within a period not exceeding that established by the applicable tax legislation, with a maximum limit of ten years, unless there is evidence that their recovery is probable within a longer period, when the tax legislation allows them to be utilized within a longer period or does not establish any time limit on their offsetting.

On the other hand, it is considered probable that the Company has sufficient taxable profits to recover the deferred tax assets, provided that there are sufficient taxable temporary differences relating to the same tax authority and referring to the same taxpayer, the reversal of which is expected in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against earlier or later profits.

The Company recognizes deferred tax assets that have not been recognized because they exceed the ten-year recovery period, to the extent that the future reversal period does not exceed ten years from the year-end date or when there are sufficient taxable temporary differences.

In determining future taxable profits, the Company takes into account tax planning opportunities where it intends to take or is likely to take them.

Offsetting and classification

The Company only offsets income tax assets and liabilities if it has a legal right to offset them with the tax authorities and intends to either settle the resulting amounts on a net basis or realize the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognized on the balance sheet as non-current assets or liabilities, irrespective of the expected date of realization or settlement.

4.4. INCOME AND EXPENDITURE

Income and expenditure is recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. This revenue is measured at the fair value of the consideration received, net of discounts and taxes.

The Company includes the interest incorporated into trade receivables maturing in less than one year that do not have a contractual interest rate when the effect of not updating the cash flows is not significant. Interest received on financial assets is recognized using the effective interest method and dividends are recognized when the Company's right to receive them is declared. In any case, interest and dividends on financial assets accrued after the time of acquisition are recognized as income on the income statement.

d) Interest income

Interest income from financial assets measured at amortized cost is recognized using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the instrument's original effective interest rate, and continues to carry the discount as a reduction in interest income. Interest income on impaired loans is recognized using the effective interest rate method.

e) Dividend income

Dividend income is recognized as income in the income statement when the right to receive payment is established, provided that, since the date of acquisition, the investee or any group company in which the investee has an interest has generated profit in excess of the shareholders' equity to be distributed. Notwithstanding the foregoing, If the dividends distributed unequivocally come from results generated prior to the acquisition date because amounts in excess of the profit generated by the investee since the acquisition have been distributed, these are not recognized as income, and they reduce the carrying amount of the investment.

4.5. NET WORTH

The share capital is represented by common shares.

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

4.6. TRANSACTIONS WITH RELATED PARTIES

Transactions between Group companies, except those related to mergers, spin-offs, and non-monetary contributions to businesses, are recognized at the fair value of the consideration given or received. The difference between this value and the agreed amount is recorded in accordance with the underlying economic substance.

5. FINANCIAL INSTRUMENTS

5.1. GENERAL CONSIDERATIONS

A financial instrument is a contract that gives rise to a financial asset in one company and, simultaneously, a financial liability or equity instrument in another.
It shall apply to the following financial instruments:

Financial assets

- Cash and cash equivalents, as defined in Rule 9 of the preparation of the annual accounts;
- Trade receivables: trade receivables and sundry debtors;
- Loans and receivables from third parties: such as loans and financial receivables granted, including those arising from the sale of non-current assets;
- Debt securities in relation to debt of other companies acquired: such as debentures, bonds, and promissory notes;
- Equity instruments of other companies acquired: shares, units of collective investment undertakings, and other equity instruments;
- Derivatives with favorable valuation for the company: including futures, options, swaps, and forward foreign currency purchase and sale, and
- Other financial assets: such as deposits with credit institutions, advances and loans to employees, guarantees and deposits given, dividends receivable, and disbursements required on own equity instruments.

Financial liabilities

- Debits for commercial operations: suppliers and sundry creditors;
- Debts with credit institutions;
- Obligations and other marketable securities issued: such as bonds and promissory notes;

- Derivatives with an unfavorable valuation for the company: including futures, options, swaps, and forward foreign currency purchase and sale;

- Debts with special characteristics, and

- Other financial liabilities: debts with third parties, such as financial loans and credit received from persons or companies other than credit institutions, including those arising through the purchase of non-current assets, guarantees, and deposits received and disbursements required by third parties on shareholdings.

Own equity instruments

A financial derivative is a financial instrument that meets the following characteristics:

- Their value changes in response to changes in variables such as interest rates, prices of financial instruments and listed commodities, exchange rates, credit ratings, and indexes in relation thereto and which, if they are not financial variables, need not be specific to one of the parties to the contract.

- They require either no upfront investment or a lower investment than other types of contract where a similar response to changes in market conditions might be expected.

- They are settled at a future date.

This standard is also applicable to the treatment of accounting hedges and transfers of financial assets, such as trade discounts, factoring transactions, repurchase agreements, and securitizations of financial assets.

Recognition

The company shall recognize a financial instrument on its balance sheet when it takes on obligations under the contract or legal transaction in accordance with the provisions thereof.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

5.2. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE COMPANY'S FINANCIAL POSITION AND RESULTS

Information related to the balance sheet

a) Categories of financial assets and financial liabilities

(i) Classification of financial assets by category

The classification of financial assets by category and class except for investments in the equity of Group companies, jointly controlled entities, and associates is as follows:

Classes	Short-Term Financial Assets	
	Loans, Derivatives, and Others	
	At cost	
Categories	**2021**	**2020[a]**
Cash and cash equivalents	154,524.09	200,832.53
Total	**154,524.09**	**200,832.53**

** Unaudited figures.*

(ii) Classification of financial liabilities by category

The classification of financial liabilities by category and class, as well as the comparison of the fair value and carrying amount, is as follows:

Classes	Short-Term Financial Instruments	
	Derivatives and Others	
	At amortized cost	
Categories	**2021**	**2020[a]**
Debts and payables	203,030.20	204,619.52
Total	**203,030.20**	**204,619.52**

** Unaudited figures.*

b) Classification by maturity

The Company's financial liabilities at the end of this financial year are due to mature within less than a year.

c) Transfers of financial assets

There have been no transfers of financial assets during the year and no contracts for the assignment of receivables have been entered into during the year.

d) Corrections due to impairment arising from credit risk

No financial assets were impaired during the year.

Other information to be included in the notes to the consolidated annual accounts

a) Hedge accounting

As at the year-end, the Company has no hedging financial instrument balances.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

5.3. GROUP COMPANIES, JOINTLY-CONTROLLED ENTITIES, AND ASSOCIATES

(i) Group companies

The detail of investments in equity instruments of group companies is as follows:

(ii) Jointly-controlled entities and associates

The breakdown of investment in equity instruments of jointly-controlled entities, associates, without significant influence even where 20% of the share capital is owned, and companies in which the Company is a general partner is as follows:

Legal information	**2021**	
Name	**Asturias Propco Número Uno, S.L.**	**Wattenberg Invest, S.L.U.**
Activity	The development of urban real estate for lease	Real estate development
Percentage Direct shareholding	100%	100%
Percentage Indirect shareholding	-	-
Net worth		
Capital	5,098,708.37	333,006.00
Reserves	100,610,768.39	13,444,836.16
Other equity items	(55,641.93)	(11,139,928.35)
Result from previous financial year	4,203,766.82	(39,613.48)
Data in the master		
Carrying value of the Company's investment	108,487,601.65	1,171,899.25
Dividends distributed to the Company	1,370,000.00	-
Impairment		
Reversal of impairment recorded in the year	5,783,516.19	-

Legal information	**2020**[a]	
Name	**Asturias Propco Número Uno, S.L.**	**Wattenberg Invest, S.L.U.**
Activity	The development of urban real estate for lease	Real estate development
Percentage Direct shareholding	100%	100%
Percentage Indirect shareholding	-	-
Net worth		
Capital	5,098,708.37	333,006.00
Reserves	154,092,227.44	-
Other equity items	(52,425,378.18)	2,437,567.95
Result from previous financial year	(55,641.93)	(158,927.69)
Data in the master		
Carrying value of the Company's investment	106,709,915.37	1,171,899.25
Impairment recorded in the year	(10,524,970.00)	-

** Unaudited figures.*

On January 14, 2020, the Company acquired all the shares of the Spanish company Briscoe, S.L.U. On January 27, 2020, said company acquired all shares in the company Asturias Propco Número Uno, S.L. through a private sales agreement.

On May 28, 2020, a deed was signed for a merger through absorption between Asturias Propco Número Uno, S.L.U., as the absorbing company, and Briscoe, S.L.U., as the absorbed company, with the result that Faifey Invest Socimi, S.A. became the sole shareholder of the absorbing company.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

Additionally, on January 27, 2020, the Company acquired all shares in the company Wattenberg Invest, S.L.U. through a private sales agreement that was subsequently placed on public record through the deed executed on January 31, 2020, before the Notary Mr Antonio Pérez-Coca Crespo under number 464 of his record book.

5.4. INFORMATION ON THE NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Qualitative information

The Company's financial risk management is centralized within the Finance Department, which has established the necessary mechanisms to control exposure to interest rate and exchange rate fluctuations, as well as to credit and liquidity risks. The main financial risks that affect the Company are indicated below:

a) Credit risk:

In general, the Company keeps its cash and cash equivalents in financial institutions with high credit ratings. Additionally, there is no significant concentration in the volume of client transactions.

b) Liquidity risk:

In order to ensure liquidity and be able to meet all payment commitments arising from its activity, the Company has the cash and cash equivalents shown on its balance sheet.

c) Market risk (including interest rate, exchange rate, and other price risks):

Both the Company's cash and financial debt are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows.

Quantitative information

The maximum exposure to major risks as at December 31, 2021 and 2020, excluding foreign exchange exposure, was as follows:

Patrimonial group	2021	2020
Credit		
Long-term financial investments	112,735,330.81	107,881,814.62
Cash and other cash equivalents	154,524.09	200,832.53
Liquidity		
Short-term debts	186,918.79	186,918.79
Trade creditors and other payables	21,042.95	21,532.51
Total	**113,097,816.64**	**108,291,098.45**

** Unaudited figures.*

Exposure to exchange rate risk arises to the extent that the Company carries out transactions in foreign currencies or has assets or liabilities denominated in currencies other than the presentation currency.

Therefore, the Company is not exposed to exchange rate risk as it does not carry out transactions in foreign currencies.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

5.5. STOCKHOLDER EQUITY

The composition and movement of equity are presented in the statement of changes in equity.

Capital

As at December 31, 2021, the share capital of the Company was represented by 5,060,000.00 ordinary bearer shares with a nominal value of 1.00 euro each.

The movement of outstanding shares is as follows:

	Ordinary shares	
	2021	**2020[a]**
Opening balance	5,060,000.00	5,060,000.00
Total	**5,060,000.00**	**5,060,000.00**

** Unaudited figures.*

a) Cash contribution

By virtue of the deed dated January 30, 2020, executed before the Notary Public of Madrid, Ms Maria del Rosario Miguel Roses, under number 356 of her record book, the decisions of the General Shareholders' Meeting, whereby it was agreed to increase the share capital of the Company, which amounted to 60,000.00 euros at incorporation, fully subscribed and paid up, by the amount of 5,000,000.00 euros, to reach a total share capital of 5,060,000.00 euros, through the issue of 5,000,000 new shares each with a nominal value of 1.00 euro, numbered from 60,001 to 5,060,000, both inclusive, were placed on public record.

All of the new shares are fully subscribed and paid up by Fas Prop Co. A S.à r.l., Fas Prop Co. B S.à r.l., and Fas Prop Co. C S.à r.l., via bank transfer to the company's bank account.

Issue premium

The capital increase described above was carried out through the inclusion of an issue premium of 33.18885029 per newly issued share, i.e., a total issue premium of 165,944,251.46 euros. Additionally, on June 12, 2020, the Shareholders in their General Meeting approved a distribution of reserves for a total amount of 52,500,000.00 euros, charged to the issue premium.

During 2021, a distribution of reserves for a total amount of 2,000,000.00 euros was agreed upon, charged to the issue premium. Thus, as at December 31, 2021, the amount of the issue premium amounted to 111,444,251.46 euros (113,444,251.46 euros in 2020).

Reserves

a) Legal reserve.

The legal reserve must be furnished in accordance with Article 274 of the Consolidated Text of the Capital Companies Act, which establishes that, in any event, an amount equal to 10% of the profit for the year must be allocated to this reserve until it reaches at least 20% of the share capital. It cannot be distributed and if it is used to offset losses, in the event that there are not sufficient other reserves available for this purpose, it must be replenished with future profits.

At the end of 2021, no funds were allocated to this reserve as no profit was obtained in 2020.

b) Voluntary reserves

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

Voluntary reserves are freely distributable.

As at December 31, 2021, the Company has negative reserves amounting to 18,796.30 corresponding to notary and registration fees for the incorporation of the Company and the capital increase carried out.

6. TAX SITUATION

The breakdown of the balances with Tax Authorities is as follows:

	2021	2020[a]
	Credit balances	**Credit balances**
Withholdings made	**4,931.54**	**3,831.78**
Other debts with Tax Authorities	**4,931.54**	**3,831.78**

**Unaudited figures.*

Under current legislation, taxes cannot be considered definitively settled until the returns submitted have been inspected by the tax authorities or the four-year statute of limitations period has elapsed. As at December 31, 2021, the Company had all the financial years of the main taxes applicable to it pending inspection by the tax authorities from the following years:

	Financial year
Value Added Tax	2019-2020-2021
Corporate Tax	2019-2020-2021

However, the right of the tax authorities to check or investigate tax losses offset or pending offsetting, double taxation tax credit, and tax credit to encourage the performing of certain activities applied or pending application expires after 10 years from the day following the end of the period established for the submission of the tax return or self-assessment corresponding to the tax period in which the right to offset or apply these arose. Once this period has elapsed, the Company must provide evidence of the negative tax bases or deductions by showing the tax return or self-assessment together with the accounts, with proof of the submission thereof to the Commercial Registry during the aforementioned period.

As a result, among other things, the different possible interpretations of current tax legislation could result in additional liabilities in the event of an inspection. In any case, the Parent Company's Governing Body considers that these liabilities, should they arise, would not have a material effect on the annual accounts.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

6.1. INCOME TAX

The reconciliation between the net amount of income and expenses for the year and the taxable income that the Company expects to declare after approval of the annual accounts is as follows:

	2021
Balance of income and expenditure for the year	6,807,697.31
	Decreases
Corporate Tax	-
Temporary differences	(5,783,516.19)
Permanent differences	(1,024,181.12)
Compensation of negative tax bases	-
Taxable income (tax result)	
Tax rate:	0.00%
Total tax due	-
Total tax due minus applicable deductions:	-
Total tax due minus tax credits:	-
Amount payable/(to be refunded)	**-**

	2020[a]
Balance of income and expenditure for the year	(10,611,257.61)
	Increases
Temporary differences	10,524,970.00
Permanent differences	86,287.61
Compensation of negative tax bases	-
Taxable income (tax result)	-
Tax rate:	0.00%
Total tax due	-
Total tax due minus applicable deductions	-
Total tax due minus tax credits:	-
Amount payable/(to be refunded)	**-**

**Unaudited figures.*

On September 25, 2020, the Company notified the tax office of the State Tax Administration Agency corresponding to its registered address of the Company's Shareholders' decision to opt into the SOCIMI system.

In application of the SOCIMI system, and in accordance with Article 9 of Law 11/2009 regulating the aforementioned system, it is established that entities that opt for the application of the special tax regime will be taxed at a zero percent (0%) corporate income tax rate, governed by the general provisions established in Royal Legislative Decree 4/2004, of March 5, approving the revised text of the Corporate Income Tax Law, for all matters not provided for in Law 11/2009. On November 27, 2014, Law 27/2014 was approved which introduced certain novelties in relation to income tax. The most relevant aspects for the Company were as follows:

The limitations on the deductibility of financial expenses are maintained in similar terms to the current regulations, i.e., financial expenses equivalent to 30% of the operating result are considered deductible, with a minimum of one million euros. However, the time limitation for deducting non-deductible net financial expenses in the period was eliminated.

During 2015, the current restrictions on the offsetting of tax loss carryforwards based on turnover were maintained. As of fiscal year 2016, a general offsetting limitation of 60% (70% as of the 2017 financial year) of the previous taxable base was established, with no time limit, and with a minimum of 1 million euros.

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

As a result, among other things, the different possible interpretations of current tax legislation could result in additional liabilities in the event of an inspection. In any case, the Governing Body considers that these liabilities, should they arise, would not have a significant effect on the annual accounts.

7. INCOME AND EXPENDITURE

7.1. OTHER OPERATING EXPENSE

The breakdown of the "Other operating expenses" item on the income statement for 2021 and 2020 is as follows:

Description	2021	2020[a]
Outsourced services	**308,072.78**	**72,073.35**
Independent professional services	307,255.58	70,910.45
Banking and similar services	801.39	1,162.90
Other services	15.81	-
Taxes and rates	**37,746.10**	**15,528.62**
Negative adjustments in indirect taxation	37,746.10	15,528.62
Total	**345,818.88**	**87,601.97**

**Unaudited figures.*

7.2. NET TURNOVER

Description	2021	2020[a]
Net turnover	**1,370,000.00**	**1,314.36**
Total	**1,370,000.00**	**1,314.36**

**Unaudited figures.*

This item includes the amount of income obtained from the Company's financing activity inherent in holding companies.

During 2021, the net turnover of 1,370,000.00 euros (1,314.36 euros in 2020) corresponded mainly to the distribution of the result for the 2021 financial year by the company Asturias Propco Número Uno, S.L.

8. ENVIRONMENTALINFORMATION

As at December 31, 2021 and 2020, there were no significant assets dedicated to protecting and improving the environment, and no significant expenses of this nature were incurred during the year.

The Company's Governing Body considers that there are no significant contingencies related to the protection and improvement of the environment, and does not consider it necessary to record any provision for environmental risks and expenses as at December 31, 2021 and 2020.

No grants of an environmental nature were received during the year ended December 31, 2021 and 2020.

9. SUBSEQUENT EVENTS

On March 14, 2022, the Shareholders in their General Meeting approved a distribution of unrestricted reserves for a total amount of 2,506,000 euros, charged to the accounting account 110 "Issue premium". Payment of said distribution took place on March 18, 2022.

In the opinion of the Governing Body, no additional significant events have come to light since the end of the financial year.

10. TRANSACTIONS WITH RELATED PARTIES

10.1. BALANCES WITH RELATED PARTIES

The breakdown of the balances at the end of the 2021 and 2020 financial years was as follows:

Company Name	Type of relationship	Concept	Closing balance for 2021
ECE EPSC HOLD Co II A	Shareholder	Current Account	(767.65)
ECE EPSC HOLD Co II B	Shareholder	Current Account	(776.45)
ECE EPSC HOLD Co II C	Shareholder	Current Account	(1,455.90)
Asturias Propco Número Uno, S.L.	Group company	Current account	(233,918.79)
Asturias Propco Número Uno, S.L.	Group company	Current account	50,000.00
Total			**(186,918.79)**

Company Name	Type of relationship	Concept	Closing balance for 2020*
ECE EPSC HOLD Co II A	Shareholder	Current Account	(767.65)
ECE EPSC HOLD Co II B	Shareholder	Current Account	(776.45)
ECE EPSC HOLD Co II C	Shareholder	Current account	(1,455.90)
Asturias Propco Número Uno, S.L.	Group company	Current account	(233,918.79)
Asturias Propco Número Uno, S.L.	Group company	Current account	50,000.00
Total			**(186,918.79)**

**Unaudited figures.*

Information relating to the Company's Governing Body and senior management personnel

During the years ended December 31, 2021 and 2020, the Governing Board did not receive any remuneration, nor were they granted any advances or loans and no obligations have been assumed on their behalf by way of guarantee. As at December 31, 2021 and 2020, there are no accrued pension or similar liabilities with members of the Company's Governing Body, nor are there any debit or credit balances with them.

The company does not have its own hired personnel and therefore senior management functions are performed by the governing body.

11. AUDIT FEES

The fees accrued during the year for services rendered by PricewaterhouseCoopers Auditores S.L. were as follows (in euros):

	Euros	
	2021	**2020[a]**
Audit Services	6,500.00	-
Other non-compliance services		
Tax services	-	-
Other services required by regulations	-	-
Other verification services	-	-
Closing balance	**6,500.00**	-

**Unaudited figures.*

Notes to the Annual Accounts for the year 2021 (Expressed in euros)

12. INFORMATION ON GREENHOUSE GAS EMISSION ALLOWANCES

On August 27, 2004, Royal Decree Law 5/2004 was approved, regulating the greenhouse gas emission allowance trading scheme, which is intended to help comply with the obligations arising from the Kyoto Convention and Protocol. There are no Greenhouse Gas emission rights for the activity carried out by the Company.

13. OTHER INFORMATION

13.1 CONTINGENCIES

The Company had no contingencies at December 31, 2021 and 2020.

13.2 STAFF

The company has had no personnel expense during the 2021 and 2020 financial years.

13.3 COMMITMENTS

As of December 31 , 2021 and 2020, the Company had not signed any commitment contracts.

14. INFORMATION ON DEFERRALS OF PAYMENTS DUE TO SUPPLIERS, THIRD ADDITIONAL PROVISION "DUTY OF INFORMATION" OF LAW 15/2010 OF JULY 5

The information required by the third additional provision of Law 15/2010, of July 5, prepared in accordance with the ICAC Resolution of January 29, 2016, on the information to be included in the notes to the financial statements in relation to the average payment period to suppliers in commercial transactions, is detailed below. The information on the average supplier payment period is as follows:

	2021	2020[a]
Concept	**Days**	**Days**
Average supplier payment period	25.23	29.02
Ratio of transactions paid	25.20	28.97
Ratio of transactions pending payment	30.00	30.00
	Amount (euros)	**Amount (euros)**
Total payments made	335,538.72	75,429.72
Total outstanding payments	2,420.00	3,630.00

**Unaudited figures*.

15. INFORMATION REQUIREMENTS ARISING FROM SOCIMI STATUS (LAW 11/2009)

In compliance with the provisions of Law 11/2009 and its subsequent amendments regulating listed real estate investment companies, the following information is detailed below:

1) Reserves from financial years prior to the application of the tax regime established in law 11/2009, mentioned above.

    i) FAIFEY INVEST SOCIMI, S.A. has 663.57 euros of negative reserves as a result of the losses obtained by the Company in 2019.

2) Reserves from financial years in which the tax regime established in law 11/2009, mentioned above, was applied.

    i) FAIFEY INVEST SOCIMI, S.A. has 18,132.73 euros of negative reserves as a result of the losses obtained by the Company in 2020.

3) Since the positive results of the Parent Company and its subsidiaries to date have been lower than the accumulated losses, no dividends have been distributed against profit. There has been no distribution of dividends charged to income for the years in which the tax regime established in this Law has been applicable.

   The directors consider that the proposed distribution of profit is in accordance with current regulations and intend to request a consultation with the tax authorities to confirm their interpretation regarding the compliance of Socimis with this requirement.

4) No distribution of dividends charged to reserves has been agreed, for which reason it is not necessary to designate the financial year the reserve allocated came from and indicate whether these have been taxed at 0%, at the special rate of 19%, or at the general rate. Note 3.

5) No date of agreement for the distribution of the dividends referred to in letters c) and d), above, has been established.

6) Date of acquisition of the shares in the capital of the entities referred to in section 1 of article 2 of this Law: note 5.2

7) Reserves from financial years in which the tax regime established in this law was applicable and which have been used during the tax period, other than for distribution or to offset losses, identifying the financial year said reserves correspond to: not applicable.

<u>MANDATORY DISTRIBUTION OF DIVIDENDS</u>

Given its status as a SOCIMI, and as set forth in Article 27 of its articles of association, the Parent Company is obliged to distribute the profit obtained in the year in the form of dividends, once the corresponding commercial obligations have been met, in accordance with the provisions of Article 6 of Law 11/2009 of October 26, modified by Law 16/2012 and Law 11/2021 regulating Listed Real Estate Investment Companies (SOCIMIs).

Directors' report for the year ended December 31, 2021
Business performance and situation of the Company

In the year ended December 31, 2021, the Company's profit and loss account reflects an operating profit for the year amounting to 6,807,697.31 euros generated mainly by the reversal of the impairment of the company Asturias Propco Número Uno, S.L. amounting to 5,783,516.19 euros and the distribution of the profit for the year 2020 of the same company amounting to 1,370,000.00 euros.

Foreseeable evolution of the Company

A significant improvement of the operating results of 2021 is expected for the 2022 financial year, although it is difficult to make a clear forecast given the current social and economic circumstances.

Financial risk management and use of financial instruments

The Company faces the risks and uncertainties inherent in the industry in which it operates, as detailed in Note 5.3 to the consolidated annual accounts.

Research and development activities

The Company has not carried out any research and development activities in the current or previous years.

Acquisition of own shares

As at December 31, 2021, the Company had not carried out any transactions with own shares during the year.

Important Events occurring after the closing of the accounts

No significant events other than those mentioned in item 9 of the Notes to the Financial Statements occurred after the end of the financial year.

Use of financial instruments

During 2020 and 2021, the Company did not contract any interest rate hedging financial instruments.

Measures to be taken to reduce the average payment period to suppliers

The average supplier payment period for 2021 was 25.23 days. Although the period does not exceed the maximum of 60 days established by Law 3/2004, of December 29, which establishes measures to combat late payment in commercial transactions, the Governing Body is carrying out a review of all internal processes in order to shorten supplier payment periods.

RECORD OF APPROVAL OF ANNUAL ACCOUNTS:

On March 30, 2022, and in compliance with the requirements established in article 253 of the Capital Companies Act and article 37 of the Commercial Code, the Governing Body proceeded to approve the annual accounts for the financial year from January 1, 2021, to December 31, 2021. The annual accounts consist of the documents attached hereto.

Madrid, *March 30*, 2022

Mr Christian Muller

Mr José Maria Ortiz Lopez-Cámara

Mr Markus Oscar Schmitt-Habersack

Mr Volker Kraft