Árima Real Estate SOCIMI, S.A. and subsidiaries

Independent auditor's report of the consolidated annual accounts for the year-ended December 31, 2022

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 consolidated annual accounts

To the shareholders of Árima Real Estate SOCIMI, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Árima Real Estate SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of Investment Properties	
Investment properties make up 82% of the Group's assets. As described in note 2.7, the Group applies the fair value model in accordance with IAS 40 and has recognised a variation in the fair value of investment property amounting to €12,992 thousand in the consolidated income statement, as indicated in note 7. Total investment properties recognised in non-current assets on the consolidated balance sheet amount to €379,700 thousand on 31 December 2022. The Group recognises the value of investment property based on independent expert valuations. Valuations are performed in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Standards Valuation Committee (ISVC), whose methodology is described in notes 2.4 and 7 to the consolidated financial statements. Valuers consider specific variables such as the lease contracts signed and specifically its rents. Similarly, they apply certain key assumptions such as exit yields, estimated market rent and comparable transactions in order to arrive at a final valuation. The significance of the estimates and judgements involved in these valuations, coupled with a minor difference in percentage terms in the valuation of a property, could result in a material figure, meaning that the valuation of investment property is considered a key audit matter	For a sample of additions of investment properties registered during the year, we have checked the supporting documentation. Additionally, we obtained the valuation of property investments carried out by Management's independent expert, on which we performed the following procedures among others: • Verification of the expert's competence, capacity and independence by obtaining confirmation and corroborating its professional standing in the market. • Verification that the valuations were performed according to accepted methodology. • Discussion of the principal key assumptions of the valuation through sundry meetings with the expert valuer and management, assessing the consistency of the main assumptions used taking existing market conditions into account. • Performance of selective tests to corroborate the accuracy of the most relevant data provided by Management to the valuer and used by it in the valuations. Additionally, we assessed the sufficiency of the information disclosed in the consolidated annual accounts. The results of the procedures performed allowed us to reasonably obtain the audit objectives for which these procedures were designed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

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

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

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

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Árima Real Estate SOCIMI, S.A. and its subsidiaries for the 2022 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Árima Real Estate SOCIMI, S.A. are responsible for presenting the annual financial report for 2022 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to audit and control committee of the Parent company dated 23 February 2023.

Appointment period

The General Ordinary Shareholders' Meeting held on 29 July 2021 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2021.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2018.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 21 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original signed by

Rafael Pérez Guerra (20738)

23 February 2023

This version of the consolidated anual accounts is a free translation from the original, which is 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 the consolidated financial statements takes precedence over this translation.

ÁRIMA REAL ESTATE SOCIMI, S.A.
AND SUBSIDIARIES

Consolidated Annual Accounts and at 31 December 2022
and Consolidated Management Report
for the financial year 2022

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONTENTS OF CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022 OF ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022
(Thousand euros)

ASSETS	Note	At 31 December 2022	At 31 December 2021
NON- CURRENT ASSETS			
Intangible assets	**5**	**246**	**218**
Property, plant and equipment	**6**	**212**	**259**
Investments properties	**7**	**379,700**	**343,600**
Non-current investments		**5,012**	**2,495**
Loans to third parties	8, 9	1,402	1,578
Financial hedging derivatives	8, 9, 16	2,517	-
Other non-current financial assets	8, 9	1,093	917
Prepayments for non-current assets	**8**	**808**	**-**
		385,978	**346,572**
CURRENT ASSETS			
Trade receivables and other receivable accounts		**5,327**	**4,518**
Trade receivables for sales and services	8 , 9	1,564	339
Other receivable accounts	8 , 9	-	26
Personnel	8 , 9	-	1
Other credits held with Public Authorities	9 , 15	3,763	4,152
Prepayments for current assets	**8**	**1,314**	**352**
Other current financial assets	**8, 9**	**20,054**	**36**
Cash and cash equivalents	**10**	**51,568**	**88,884**
Cash and banks		51,568	88,884
		78,263	**93,790**
		464,241	**440,362**

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022
(Thousand euros)

EQUITY AND LIABILITIES	Note	At 31 December 2022	At 31 December 2021
EQUITY			
Share capital	11	284,294	284,294
Share premium	11	5,769	5,769
Reserves	12	44,444	18,340
Profit (loss) for the period		10,478	26,125
Other equity instruments	18	509	-
Treasury shares	11	(17,072)	(8,163)
Hedging transactions	12 , 16	2,517	(700)
Government Grants		16	-
		330,955	**325,665**
NON CURRENT LIABILITIES			
Bank loans and credits	8 , 13	118,886	103,978
Financial hedging derivatives	8 , 13, 16	-	700
Other non-current financial liabilities	8	1,996	1,255
		120,882	**105,933**
CURRENT LIABILITIES			
Bank loans and credits	**8 , 13**	**1,322**	**610**
Other current financial assets	**8**	**103**	**66**
Trade and other payables	**13**	**10,979**	**8,088**
Commercial creditors and other payables	13	9,708	6,778
Other current debts	13 , 14	960	1,200
Other debts with Public Authorities	15	311	110
		12,404	**8,764**
		464,241	**440,362**

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(Thousand euros)

	Note	Financial year ended 31 December 2022	Financial year ended 31 December 2021
Revenue	14	8,071	6,012
Changes in fair value of investment properties	7	12,992	28,598
Personnel costs	14, 18	(5,543)	(4,163)
Other operating income		2	-
Other operating costs	14	(3,594)	(3,113)
Amortisation and depreciation	5, 6	(76)	(60)
OPERATING RESULTS		**11,852**	**27,274**
Financial income		91	28
Financial expenses		(1,465)	(1,177)
FINANCIAL RESULT	**14**	**(1,374)**	**(1,149)**
PRE-TAX RESULT		**10,478**	**26,125**
Income tax	**15**	**-**	**-**
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**14**	**10,478**	**26,125**
Basic and diluted earning per share	11	0.39	0.94

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(Thousand euros)

	Note	Financial year ended on 31 December 2022	Financial year ended on 31 December 2021
Profit (Loss) for the financial year	**14**	**10,478**	**26,125**
<u>**Other comprehensive income:**</u>			
Entries that may subsequently be reclassified to results		**3,233**	**786**
Cash-flow hedges transactions	12, 16	3,217	786
Government grants		16	-
Entries that won't subsequently be reclassified to results		**-**	**-**
Other comprehensive results for the financial year		**3,233**	**786**
Total comprehensive income for the financial year		**13,711**	**26,911**

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(Thousand euros)

	Capital (Note 11)	Share Premium (Note 11)	Reserves (Note 12)	Accumulated earnings (Note 12)	Other equity instruments (Note 18)	Treasury Shares (Note 11)	Hedging Reserve (Note 12, 16)	Government grants	TOTAL
BALANCE AT 1 JANUARY 2021	**284,294**	**5,769**	**5,267**	**13,091**	**-**	**(5,082)**	**(1,486)**	**-**	**301,853**
Profit /(loss) for the financial year	-	-	-	26,125	-	-	-	-	26,125
Other comprehensive results for the financial year	-	-	-	-	-	-	786	-	786
Total comprehensive income for the financial year	**-**	**-**	**-**	**26,125**	**-**	**-**	**786**	**-**	**26,911**
Capital increase	-	-	-	-	-	-	-	-	-
Other movements	-	-	13,073	(13,091)	-	-	-	-	(18)
Others results in treasury shares (Note 11)	-	-	-	-	-	(3,081)	-	-	(3,081)
Total transactions with owners, recognised directly in equity and other movements	**-**	**-**	**13,073**	**(13,091)**	**-**	**(3,081)**	**-**	**-**	**(3,099)**
BALANCE AT 31 DECEMBER 2021	**284,294**	**5,769**	**18,340**	**26,125**	**-**	**(8,163)**	**(700)**	**-**	**325,665**
BALANCE AT 1 JANUARY 2022	**284,294**	**5,769**	**18,340**	**26,125**	**-**	**(8,163)**	**(700)**	**-**	**325,665**
Profit /(loss) for the financial year	-	-	-	10,478	-	-	-	-	10,478
Other comprehensive results for the financial year	-	-	-	-	-	-	3,217	16	3,217
Total comprehensive income for the financial year	**-**	**-**	**-**	**10,478**	**-**	**-**	**3,217**	**16**	**13,711**
Capital increase	-	-	-	-	-	-	-	-	-
Other movements	-	-	26,104	(26,125)	509	-	-	-	488
Other results in treasury shares (Note 11)	-	-	-	-	-	(8,909)	-	-	(8,909)
Total transactions with owners, recognised directly in equity and other movements	**-**	**-**	**26,104**	**(26,125)**	**509**	**(8,909)**	**-**	**-**	**(8,421)**
BALANCE AT 31 DECEMBER 2022	**284,294**	**5,769**	**44,444**	**10,478**	**509**	**(17,072)**	**2,517**	**16**	**330,955**

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(Thousand euros)

	Note	Financial year ended on 31 December 2022	Financial year ended on 31 December 2021
A) CASH FLOW FROM OPERATING ACTIVITIES			
Pre-tax result for the financial year		**10,478**	**26,125**
Adjustments to profit/loss		**(10,074)**	**(26,189)**
Depreciation of intangible assets	5	22	8
Depreciation of property, plant and equipment	6	54	52
Financial income		(91)	(28)
Financial expenses	14	1,466	1,177
Changes in fair value of investment properties	7	(12,992)	(28,598)
Other adjustments to profit/loss		1,467	1,200
Changes in working capital		**1,587**	**202**
Debtors and other receivables	9	(1,198)	1,630
Other current assets	9	(566)	361
Creditors and other payables	13	2,773	(2,828)
Other current liabilities		778	261
Other non-current assets and liabilities		(200)	778
Cash flow from operating activities		**1,991**	**138**
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments on investments		**(44,040)**	**(35,648)**
Intangible assets	5	(50)	(157)
Property, plant and equipment	6	(7)	(33)
Investment properties	7	(23,983)	(35,458)
Other financial assets	9	(20,000)	-
Cash flow from investment activities		**(44,040)**	**(35,68)**
C) CASH FLOW FROM FINANCING ACTIVITIES			
Receivables and payments on equity instruments		**(8,888)**	**(3,081)**
Acquisition of treasury shares	11	(8,906)	(3,081)
Government grants		18	-
Receivables and payments on financial liabilities		**13,621**	**(1,611)**
Group and associated companies		44	-
Other debts		196	-
Financial borrowings	13	15,767	-
Principal repayments	13	(376)	-
Paid interest		(2,010)	(1,611)
Cash flow from financing activities		**4,733**	**(4,692)**
NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENTS		**(37,316)**	**(40,202)**
Cash and cash equivalents at beginning of financial year		**88,884**	**129,086**
Cash and cash equivalents at end of financial year	**10**	**51,568**	**88,884**

Notes 1 to 23 to the consolidated annual accounts form an integral part of the Consolidated Annual Accounts at 31 December 2022.

ÁRIMA

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(Thousand euros)

1. ACTIVITIES AND GENERAL INFORMATION

Árima Real Estate SOCIMI, S.A. (hereinafter, the "Company" or the "dominant Company") was incorporated in Spain on 13 June 2018 under the Spanish Capital Companies Act, going public on 23 October 2018. Its registered office is located at calle Serrano, 47 4º planta, 28001 Madrid.

Its corporate purpose is described in Article 2 of its articles of association and consists of:

- The acquisition and development of urban properties intended for lease.

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

- The ownership of interests in the share capital of other companies that are both resident and non-resident in Spain, whose corporate purpose is the acquisition of urban properties for lease, and which are governed by the same rules that govern SOCIMIs as regards the compulsory, legal or statutory policy on profit distribution, and which meet the investment requirements set out in Article 3 of the Spanish SOCIMI Act.

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

The Company may also engage in other ancillary activities, this being understood to mean activities that generate income accounting for less than 20% of the Company's total income over a single tax period. The Company carries out its activity at calle Serrano, 47 4ª planta, 28001 Madrid.

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

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

During the year ended December 31, 2022, the corporate name of the parent company has not been modified.

a) <u>Regulatory regime</u>

The dominant Company is regulated under the Spanish Capital Companies Act.

In addition, on 27 September 2018 the Company informed the Tax Authorities that it wished to opt for application of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs), and is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed. Article 3 of Act 11 of 26 October 2009 sets out certain requirements that must be met by this type of company, namely:

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

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

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

The dominant Company has been listed on the Spanish Stock Market since 23 October 2018, with its tax address at calle Serrano, 47 4ª planta, 28001 Madrid.

The individual annual accounts of Árima Real Estate SOCIMI, S.A. and the consolidated annual accounts of Árima Real Estate SOCIMI, S.A. and subsidiaries at 31 December 2021 were prepared at 22 February 2022 by the Board of Directos and were approved, without modifications, by the share holders on 28 June 2022.

The figures contained in these consolidated interim summary financial statements are expressed in thousands of euros, unless otherwise indicated.

b) Subsidiary companies

As of 31 December 2022 and 31 December 2021, Árima Real Estate SOCIMI, S.A., is the parent company of a Group of companies (hereinafter, the "Group") which is comprised of the next subsidiaries:

31 December 2022:

Name	Adress	Activity	Share %
Árima Investigación, Desarrollo e Innovación, S.L.U.	Calle Serrano 47, 4ª planta, 28001 Madrid	Real Estate Business Sustainability projects Exploitation of industrial property rights	100
Árima Investments, S.L.	Calle Serrano 47, 4ª planta, 28001 Madrid	Acquisition and development of urban properties intended for lease	100

(Thousand euros)

31 December 2021:

Name	Adress	Activity	Share %
Árima Investigación, Desarrollo e Innovación, S.L.U.	Calle Serrano 47, 4ª planta, 28001 Madrid	Real Estate Business Sustainability projects Exploitation of industrial property rights	100
Árima Investments, S.L.	Calle Serrano 47, 4ª planta, 28001 Madrid	Acquisition and development of urban properties intended for lease	100

Árima Investigación, Desarrollo e Innovación, S.L.U. was incorporated on 10 December 2018 as Árima Real Estate Investments, S.L.U. Its trade name was modified on 7 November 2019 to the current Árima Investigación, Desarrollo e Innovación, S.L.U.

On 28 September 2021, the Group acquired 100% of the shares of Inmopra, S.L. This Company, which, like the Group, is engaged in real estate investment, owned a leased office building located in Chamartin (Madrid), of 1,950 sqm. This transaction was considered and defined as an asset acquisition, as it did not meet the definition of a business in accordance with IFRS 3. This company benefited from the special regime of SOCIMIs on 29 September 2021. Subsequently, its corporate name was changed on 4 October 2021, acquiring the current name of Árima Investments, S.L.

2. BASES FOR THE PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

The main accounting policies adopted in the preparation of the consolidated annual accounts are described below. These policies have been applied uniformly for the period presented, unless otherwise indicated.

2.1 Bases for presentation

These consolidated annual accounts for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of The International Financial Reporting Committee (IFRS) adopted by the European Union (collectively, IFRS-EU), in accordance with Regulation (EC) No 1606/2002 of the Parliament and the European Council and subsequent amendments.

The preparation of these consolidated annual accounts in accordance with the IFRS-EU requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the Group's accounting policies. Note 2.4 discloses the areas that imply a higher degree of judgment or complexity or the areas where the hypotheses and estimates are significant for the consolidated annual accounts.

The Group's activity does not have a seasonal nature.

These consolidated annual accounts have been prepared by the Board of Directors on 22 February 2023.

2.2 Comparative information

The figures presented in the consolidated financial statements are comparable with each entry in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows correspond to the financial year ended at 31 December 2022, to the consolidated financial statements for the financial year ended at 31 December 2021.

2.3 IFRS Interpretation Committee and IFRIC modifications

Standards, modifications and mandatory interpretations for all years beginning on January 1, 2022:

- IFRS 16 (Modification) – “Property, plant and equipment – Revenue before set in motion.”
- IAS 37 (Modification) – “Onerous contracts – Cost of breaching a contract.”
- IFRS 3 (Modification) – “Reference to Conceptual Framework.”
- Annual Improvements to IFRS. Cycle 2018 - 2020: amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to annual periods beginning on or after 1 January 2022.
    - IFRS 1 "First-time adoption of IFRSs."
    - IFRS 9 "Financial Instruments."
    - IAS 41 "Agriculture."

These amendments on the consolidated annual accounts of the company have not had a significant impact.

Standards, amendments and interpretations that have not yet entered into force, but may be adopted in advance:

- IFRS 17 – “Insurance Contracts.”
- IFRS 17 (Modification) - "Initial application of IFRS 17 and IFRS 19 – Comparative information."
- IAS 1 (Modification) - "Disclosure of Accounting Policies."
- IAS 8 (Modification) - "Definition of Accounting Estimates."
- IAS 12 (Modification) - "Deferred tax related to assets and liabilities arising from a single transaction."

The Group has not early adopted any of the above amendments as they would not have a material effect on these consolidated financial statements.

Norms, modifications and interpretations to the existing norms that can not be adopted in advance or that have not been adopted by the European Union:

At the date on which these consolidated financial statements are signed, the IASB and the IFRS *Interpretations Committee* had published the standards, modifications and interpretations detailed below can’t be adopted in advance by the Group or that are pending adoption by the European Union.

- IFRS 10 (Modification) and IAS 28 (Modification) - "Sale or contribution of assets between an investor and its associates or joint ventures."
- IFRS 16 (Modification) - "Lease liability in a sale and leaseback."
- IAS 1 (Modification) - "Non-current liabilities (“covenants”)."

If any of the above standards were adopted by the European Union, the Group will apply them with the corresponding effects in its financial statements.

These amendments or interpretations on the consolidated financial statements of the Group will not have a significant impact.

2.4 Use of estimates

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will rarely equal the corresponding actual results. The adjustments that occur when regularizing the estimates will be prospective. Below, we explain the estimates and judgments that have a significant risk of giving rise to a material adjustment in the carrying amounts of the assets and liabilities within the following financial year.

- Fair value of real estate investments

The Administrators of the dominant Company carry out an assessment of the fair value of each property taking into account the most recent independent valuations. The Administrators of the dominant Company determine the value of a property within a range of acceptable fair value estimates.

The best evidence of the fair value of investment properties in an active market is the price of similar assets. When making such judgements, the Group uses a series of sources, including:

i. The current prices in an active marketplace of different kinds of properties in varying states of repair and different locations, adjusted to reflect differences with the Groups’s own assets.

ii. The recent prices paid for properties in other, less active marketplaces, adjusted to reflect changes in economic conditions since the transaction date.

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

In view of the preparation of these consolidated annual accounts for the financial year eded on 31 December 2022, the Directors have requested valuations carried out by independent experts (Note 7) in order to book their fair value at this date.

- Fair value of derivatives and other financial instruments

The fair value of those financial instruments that are not traded in an active market (for example, off-exchange derivatives) is determined using valuation techniques. The Group uses its judgment to select several methods and makes assumptions that are based mainly on the market conditions at each balance sheet. The Group has used a discounted cash flow analysis for several interest rate contracts that are not traded in active markets.

As indicated in Note 3.1, the Group has signed several interest rate swap financial instruments, classified as hedging instruments and registered in accordance with the following registration and valuation policy:

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

Hedging instruments are valued and entered according to their characteristics, insofar as they do not provide, or cease to provide, effective coverage. In the case of derivatives that do not qualify for hedge accounting, gains or losses in their fair value are immediately entered in the consolidated income statement.

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

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

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

- Cash flow hedges

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

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

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

- Income Tax

The parent company applies the system provided for in Act 11 of 26 October 2009 and Act 11 of 30 June 2021, which governs Spanish Real Estate Investment Trusts (SOCIMIs), which in practice means that, provided that it meets certain requirements, the Company is subject to a Corporate Income Tax rate of 0% (Note 1). The amendment in Law 11/2021 imposes a 15% tax on profits not distributed through dividends, a circumstance that is not applicable to the Group in the year ended December 31, 2022.

The Directors monitor compliance with the requirements set out in the relevant legislation in order to secure the tax advantages offered. In this regard, the Directors consider that the necessary requirements will be met within the established terms and periods, and they have therefore not entered any income or expense in respect of Corporate Income Tax.

Although the aforementioned criteria are based on rational appreciations and elements of objective analysis, events that may take place in the future may make it necessary to adjust these estimates (upwards or downwards) in coming reporting periods or years. Changes in accounting estimates, if required, would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the consolidated income statements for the periods or years concerned.

2.5 Consolidation

(a) Subsidiaries

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

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

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

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

(c) Disposal of subsidiary companies

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

2.6 Financial information by segment

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

2.7 Investment properties

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

Investment properties are initially valued at cost, including related transaction costs and financing costs, if applicable. Following their initial entry, investment properties are accounted for at fair value.

The fair value of investment property reflects, inter alia, income from leasing and other assumptions that market players would take into account when valuing the property under current market conditions. Calculation of the fair value of such items is described in Note 7.

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

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

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

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

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

2.8 Intangible assets

Intangible assets are entered at their acquisition price or production and are subsequently measured at their net cost of their corresponding accumulated depreciation and the accumulated value of any recognised losses.

The depreciation of intangible fixed assets is systematically calculated by the straight-line method according to its estimated useful life, taking into account the depreciation actually suffered. The percentage of amortization based on estimated useful lives is:

	Depreciation rate (%)
Development	20%
Software Applications	20%

The useful life of all intangible assets is reviewed and, where applicable, adjusted on the date of each balance sheet.

When the book value of a fixed asset is higher than its estimated recoverable value, its book value is immediately reduced to its recoverable value.

2.9 Property, plant and equipment

Property, plant and equipment items are entered at their acquisition price or production cost, minus accumulated depreciation and the accumulated value of any recognised losses. Subsequent expenses are capitalised at the asset's book value only when it is likely that future profits associated with these expenses will flow to the Group and the item's cost may be reliably measured. Maintenance and repair expenses are charged to the income statement when they are incurred.

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

	Depreciation rate (%)
Other Facilities	10%
Furnishings	10%
Data processing equipment	25%
Transport items	25%
Other fixed assets	10%

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

When the book value of a fixed asset is higher than its estimated recoverable value, its book value is immediately reduced to its recoverable value.

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

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

2.11 Inventories

Inventories arise when there is a change in the use of investment properties, as demonstrated by the beginning of development work with a view to its sale, and the properties are reclassified as inventories at attributed cost, which is the fair value on the date on which they are reclassified. These are subsequently valued at either cost price or net realisable value, whichever is the lower. The realisable value is the estimated sale price in the normal course of business, minus the costs incurred in completing the development and sale costs. At year end, the Group did not have any inventories.

2.12 Financial assets

Classification

Classification depends on the valuation category on the basis on the business model and the characteristics of the contractual cash flows, and only reclassifies the financial asset when, and only when, its model of business changes to manage those assets.

The Group classified its financial assets in this categories: financial assets at fair value with changes in results, financial assets at fair value with changes in other comprehensive income and financial assets at amortized cost.

Valuation

Acquisitions and disposals of investments are recognized on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are initially recognized at fair value plus transaction costs for all non-fair financial assets with changes in results. Financial assets valued at fair value with changes in results are initially recognized at fair value, and transaction costs are debited to Profitability Analysis. Investments are decommissioned when the rights to receive cash flows from investments have expired or been transferred and the Group has substantially transferred all risks and advantages arising from their ownership.

For assets measured at fair value, gains and losses shall be recorded in results or other comprehensive income. For investments in equity instruments that are not maintained for trading, the Group has made an irrevocable choice at the time of initial recognition to account for all capital investment at fair value with changes in other comprehensive income.

Financial assets at amortized cost (Loans and receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They arise when the Group supplies money, goods or services directly to a debtor with no intention of trading with the receivables. They are included in current assets, except for maturities longer than 12 months from the balance sheet date on which they are classified as non-current assets.

In addition, this category includes deposits and bonds granted to third parties. Loans and receivables are then posted for their amortized cost according to the effective interest rate method. Receivables that do not explicitly accrue interest are valued by their nominal, provided that the effect of not financially updating cash flows is not significant. Subsequent valuation, if any, continues to be made at face value.

Financial assets at fair value with changes in other comprehensive income

Assets held for the collection of contractual cash flows and for the sale of financial assets, where cash flows from the assets represent only principal and interest payments, are measured at fair value with changes in other comprehensive income. Movements in book value are taken through another global result, except for the recognition of impairment gains or losses, interest income, and foreign exchange gains and losses that are recognized in profit and loss. Unrealized gains and losses arising from changes in fair value are recognized in the other overall result. When these financial assets are sold or suffer impairment losses, the accumulated fair value adjustments recognized in equity are included in the income statement as profit and loss.

The fair values of the trading investments are based on current purchase prices. If the market for a financial asset is not active (and for non-listed securities), the Group establishes fair value using valuation techniques including the use of recent free transactions between interested parties and duly informed, other substantially equal instruments and the analysis of discounted cash flows. In the event that none of the above techniques can be used to estimate fair value, investments are accounted for at their acquisition cost minus impairment losses, if applicable.

In the case of equity instruments falling into this category, the Group's management has chosen to present the fair value gains and losses of equity instruments in another overall result.

There is no subsequent reclassification of fair value gains and losses to results after investment decline. Impairment losses (and reversal of impairment losses) on equity instruments valued at fair value with changes in another overall result are not reported separately from other changes in fair value.

Dividends from such investments continue to be recognized in profit and loss when the Group is entitled to receive payments.

Financial assets at fair value with changes in results

Assets that do not meet the amortized cost or fair value criteria with changes in other comprehensive income, are measured at fair value with changes in results. Realized and unrealized gains and gains arising from changes in the fair value of the category of financial assets at fair value with changes in results are included in the income statement in the financial year in which they arise.

Impairment

The impairment model requires recognition of impairment provisions based on the expected loss model rather than just the credit losses incurred.

The Group applies for its customer accounts, receivables and other assets, which correspond for the most part to customers of recognized solvency with which it has extensive experience, the simplified approach, recognizing the expected loss of credit for the entire life of assets.

For receivables and contract assets, provided they do not contain a significant financial component, the Group applies the simplified approach, which requires recognizing a loss allocation based on the expected lifetime loss model asset on each filing date. The Group's model considers internal information, such as the balance exposed in customers, external factors such as customer credit valuations and agency risk ratings, as well as the specific circumstances of customers considering the available information about past events, current conditions and forward-looking items.

2.13 Financial liabilities

Financial liabilities at amortized cost (Loans and receivables)

The financial debt is initially recognized at fair value, net of the transaction costs incurred. Subsequently, financial debts are valuated for their amortized cost. Any difference between the income earned (net of transaction costs) and the repayment value is recognized in results over the life of the debt according to the effective interest rate method. The fees paid for obtaining loans are recognized as costs of the loan transaction to the extent that part or all of the line is likely to be available. In this case, the commissions are deferred until the provision occurs. To the extent that there is no evidence that all or part of the credit line is likely to be available, the commission is capitalized as an advance payment for liquidity services and amortized in the period to which the credit availability relates.

Financial debt is removed from the balance sheet when the obligation specified in the contract has been paid, canceled, or expired. The difference between the carrying amount of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any assigned assets other than the cash or liabilities assumed, is recognized in the outcome of the financial year as others income or financial expenses.

Financial debt is classified as current liabilities unless the Group has an unconditional right to defer its liquidation for at least 12 months after the balance sheet date.

Financial liabilities at fair value with changes in results

Liabilities that are acquired for the purpose of selling them in the short term. Derivatives are considered in this category unless they are designated as hedging instruments (Note 15). These financial liabilities are measured, both at the initial and subsequent valuations, at fair value, allocating changes in that value to the Consolidated Income Statement for the financial year.

2.14 Offsetting financial instruments

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

2.15 Share capital, basic earnings and diluted earnings per share

The share capital consists of ordinary shares.

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

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

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

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

2.16 Current and deferred income tax

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

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

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

Likewise, as detailed in the amendments incorporated in Act 11/2021, of July 9, the entity will be subject to a special tax of 15% on the amount of profits obtained in the year that is not subject to distribution, in the part that comes from income that has not been taxed at the general rate of current tax, or is an income covered by the reinvestment period regulated in the Article 6 (1) of this Act. This tax will be considered as a share of current tax.

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

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

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

Deferred taxes are calculated, in accordance with the liability method, on the time-period differences arising between the tax bases for assets and liabilities and their book values.

However, the deferred taxes will not be entered if they arise from the initial entry of an asset or liability in a transaction that is not a combination of businesses which, at the time of transaction, does not affect the accounting result or the tax base. The deferred tax is determined by applying the regulation and tax rates approved or about to be approved at the date of the balance sheet, and that are expected to be applied when the relevant deferred tax asset is realised or the deferred tax liability is paid.

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

2.17 Leases

a) <u>When the Group is the lessee</u>

Leases are recognized as an asset, by right of use and the corresponding liability, on the date the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially valued on a current value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including fixed payments in essence), minus any lease incentives to be receivable;
- Variable lease payments that depend on an index or rate, initially valued according to the index or rate on the start date;
- Amounts expected by the group to pay for residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain that it will exercise that option, and
- Lease termination penalty payments, if the lease term reflects the exercise by the group of that option.

Lease payments to be made under reasonably certain extension options are also included in the liability valuation.

Lease payments are deducted using the interest rate implied in the lease.

The Directorate has carried out an analysis taking into account that the Group only acts as a tenant in the contract in which it rents the offices where it carries out its activity and the terms of it (duration square meters rented, extensions, amounts, etc.) has concluded that the impact of the recognition of the asset and liability discounted at the implied interest rate is not significant based on its consolidated balance sheet structure and financial obligations included in the financings. Minimum total future payments for non-cancellable leases are 394 thousand euros at 31 December 2022 (576 thousand euros at December 2021).

b) <u>When the Group is the lessor</u>

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

2.18 Employee benefits

a) <u>Share based payments</u>

On 26 September 2018, the Annual General Shareholders Meeting approved a new remuneration plan based on the Company's own shares, granted to the Árima Real Estate team, which was corroborated at the General Shareholders' Meeting held on November 5, 2019 and subsequently modified and corroborated at the General Shareholders' Meeting on June 29, 2021. That plan will be in effect for 6 years and the right to receive shares as an incentive will accrue when, for each calculation period (a period of one year, between 1 July and 30 June of the following year), the terms established in the plan are met (Note 11.b).

b) <u>Short term obligations and bonus</u>

Wage and wage liabilities, which are expected to be settled within twelve months of the end of the financial year in which employees provide the corresponding services, are recognized in the reporting financial year and valued at the amounts expected to be paid when liabilities are settled. Liabilities are presented on the consolidated balance sheet as current obligations for employee benefits.

2.19 Provisions

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

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

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

2.20 Revenue recognition

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

Rendering of services

The Group provides leasing services. The income received from the leasing of property is entered as it accrues, and profits are distributed on a straight-line basis with regard to incentives and initial lease agreement costs. When the Group offers incentives to its tenants, the cost of the incentive is entered during the lease period on a linear basis, as a reduction in rental income. The costs associated with each rental payment are entered as an expense.

Interest income

Interest income is entered using the effective interest method.

2.21 Dividend distribution

The payment of dividends to the Company's shareholders is entered as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. The parent company falls into the special category of SOCIMI (Spanish Real Estate Investment Trust), and is thus governed by the special tax rules established under Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed. They are required to distribute the profits they obtain over the course of the year to their shareholders in the form of dividends, after complying with the relevant corporate obligations. Distribution must be approved within the six months following the year end, in the following way:

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

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

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

The dividend must be paid within one month of the distribution agreement.

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

2.22 Cash and cash equivalents

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

3. FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

a) Market risk

The Group's interest rate risk arises from the financial debt. Loans issued at variable rates expose the Group to interest rate risk of cash flows. During the financial year ended at 31 December 2022, the Group has not required any new bank financing in addition to the previously existing bank financing. The loans are remunerated at an interest rate referenced to EURIBOR plus a spread between 1.40% and 1.90%. At 31 December 2022, the amount drawn down in nominal terms from this variable rates financial agreements amounts to 75,483 thousand euros (63,644 thousand euros at 31 December 2021). Additionally, the Group has constituted a deposit remunerated at a market interest rate referenced to the EURIBOR plus a differential of 0.05% and 0.20%.

The Group analyzes exposure to interest rate risk dynamically. Several scenarios are simulated taking into account the alternatives of financing and coverage. Based on these scenarios, the Group calculates the impact on the result for a given change in the interest rate (scenarios are used only for liabilities that represent the most significant positions subject to interest rates).

These analyses take into account:

- Economic environment in which it carries out its activity: design of different economic scenarios modifying the key variables that may affect the group (interest rates, share price,% occupancy of real estate investments, etc.).
- Identification of those interdependent variables and their level of linkage.
- Temporary framework in which the evaluation is being carried out: the time frame for the analysis and its possible deviations will be taken into account.

Based on the simulation carried out, the Group manages the cash flow interest rate risk through variable to fixed interest rate swap. These interest rate swaps have the economic effect of converting loans at variable interest rates into loans at fixed interest rates. Generally, the Group obtains foreign long-term resources with variable interest and exchanges them for a fixed interest rate lower than those that would be available if the Group had obtained the external resources directly at fixed interest rates. Under interest rate swaps, the Group undertakes with third parties to exchange, on a regular basis, the difference between the fixed interest and the variable interest based on the principal notionals contracted.

b) Credit risk

Credit risk is managed at the Group level. The Group defines the credit risk management and analysis policy of its new clients before proceeding to offer them the usual payment terms and conditions.

Credit risk originates, mainly from customers for sales and services, as well as from various debtors. The Group's risk control establishes the credit quality that the client must possess, taking into account its financial position, past experience and other factors. The Group considers that it does not have significant concentrations of credit risk, this being understood to refer to the possible impact that a default on receivables could have on the income statement.

The Group maintains its cash and other equivalent liquid assets in entities with the best credit quality.

c) Liquidity risk

Cash flow predictions are carried out by the Group's Finance Department. This Department monitors forecasts of the Group's liquidity requirements in order to ensure that it has sufficient cash to meet its operational needs while maintaining sufficient available liquidity at all times to ensure that the Group continues to comply with its financing limits and covenants (Note 13).

(Thousand euros)

d) Tax risk

As mentioned in Note 1, the Company is subject to the special tax regime of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs). It is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed. Article 3 of Act 11 of 26 October 2009 sets out certain requirements that must be met by this type of company. The companies that have opted for said regime are obliged to distribute dividends to its shareholders, once the pertinent mercantile obligations have been fulfilled, the benefit obtained in the year, having to arrange their distribution within the six months following the end of each year and be paid within the month following the date of the agreement of distribution. Additionally, as detailed in the amendments included in Act 11/2021, of July 9, the entity will be subject to a special tax of 15% on the amount of the profits obtained in the year that are not subject to distribution.

In the event that the Shareholders' Meeting of such companies does not approve the distribution of dividends proposed by the Board of Directors, which has been calculated in accordance with the requirements set forth in the aforementioned law, they would not be complying with it, and therefore they should be taxed under the general tax regime and not the one applicable to the SOCIMIs.

e) Other risk

On 24 February 2022, Russia launched the invasion of Ukraine, which has marked the beginning of a war between the two countries on Ukrainian territory. The duration of the conflict and the real consequences for the world economy as a whole are still uncertain.

Upon a preliminary assessment of the situation, the Group finds that such a conflict will not have a direct or significant impact, and therefore no consequences are expected to result from it.

3.2 Capital management

The main objectives of the Group's capital management are to ensure financial stability in the short and long term, the positive performance Árima Real Estate SOCIMI, S.A.'s share and the appropiate financing of investments. The financial leverage ratios, calculated as: (Financial debt / (Financial debt + Net equity)) as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	**31 December 2021**
Financial debt	120,208	104,588
Equity	330,955	325,665
Leverage	**26.64%**	**24.31%**

The Board of Directors consider the Group's level of indebtedness as low. At 31 December 2022, the leverage amounted to 26.64% (24.31% at 31 December 2021).

(Thousand euros)

3.3 Estimation of fair value.

In accordance with IFRS 13, the hierarchical level at which an asset or liability is classified in its entirety (Level 1, Level 2 or Level 3) is determined based on the relevant input data used in the lowest valuation within the hierarchy of fair value. In case the input data used to measure the fair value of an asset or liability can be classified within the different levels, the fair value measurement is classified in its entirety at the same level of the fair value hierarchy as the data input level that is significant for the value measurement.

- Level 1: Quoted prices (unadjusted) in active markets for assets or liabilities identical to those that the entity can access on the date of valuation.
- Level 2: Distinguished data of quoted prices included in Level 1 that are observable for assets or liabilities, directly or indirectly through valuation techniques that use observable market data.
- Level 3: Input data not observable in the market for the asset or liability.

The above levels are reflected in IFRS 13 Market Valuations. These valuations have a subjective component as they are made on the basis of the valuator's assumptions, which may not be accurate. For this reason, and in accordance with the EPRA recommendations, we have classified the valuations of investment property in Level 3 as set out in IFRS 13.

The following table shows the financial assets and financial liabilities of the Group valued at fair value:

31 December 2022:

				Thousand euros
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term financial investments				
- Investment property (Note 7)	-	-	379,700	379,700
Financial hedging instruments				
- Financial hedging instruments (Note 16)	-	2,517	-	2,517
Total assets	**-**	**2,517**	**379,700**	**382,217**

At 31 December 2022 the Group has no financial liabilities measured at fair value.

(Thousand euros)

31 December 2021:

Assets	Level 1	Level 2	Level 3	Thousand euros Total
Long-term financial investments				
- Investment property (Note 7)	-	-	343,600	343,600
Total assets	**-**	**-**	**343,600**	**343,600**

Liabilities	Level 1	Level 2	Level 3	Total
Financial hedging instruments				
- Financial hedging instruments (Note 16)	-	700	-	700
Total liabilities	**-**	**700**	**-**	**700**

The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on estimated interest rate curves.

4. FINANCIAL INFORMATION BY SEGMENT

The Investments Committee, together with the Board of Directors of the dominant Company, are the highest level of decision-making in operations. The Management has defined the operating segments, based on the information reviewed by these bodies in order to assign resources and evaluate the Group's performance. The management identifies three segments that must be reported: offices, logistics and corporate (Note 20.f).

All the assets are located in the Community of Madrid, so the segments are not dissagregated by geographical area.

(Thousand euros)

31 December 2022

				Thousand euros
	Offices	**Logistics**	**Corporate**	**Total**
Net amount of turnover	6,135	1,939	-	8,071
Changes in the estimated fair value of investment properties	11,280	1,712	-	12,992
Operating costs	(1,635)	(120)	(7,380)	(9,135)
Fixed assets amortization	-	-	(76)	(76)
Operating Results	**15,780**	**3,528**	**(7,456)**	**11,852**
Financial income	44	-	47	91
Financial expenses	(1,250)	(213)	(2)	(1,465)
Financial Result	**(1,206)**	**(213)**	**45**	**(1,374)**
Pre-tax result	**14,574**	**3,315**	**(7,411)**	**10,478**
Income tax	-	-	-	-
Profit (loss) for the period	**14,574**	**3,315**	**(7,411)**	**10,478**

31 December 2021

				Thousand euros
	Offices	**Logistics**	**Corporate**	**Total**
Net amount of turnover	4,334	1,678	-	6,012
Changes in the estimated fair value of investment properties	22,302	6,296	-	28,598
Operating costs	(1,324)	(101)	(5,851)	(7,276)
Fixed assets amortization	-	-	(60)	(60)
Operating Results	**25,312**	**7,873**	**(5,911)**	**27,724**
Financial income	-	-	28	28
Financial expenses	(990)	(185)	(2)	(1,177)
Financial Result	**(990)**	**(185)**	**26**	**(1,149)**
Pre-tax result	**24,322**	**7,688**	**(5,885)**	**26,125**
Income tax	-	-	-	-
Profit (loss) for the period	**24,322**	**7,688**	**(5,885)**	**26,125**

100% of the income corresponds to transactions carried out in Spain in both year ended 31 December 2022 and year ended 31 December 2021.

The amounts that are provided to the Investment Committee and the Board of Directors in respect of the total assets and liabilities are valued in accordance with criteria that are uniform to those applied in the Consolidated Financial Statements. These assets and liabilities are allocated on the basis of segment activities.

(Thousand euros)

31 December 2022				Thousand euros
	Offices	Logistics	Corporate	Total
Non-current assets	**346,332**	**35,240**	**4,406**	**385,978**
Investments properties	344,800	34,900	-	379,700
Other non-current assets	1,532	340	4,406	6,278
Current assets	**9,521**	**4,078**	**64,664**	**78,263**
Non-current liabilities	**110,000**	**10,883**	**-**	**120,882**
Current liabilities	**8,105**	**1,341**	**2,957**	**12,404**

31 December 2021				Thousand euros
	Offices	Logistics	Corporate	Total
Non-current assets	**314,247**	**30,240**	**2,085**	**346,572**
Investments properties	313,700	29,900	-	343,600
Other non-current assets	547	340	2,085	2,972
Current assets	**2,203**	**1,863**	**89,724**	**93,790**
Non-current liabilities	**96,590**	**9,343**	**-**	**105,933**
Current liabilities	**5,805**	**404**	**2,555**	**8,764**

(Thousand euros)

5. INTANGIBLE ASSETS

The following table contains a breakdown of the entries shown for "Intagible assets" and the relevant movements:

	Thousand euros	
	Development and Software	**Total**
Balance at 1 January 2021	**69**	**69**
Cost	70	70
Accumulated depreciation	(1)	(1)
Net book value	**69**	**69**
Added	157	157
Allocation to depreciation	(8)	(8)
Balance at 31 December 2021	**218**	**218**
Cost	227	227
Accumulated depreciation	(9)	(9)
Net book value	**218**	**218**
Added	50	50
Allocation to depreciation	(22)	(22)
Balance at 31 December 2022	**246**	**246**
Cost	277	277
Accumulated depreciation	(31)	(31)
Net book value	**246**	**246**

a) Losses due to impairment

Neither at the financial years ended on 31 December 2022 or 2021 entries were made or reversed in respect of value correction for intangible assets.

b) Fully depreciated property, plant and equipment

No intangible asset had been fully depreciated at 31 December 2022 neither at 31 December 2021.

(Thousand euros)

6. PROPERTY, PLANT AND EQUIPMENT

The following table contains a breakdown of the entries shown for "Property, plant and equipment" and the relevant movements:

	Thousand euros	
	Property, plant and equipment	**Total**
Balance at 1 January 2021	**278**	**278**
Cost	316	316
Accumulated depreciation	(38)	(38)
Net Book value	**278**	**278**
Added	51	51
Sales	(19)	(19)
Allocation to depreciation	(52)	(52)
Reduction of depreciation charge	1	1
Balance at 31 December 2021	**259**	**259**
Cost	348	348
Accumulated depreciation	(89)	(89)
Net book value	**259**	**259**
Added	7	7
Allocation to depreciation	(54)	(54)
Balance at 31 December 2022	**212**	**212**
Cost	355	355
Accumulated depreciation	(143)	(143)
Net book value	**212**	**212**

c) Losses due to impairment

Neither at the financial years ended on 31 December 2022 or 2021 entries were made or reversed in respect of value correction for impairment in relation to any property, plant and equipment item.

d) Fully depreciated property, plant and equipment

No item had been fully depreciated at 31 December 2022 neither at 31 December 2021.

(Thousand euros)

7. INVESTMENT PROPERTIES

Investment properties include office buildings and other items owned by the Company that are held to obtain long-term rental income and are not occupied by the Company.

Movement and breakdown of investment properties are shown below:

	Thousand euros
	Investment properties
Balance at 1 January 2021	**275,750**
Added	14,300
Subsequent capitalised disbursements	24,952
Gain / (loss) net of adjustements at fair value	28,598
Balance at 31 December 2021	**343,600**
Added	-
Subsequent capitalised disbursements	23,108
Gain / (loss) net of adjustements at fair value	12,992
Balance at 31 December 2022	**379,700**

In 2021 the Group acquired two office buildings for a total of 10,250 thousand euros (not including acquisition costs). The buildings are located in the Chamartín district with a buildable area of 3,860 sqm. In addition, there have been additional outlays of 4,050 thousand euros for the acquisition of an asset which will have an office building of 12,842 sqm in Manoteras, 28 and it will have a total cost of 38,950 thousand euros. Additionally, the projects for financial year 2021 amount 24,952 thousand euros.

The Group has also continued with its refurbishment and improvement projects, which have entailed an investment of 23,108 thousand euros. All of this is in line with its corporate strategy of value creation.

At 31 December 2022 and 2021, no new mortgage guarantees have been constituted on properties.

(Thousand euros)

a) Income and expenses on investment properties

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

	Thousand euros	
	31.12.2022	31.12.2021
Rental income (Note 14)	8,071	6,012
Expenses for the operations resulting from investment properties that generate rental income	(1,490)	(1,425)
Expenses for the operations resulting from investment properties that do not generate rental income	(265)	-
	6,316	**4,587**

b) Operating leases

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

	Thousand euros	
	31.12.2022	31.12.2021
Less than one year	6,148	4,725
Between one and two years	7,704	3,928
Between two and three years	4,490	3,214
Between three and four years	2,234	677
Between four and five years	2,132	-
More than five years	3,777	-
	26,485	**12,544**

c) Insurances

The Company sign all the insurance policies necessary to cover any possible risk that might affect any aspect of its investment properties. The coverage in these policies is deemed to be sufficient.

d) Liabilities

At the close of the period, the Group does not have contractual obligations for the acquisition, construction or development of real estate investments, or for repairs, maintenance or insurance, in addition to those already included in these notes to the consolidated annual accounts, with the exception of contracts for rehabilitation and improvement projects.

(Thousand euros)

e) Valuation process

The cost and fair value of the real estate investments as of 31 December 2022 and 31 December 2021 are detailed below:

	31 December 2022		31 December 2021	
	Net book value	**Fair value**	**Net book value**	**Fair value**
Investment properties	291,437	379,700	270,729	343,600

Thousand euros

The valuations of these real estate assets have been carried out using "market value" hypothesis, these valuations being made in accordance with the *Professional Standards of assesment by the Royal Institution of Chartered Surveyors* of July 2022 – 'Red Book'. The "market value" of the Group's properties has been determined on the basis of evaluation carried out by independent expert valuers (CBRE Valuation Advisory, S.A.).

The "Market Value" is defined as the estimated amount for which an asset should be able to be exchanged at the valuation date, between a willing seller and a willing buyer, after a reasonable sales marketing period, and in which both parties have acted with knowledge, prudence and without any coercion.

The valuation methodology adopted by the independent appraisers in relation to the determination of fair value was basically the 10-year discount cash flow method and the income capitalization method (reflecting net income, capitalized expenses, etc.), besides comparing the information with comparables. The residual amount at the end of year 10 is calculated by applying a rate of return ('Exit yield' or 'cap rate') of the projections of net income for year 11. Cash flows are discounted at an internal rate of return for reach the current net value. This internal rate of return is adjusted to reflect the risk associated with the investment and the assumptions adopted. The key variables are, therefore, the income and the the exit yield.

The estimated yields depend on the type and age of the properties and their location. The properties have been valued individually, considering each one of the lease agreements in force at the end of the year and, if applicable, the foreseeable ones, based on the current market rents for the different areas, supported by comparables and transactions carried out for your calculations.

As provided in Note 2.4, the Directors requested an assessment on 31 December 2022 of all real estate investments. Derived from this valuation, there has been a change in the fair value of the investment properties in the consolidated income statement of 12,992 thousand euros (28,598 thousand euros at 31 December 2021).

Based on the simulations performed on these valuations, the recalculated impact on the fair value of the properties in the portfolio at 31 December 2022, of a variation of 0.25% in the exit yield, would produce:

- in the event that the exit yield was reduced by 0.25%, the market value of these properties would be 396,800 thousand euros.
- in the case that the exit yield was increased by 0.25%, the market value of these properties would be 364,200 thousand euros.

The effect of a variation of 10% on the income increases considered in the valuations of these assets has the following impacts on the consolidated asset and, by difference with the fair value of the asset, on the summarized interim consolidated income statement, with regarding real estate investments:

- in the event that the market rents increased by 10%, the market value of these properties would be 415,100 thousand euros.
- in the case that the market rents were reduced by 10%, the market value of these properties would be 344,000 thousand euros.

As of 31 December 2021, the following simulations were carried out, in yields and market income increases, on the valuations of the same, as well as the recalculated impact on the fair value of properties acquired from a variation of 0.25% in the exit yield, would produce:

- in the event that the exit yield was reduced by 0.25%, the market value of these properties would be 359,700 thousand euros.
- in the case that the exit yield was increased by 0.25%, the market value of these properties would be 329,300 thousand euros.

The effect of a variation of 10% on the income increases considered in the valuations of these assets has the following impacts on consolidated assets with respect to real estate investments,

- in the event that the market rents increased by 10%, the real estate investments would amount to 377,900 thousand euros.
- in the event that market rents were reduced by 10%, real estate investments would amount to 309,500 thousand euros.

As of 31 December 2022, the exit yields used in the valuations of offices located in the prime area would be between 3.60% and 4.35% (between 3.50% and 4.25% in December 2021) and for those that are decentralized the yields would be between 4.25% and 5.10% (between 4.50% and 5.00% respectively in December 2021). The discount rates used would be between 5.85% and 7.35% (between 6.25% and 7.25% in December 2021).

At 31 December 2022, the exit yield used in the logistical valuation would be 5.25% (5.00% in December 2021). The discount rate used would be around 7.50% (7.00% in December 2021).

(Thousand euros)

The valuation of real estate investments has been framed within level 3 according to the definition described in Note 3.3 above. In this sense, the fair value of the investment properties has been carried out by independent valuation experts through the use of valuation techniques observable in the market and that are available based to a lesser extent on specific estimates of the entities.

8. FINANCIAL INSTRUMENTS ANALYSIS

a) Analysis by category

The book value of each of the categories of financial instruments, excluding cash and cash equivalents, is as follows:

Thousand euros

	Non-current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Loans to third parties	-	-	1,402	1,578	-	-
Derivatives	2,517	-	-	-	-	-
Other long-term financial liabilities	-	-	1,093	917	-	-
Prepayments for non-current assets	-	-	808	-	-	-
Total long-term financial liabilities	**2,517**	**-**	**3,303**	**2,495**	**-**	**-**

	Current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Trade receivables for sales and services (Note 9) and other assets	-	-	22,932	754	-	-
Total short-term financial assets	**-**	**-**	**22,932**	**754**	**-**	**-**

Thousand of euros

	Non-current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debts and other financial liabilities (Note 13)	118,886	103,978	-	-	1,996	1,995
Total non-current financial liabilities	**118,886**	**103,978**	**-**	**-**	**1,996**	**1,995**

	Current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debts and other payables (Note 13)	1,322	610	-	-	10,771	8,044
Total current financial liabilities	**1,322**	**610**	**-**	**-**	**10,771**	**8,044**

Under the heading of prepayment for non-current assets, are recorded the contributions granted to tenants for the conditioning of buildings.

(Thousand euros)

b) Analysis by maturity date

At 31 December 2022 and 31 December 2021, the value of financial instruments with a specific maturity date or with a maturity date falling within a specific year was as follows:

At 31 December 2022

Thousand euros

	Financial assets						
	2023	**2024**	**2025**	**2026**	**2027**	**Subsequent years**	**Total**
Trade receivables:							
- Trade receivables	1,564	-	-	-	-	-	**1,564**
Non-current investments:							
- Loans to third parties	-	1,402	-	-	-	-	**1,402**
- Financial hedging instruments	-	528	-	1,989	-	-	**2,517**
- Other financial assets	21,368	369	358	119	-	247	**22,461**
	22,932	**2,299**	**358**	**2,108**	**-**	**247**	**27,944**

	Financial liabilities						
	2023	**2024**	**2025**	**2026**	**2027**	**Subsequent years**	**Total**
Debts:							
- Debts with credit entities	1,322	6,375	14,884	76,235	22,575	-	**121,391**
Trade payables:							
- Trade and other payables	10,668	-	-	-	-	-	**10,668**
- Other financial liabilities	103	145	1,223	132	-	496	**2,099**
	12,093	**6,520**	**16,107**	**76,367**	**22,575**	**496**	**134,158**

(Thousand euros)

At 31 December 2021

	Financial assets						Thousand euros
	2022	**2023**	**2024**	**2025**	**2026**	**Subsequent years**	**Total**
Trade receivables:							
- Trade receivables	366	-	-	-	-	-	**366**
Non -current investments:							
- Loans to third parties	-	-	1,578	-	-	-	**1,578**
- Other financial assets	388	302	-	358	-	257	**1,305**
	754	**302**	**1,578**	**358**	**-**	**257**	**3,249**

	Financial liabilities						
	2022	**2023**	**2024**	**2025**	**2026**	**Subsequent years**	**Total**
Debts:							
- Debts with credit entities	610	376	4,693	13,891	66,979	19,479	**106,028**
- Financial hedging instruments	-	-	204	-	496	-	**700**
Trade payables:							
- Trade and other payables	7,978	-	-	-	-	-	**7,978**
- Other financial liabilities	66	328	145	407	132	243	**1,321**
	8,654	**704**	**5,042**	**14,298**	**67,607**	**19,722**	**116,027**

The debts shown in the previous break downs are expressed at their nominal value.

(Thousand euros)

9. LOANS AND RECEIVABLES

	Thousand euros	
	31 December 2022	31 December 2021
Trade receivables and other long-term accounts receivable	**5,012**	**2,495**
- Loans to third parties	1,402	1,578
- Financial hedging instruments	2,517	-
- Guarantees (“Other long-term financial assets”)	1,093	917
Trade receivables and other accounts receivable:	**5,327**	**4,554**
- Trade receivables for sales and services	1,564	339
- Other accounts receivable	-	26
- Personnel	-	1
- Other credits held with Public Authorities (Note 16)	3,763	4,152
Other short-term financial assets:	**20,054**	**36**
- Short-term guarantees	29	36
- Short-term deposits	20,025	-
	30,393	**7,049**

Long-term loans to third parties relate to loans granted to personnel (including executive directors) and other associated companies (Note 18) of the Parent Company at market interest rates on the same terms as at 31 December 2021.

The amount recorded under the heading "Other long/short-term financial assets" in the balance sheet includes the amount of the guarantees associated with the rental agreements deposited with the corresponding public bodies.

The heading of Other short-term financial assets includes a deposit for an amount of 20,000 thousand euros formalized by the Group in the current year, which is associated with a credit policy agreement for which there are no amounts drawn to close. In 2022, this short-term deposit has accrued financial income of 25 thousand euros.

The carrying amount of the loans and receivables approximates their fair value, given that the effect of the discount is not significant.

Under the heading of customers there is an amount of 1,508 thousand euros relating to invoices pending issuance (339 thousand euros at 31 December 2021) as a result of linealization of rental income.

The book value of loans and receivables is denominated in euros.

Additionally, the Group contracted two interest rate swaps in 2019. The amount registered in the “Financial hedging instruments” correspond to the valuation of the derivative financial instruments as of 30 June 2022 (Note 16). The effective part of the changes in the fair value of derivatives that are designated and classified as hedges is recognized in the hedge reserve within equity.

(Thousand euros)

The following table contains a breakdown of the age of receivables for sales and services:

	Thousand euros	
	At 31 December 2022	At 31 December 2021
Up to 3 months	56	-
Between 3 and 6 months	-	-
More than 6 months	-	-
	56	**-**

10. CASH AND CASH EQUIVALENTS

		Thousand euros
	31 December 2022	31 December 2021
Cash and banks	51,568	88,884
	51,568	**88,884**

The current accounts are denominated in euros and accrue a market interest rate.

Due to the liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U., detailed in Note 11.b, at 31 December 2022 the Company holds 303 thousand euros of total cash destined for the cash account under that contract (at 31 December 2021 held 303 thousand euros).

11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

a) Share capital and share premium

As of 31 December 2022 and 31 December 2021 the breakdown of share capital is as follows:

		Thousand euros
	31 December 2022	31 December 2021
Share capital	284,294	284,294
Share premium	5,769	5,769
	290,063	**290,063**

As of 31 December 2022 and 20 December 2021, the share capital of the Parent Company is 284,294 thousand euros and is represented by 28,429,376 shares with a par value of 10 euros each, all belonging to the same class and fully subscribed and paid. All the shares carry the same voting and dividend rights.

The share premium is considered a freely distributable reserve.

All the parent company's shares are listed on the Spanish Stock Market.

At 31 December 2022, the companies that held a share of 3% or more in the share capital are as follows:

(Thousand euros)

Entity	% voting rights allocated to shares	% voting rights held through financial instruments	Total %
Fidelity Select Portfolios	3.548	-	**3.548**
Ivanhoe Cambridge, INC.	20.293	-	**20.293**
Rodex Asset Management	5.020	-	**5.020**
Torrblas, S.L.	5.000	-	**5.000**
TR Property Investment Trust PLC	5.008	-	**5.008**
Asua de Inversiones, S.L.	7.951	-	**7.951**
Total	**46.820**	**-**	**46.820**

At 31 December 2021, the companies that held a share of 3% or more in the share capital were as follows:

Entity	% voting rights allocated to shares	% voting rights held through financial instruments	Total %
Fidelity Select Portfolios	3.548	-	**3.548**
Ivanhoe Cambridge, INC.	20.293	-	**20.293**
Rodex Asset Management	3.839	-	**3.839**
Morgan Stanley	5.060	0.077	**5.137**
Thames River Capital LLP	9.984	-	**9.984**
Pelham Long/Short small CAP Master Fund LTD	-	9.984	**9.984**
Total	**42.724**	**10.061**	**52.785**

b) Treasury shares

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

	31 December 2022		31 December 2021	
	Number of treasury shares	Thousand euros	Number of treasury shares	Thousand euros
At the beginning of the financial year	**926,067**	**8,163**	**578,513**	**5,082**
Additions / purchases	1,096,182	8,909	347,554	3,081
Reductions	-	-	-	-
At the end of the financial year	**2,022,249**	**17,072**	**926,067**	**8,163**

The General Shareholders' Meeting of the Company agreed on 28 June 2022 to authorize, for a period of 5 years, the derivative acquisition of shares of Árima Real Estate SOCIMI, S.A. by the Company itself, under the provisions of articles 146 and concordant of the Capital Companies Act, complying with the requirements and limitations established in current legislation at all times, in the following terms: (i) the acquisitions may be made directly by the Company or indirectly through companies of its group, and they may be formalized, once or several times, through purchase, barter or any other legal transaction valid in Law. Acquisitions may also be made through an intermediary that acquires the shares on behalf of the Company under a liquidity contract subscribed between the Company and the intermediary; (ii) the nominal value of the shares to be acquired, added, where appropriate, to those already held, directly or indirectly, shall not exceed the maximum percentage legally permitted at any time; and (iii) the acquisition price per share will be at at most the market price on the date of acquisition.

On 6 November 2022 Árima Real Estate SOCIMI, S.A. renovated into a 12 month liquidity contract with JB Capital Markets, Sociedad de Valores, S.A.U. in order to increase liquidity and favour the regular trading of the Company's shares. However, this liquidity contract is temporarily suspended since the buyback program of treasury shares is in force since 25 March 2020.

In addition, there is a compensation plan based on the delivery of shares or cash at the discretion of the Parent Company, which was initiated with its IPO (Initial Public Offering), the beneficiary of which is the Company's team (Note 2.17). This plan accrues annually when, for each calculation period (between 1 July and 30 June of the following year), certain value creation conditions are met. In relation to this plan, the General Shareholders' Meeting of 29 June 2021 resolved, at the request of the Parent's Board of Directors, to adapt the calculation conditions from which the plan accrues, to adapt them to the current economic environment and the Group's situation (size and future growth profile), all with the aim of continuing to create value for shareholders.

The first period in which these adaptations took effect is from 1 July 2020 to 30 June 2021, and mainly concerned the total shareholder return - the threshold of which is 8% - and delivery periods. This return is measured as the revaluation of the Net Asset Value plus the total dividends distributed, excluding certain capital increases, whether cash or non-cash, and weighted by the period of time during which they occurred during the calculation period. Thus, this remuneration continues to be focused on generating shareholder return, obtained through active management.

When the conditions generating the vesting of the plan are met, the Parent Company will deliver one third of the shares to the beneficiaries 12 months after the end of the calculation period, one third of the shares 18 months after the end of the calculation period and one third of the shares 24 months after the end of the calculation period. Team members must remain on staff at the time of delivery.

The treasury shares held at 31 December 2022 represent 7.11% of the Company's share capital and amount to 2,022,249 shares (at 31 December 2021 represented 3.26% of the Company’s share capital and amounted to 926,067 shares). The average cost of treasury shares has been 8.15 euros per share (the average cost of threasury shares in 2021 was 8.81 euros per share).

These shares are carried by reducing the Company's equity at 31 December 2022 by 17,072 thousand euros (at 31 December 2021 it was 8,163 thousand euros).

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

c) Profit (losses) per share

Basic earnings per share are calculated by dividing the net gain / (loss) for the financial year attributable to the owners of the Parent Company by the weighted average number of ordinary shares outstanding during the financial year, excluding the weighted average number of treasury shares held as throughout the period.

Diluted earnings per share are calculated by dividing the net gain / (loss) for the financial year attributable to the owners of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued in the conversion of all potentially dilutive instruments.

The following breakdown reflects the income and information of the number of shares used to calculate basic and diluted earnings per share:

Basic and diluted earnings per share:

	Financial year ended at 31 December 2022	**Financial year ended at 31 December 2021**
Net income (thousand euros)	10,478	26,125
Weighted average number of issued shares (shares)	28,429,376	28,429,376
Weighted average number of common shares (shares)	26,979,085	27,650,550
Basic earning per share (euros)	**0.39**	**0.94**
Diluted earning per share (euros)	**0.39**	**0.94**

In relation to the calculation of earnings per share, there have been no transactions on ordinary shares or ordinary potential shares between the closing date of the consolidated annual accounts and the preparation thereof, which have not been taken into account in said calculations for the financial year ended on 31 December 2022 and 31 December 2021.

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

Reserves

	At 31 December of 2022	At 31 December of 2021
		Thousand euros
Others reserves:		
- Voluntary reserves	44,444	18,340
- Legal reserve	-	-
- Hedging transactions reserves	2,517	(700)
	46,961	**17,640**

Legal reserve

Appropriations to the legal reserve should be made in compliance with Article 274 of the Spanish Companies which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

Distribution of the profit and loss for the financial year

The proposed distribution for the profit and loss for the period obtained by the Parent Company and the reserve amount to be submitted to the General Shareholders Meeting, is as follows:

	Miles de euros	
	2022	**2021**
Base for distribution:		
Profit and los for the financial year	**(4,856)**	**(3,528)**
Application:		
Legal reserve	-	-
Net losses obtained from prior financial years	(4,856)	(3,528)
Dividends	-	-
	(4,856)	**(3,528)**

On 28 June 2022, the General Shareholders' Meeting approved, without modification, the proposal to distribute the 2021 result.

(Thousand euros)

13. DEBTS AND OTHER PAYABLES

	Thousand euros	
	31 December 2022	31 December 2021
Debts and non-current liabilities:		
- Debts with credit entities	118,886	103,978
- Financial hedging instruments	-	700
- Guarantees	1,996	1,255
	120,882	**105,933**
Debts and current liabilities:		
- Debts with credit entities	1,322	610
- Other payables (Note 8)	9,708	6,778
- Other short term debts	960	1,200
- Other debts with Public Authorities (Note 15)	311	110
- Guarantees	103	66
	12,404	**8,764**

The book amounts of debts and payables approximate their fair values, since the effect of discounting is not significant.

The heading "Guarantees" in the balance sheet includes the guarantees granted by the tenants of real estate registered in real estate investments (Note 7).

The book value of loans and receivables to be paid by the Company is denominated in euros.

The Group has signed one additional financial agreement over the course of the financial year ended at 31 December 2022 with a prestigious credit entity by an amount of 2,700 thousand euros at a variable interest rate associated with the works to improve energy efficiency within the framework of the Group's sustainability strategy.

At December 31, 2022 and December 31, 2021, 100% of the financing obtained by the Parent Company has been classified as 'green' by the financial institutions given the sustainable characteristics of the properties financed, meeting the objective set by the Group in this respect.

The long-term debt of the Group is recorded at amortized cost in the long-term liabilities under the heading “Debts with credit entities”. At 31 December 2022, the amount of the amortized cost is 1,184 thousand euros (at 31 December 2021 it amounted 1,440 thousand euros). Their norminal maturities have been included in Note 8. The real estate assets that guarantee the aforementioned loans, through mortgage commitment, have a market value at 31 December 2022 of 296,700 thousand euros (at 31 December 2021 it amounted 276,700 thousand euros).

Under the heading "Short-term debt with credit entities" the amount of unpaid accrued interest and principal repayments in the amount of 158 thousand euros and 1,164 thousand euros, respectively, at 31 December 2022 (234 thousand euros and 376 thousand euros, respectively, at 31 December 2021) has been recognised.

These loans are subject to compliance with certain financial ratios, which are common in the sector in which the Company operates and are calculated annually at the end of the year. This financial ratios are successfully fulfilled at 31 December 2022 and 2021, with the exception of ratios on the financing property under reform, for which financial institutions have granted a temporary exemption to their compliance.

Deferred payments to suppliers

Payments on business operations carried out during the financial year which are outstanding at the year end, with respect to the maximum terms allowed by Act 15/2010, amended by Act 31/2014, are as follows:

	2022	2021
	Days	Days
Average payment period to suppliers	27	27
Ratio of transactions paid	25	26
Ratio de transactions pending payment	55	38
		Amount (thousand euros)
Total payments made	24,223	27,535
Total payments pending	1,557	1,043

The calculation of the figures in the table above agrees with that established in the ICAC resolution of 4 February 2016. For the purposes of this Note, trade payables include sundry suppliers and creditors for debts with suppliers of goods and services included in the scope of the regulation with respect to the legal payment periods.

According to the new regulations required by Article 9 of Act 18/2022, of 28 September, in addition to the previous information, the following information is indicated:

Number (units)	2022
Invoices paid before the deadline for payment to suppliers	967
Percentaje of total supplier invoices	96%

Amount (thousand euros)	2022
Invoices paid before the deadline for payment to suppliers	24,181
Percentaje of total supplier invoices	99.8%

(Thousand euros)

14. INCOME AND EXPENSES

a) Net turnover figure

The net turnover figure corresponding to the Company's ordinary business activities broke down in geographical terms as follows:

			Thousand euros	
Market	**Percentage 2022**	**Percentage 2021**	**2022**	**2021**
Domestic	100%	100%	8,071	6,012
	100%	**100%**	**8,071**	**6,012**

The net turnover figure breaks down as follows:

	Thousand euros	
	2022	**2021**
Revenue		
Rents	6,237	5,192
Reinvoicing of costs	998	820
Other revenue	836	-
	8,071	**6,012**

The lease agreements signed by the Group companies are in normal market conditions in terms of their duration, maturity dates and rent.

Under the heading of "Other revenue", has been recorded the compensation received from one of the Group's tenants as a result of the cancellation of the lease which entered into force during the third quarter of the financial year. Additionally, it should be noted that as first semester of the financial year 2022, a new contract for the lease of said area has already been formalized.

b) Personnel costs

	Thousand euros	
	Financial year ended on 31 December 2022	**Financial year ended on 31 December 2021**
Wages, salaries and associated costs	(5,260)	(3,941)
Welfare charges:		
- Other welfare charges	(283)	(222)
	(5,543)	**(4,163)**

Under personnel expenses, there has been recorded the remuneration to the parent Company's team, both fixed and prospective.

There have been no compensation for dismissals at 31 December 2022 neither 2021.

Under the heading of wages, salaries and associated costs, there has been has provision for bonuses amounting to 960 thousand euros at 31 December 2022 (1,200 thousand euros at 31 December 2021).

(Thousand euros)

The average number of employees during the financial year ended on 31 December 2022 and 2021 is 14 people.

The average number of employees during the financial years ended on 31 December 2022 and 31 December 2021 is as follows:

Categories	Financial year ended on 31 December 2022	Financial year ended on 31 December 2021
Management	8	8
Employees with degrees	4	4
Administrative personnel and others	2	2
	14	**14**

The number of employees at 31 December 2022 and 31 December 2021 is as follows:

Categories	At 31 December 2022	At 31 December 2021
Management	8	8
Employees with degrees	4	4
Administrative personnel and others	1	2
	13	**14**

In addition, at 31 December 2022, Company personnel details broken down by gender were as follows:

			31 December 2022
Categories	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	-	1	1
	8	**5**	**13**

At 31 December 2021, Company personnel details broken down by gender were as follows:

			31 December 2021
Categories	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	1	1	2
	9	**5**	**14**

c) External services

(Thousand euros)

The following table gives a breakdown of the external services:

	Thousand euros	
	Financial year ended on 31 December 2022	Financial year ended on 31 December 2021
External services directly attributable to real estates assets	(1,755)	(1,425)
Other external services	(1,839)	(1,688)
	(3,594)	**(3,113)**

d) Financial expenses

Financial expenses accrued in the financial year ended on 31 December 2022 are associated with the financing obtained (Note 13).

15. INCOME TAX AND TAX POSITION

Income tax expense is recognised on the basis of management's estimate of the expected weighted average tax rate for the full financial year. The estimated annual average tax rate for the financial year ended at 31 December 2021 is 0%, according to Law 11/2009, of October 26, and the amendments incorporated to it by Law 16/2012 , of December 27, and by Law 11/2021, of June 30, by which the SOCIMIs are regulated.

						Thousand euros
31 December 2022	**Consolidated Income Statement**			**Income and expenses charged directly to Equity**		
	Increase	**Decrease**	**Total**	**Increase**	**Decrease**	**Total**
Profit (loss) for the financial year	**10,478**	**-**	**10,478**	**-**	**-**	**-**
Income tax	-	-	-	-	-	-
Permanent differences	86	-	86	-	-	-
Temporary differences (**)	1,469	(1,200)	269	3,232	-	3,232
Consolidation adjustment (*)	-	(15,289)	(15,289)	-	-	-
Tax base	**12,033**	**(16,489)**	**(4,456)**	**3,232**	**-**	**3,232**

(Thousand euros)

						Thousand euros
31 December 2021	**Consolidated Income Statement**			**Income and expenses charged directly to Equity**		
	Increase	**Decrease**	**Total**	**Increase**	**Decrease**	**Total**
Profit (loss) for the financial year	**26,125**	**-**	**26,125**	**-**	**-**	**-**
Income tax	-	-	-	-	-	-
Permanent differences	69	(17)	52	-	-	-
Temporary differences (**)	-	-	-	786	-	786
Consolidation adjustment (*)	-	(30,541)	(30,541)	-	-	-
Tax base	**26,194**	**(30,558)**	**(4,364)**	**786**	**-**	**786**

(*) Consolidation adjustments include the adjustments made for IFRS standardisation.
(**) Notes 16 and 18.

Tax inspections

Under current law, taxes cannot be understood to have been effectively settled until the tax authorities have reviewed the tax returns submitted or until the time-bar period of four years has elapsed. All tax years affecting the Group are open for inspection.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may be raised in the event of a tax inspection. In any case, the Directors believe that any such liabilities, in the event that they arise, will not have any significant effect on the condensed consolidated balance sheet or the condensed consolidated income statement neither for the financial year ended on 31 December 2022 nor 31 December 2021.

At 31 December 2022 and 31 December 2021, the amounts receivable and the amounts payable by the Group in respect of the Public Authorities broke down as follows:

		Thousand euros
	At 31 December 2022	**At 31 December 2021**
Accounts receivable		
Receivables from Spanish Tax Authorities (VAT)	3,763	4,152
	3,763	**4,152**
Payment commitments		
Payables to Spanish Tax Authorities (withholdings collected)	(291)	(89)
Payables to Social Security Bodies	(20)	(21)
	(311)	**(110)**

(Thousand euros)

16. FINANCIAL HEDGING DERIVATIVES

			Thousand euros			
			2022			
			Non current		Current	
	Covered principal	Maturity	Asset(*)	Liability	Asset	Liability
Interest rate swap	22,700	2026	1,989	-	-	-
Interest rate swap	21,626	2024	528	-	-	-
			2,517	**-**	**-**	**-**

			Thousand euros			
			2021			
			Non current		Current	
	Covered principal	Maturity	Asset	Liability(*)	Asset	Liability
Interest rate swap	22,700	2026	-	496	-	-
Interest rate swap	21,626	2024	-	204	-	-
			-	**700**	**-**	**-**

(*) See Note 8.b

The fair value of financial hedgings derivatives is registered as a non current asset or non current liability if its maturity is beyond 12 months, and as a current asset or current liability if its maturity is prior to 12 months.

The interest rate swap derivative (financial swap) allows to change a variable interest rate to a fixed interest rate in bank loans signed by the Group. The cashflow covered is the foreseen future payments of interests related to the financial debts (Note 13). Changes in fair value of the interest rate swap are registered in "Adjustements for changes in value" inside Equity.

17. PROVISIONS, CONTINGENCIES AND BANK GUARANTEES

Contingent liabilities and contingencies

At 31 December 2022 and 31 December 2021 the Group has no contingent liabilities and contingencies.

Bank Guarantees

At 31 December 2022 the Group has contracted a bank guarantee in the amount of 129 thousand euros with a prestigious financial institution (122 thousand euros at 31 December 2021).

(Thousand euros)

18. BOARD OF DIRECTORS AND OTHER PAYMENTS

Positions and ownership interests held by members of the Board of Directors

In the duty to avoid situations of conflict with the interest of the Company, during the year the directors who have held positions in the management body have complied with the obligations provided at article 228 of the consolidated corporation law. Likewise, both they and the persons related to them have refrained from incurring in the cases of conflict of interest provided at article 229 of said law, except in cases where the corresponding authorization has been obtained.

Remuneration of members of the Board of Directors

During the financial year ended on 31 December 2022, the remuneration of the members of the Board of Directors of the dominant Company has amounted to:

	Thousand euros	
	Financial year ended on 31 December 2022	**Financial year ended on 31 December 2021**
Remuneration of executive members	1,644	1,228
Allowance of executive members	-	-
Allowance of non executive members	425	425
	2,069	**1,653**

The Parent Company has paid the amount of 72 thousand euros in premiums for liability insurance covering the members of the Board of Directrs of the Parent Company for the exercise of its office (66 thousand en 2021).

The members of the Parent Company's Board of Directors do not have pension funds or similar obligations for their benefit. During the financial year ended on 31 December 2022 and the financial year ended on 31 December 2021, there are no senior management personnel that does not belong to the Parent Company's Board of Directors.

The non-executive members of the Board of Directors of the Parent Company have not received any shares or share options during the years ended 31 December 2022 and 31 December 2021, nor have they exercised any options or have any options outstanding.

Additionally, there is a compensation plan based on the hanging out of shares whose beneficiary is the Company's team, including the Executive Director (Note 11.b). Said plan, which is in force, has a annual accrual when, for each calculation period (between 1 July and 30 June of the following year) are accomplished certain value generation conditions. For the second period of validity of this plan, which ends on 30 June 2022, the Management of the dominant Company has evaluated compliance with these conditions and as a result 306,584 shares will be delivered. According to the share delivery schedule described in Note 11.b, the parent Company has accrued 509 thousand euros as of 31 December 2022.

19. RELATED-PARTY TRANSACTIONS

As 31 December 2022, there is a balance with the related party "Rodex Asset Management, S.L." for an amount of 822 thousand euros, for the formalization of a loan for assumption of debt of a member of the Board of Directors of the parent Company. This amount is registered under the heading of the Consoidated Balance Sheet "Loans to third parties".

As 31 December 2021, there was no pending amounts with related parties.

In the financial year 2022 there is the previously explained transaction with the related party "Rodex Asset Management, S.L.". In the financial year 2021 there was no transactions with related party.

20. INFORMATION REQUIREMENTS RESULTING FROM SOCIMI STATUS, ACT 11/2009, AS AMENDED BY ACT 16/2012 AND ACT 11/2021

a) Reserves from years prior to the application of the tax regime established in this Law.

Not applicable.

b) Reserves arising from years in which the tax regime established in this Law has been applied, differentiating the part that comes from income subject to a tax rate of 0%, 15% or 19%, with respect to those that, where applicable, have been taxed at the general tax rate.

Not applicable

c) Dividends distributed against profits each year in which the tax rules contained in this Act applied, with differentiation between the portion originating from income subject to tax at a rate of 0%, 15%, or 19%, and the portion originating from income subject to tax at the general rate.

Not applicable

d) In the case of distribution against reserves, identifying the year from which the reserves applied originate, and whether they were taxed at 0%, 15%, or 19% or the general rate.

Not applicable

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

Not applicable

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

(Thousand euros)

Property	Localization	Date acquired	Segment
María de Molina	Calle María de Molina, on the corner with Calle Príncipe de Vergara, Madrid	21 December 2018	Offices
Paseo de la Habana	The junction of Paseo de la Habana and Avenida de Alfonso XIII, Madrid	21 December 2018	Offices
Edificio Botanic	Calle Josefa Valcárcel, 42, Madrid	29 January 2019	Offices
Edificio Play	Vía de los Poblados, 3 -Parque Empresarial Cristalia, Edificio 4B, Madrid	29 January 2019	Offices
María de Molina	Calle María de Molina, on the corner with Calle Príncipe de Vergara, Madrid	28 February 2019	Offices
Nave Guadalix	Barranco Hondo, San Agustín de Guadalix	12 April 2019	Logistics
Ramírez de Arellano, 21	Calle Ramírez de Arellano, 21, Madrid	28 June 2019	Offices
Cadenza	Vía de los Poblados, 7, Madrid	30 December 2019	Offices
Manoteras, 28	Calle Manoteras, 28, Madrid	11 June 2020	Offices
Pradillo, 54	Distrito Chamartín	27 October 2020	Offices
Pradillo, 56	Distrito Chamartín	28 September 2021	Offices
Pradillo, 58	Distrito Chamartín	30 September 2021	Offices

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

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

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

Not applicable

(Thousand euros)

21. AUDITOR'S FEES

The fees accrued during the financial years ended on 31 December 2022 and 31 December 2021 by PricewaterhouseCoopers Auditores, S.L. and its network are as follows:

	Thousand euros	
	2022	**2021**
Account auditing services	104	91
Services other than auditing(*)	10	30
	114	**121**

* There are no tax services or any required by other legal regulations.

22. ENVIRONMENTAL INFORMATION

The Group develops sustainable environmental management in its office buildings and logistics warehouse, aimed at minimizing the possible impact on the environment derived from its activity, and maximizing the well-being of its occupants.

This approach has been confirmed during 2022 by organizations of recognized international prestige such as EPRA and GRESB, which have awarded gold in the sustainability category and 86% score (4 stars) respectively.

The Group has continued with the process of reforming its portfolio, which will have the leading standards of the market: LEED and BREEAM.

Likewise, the Group has analysed the consumption of both the corporate headquarters and its assets in order to calculate its carbon footprint and identify measures to reduce it. In this sense, 100% renewable energy has been contracted for scopes 1 and 2, and work is being done to develop a Decarbonization Policy.

All this represents the Group's firm commitment to the conservation of the environment, the quality of the assets, and the health and well-being of the tenants.

23. SUBSEQUENT EVENTS

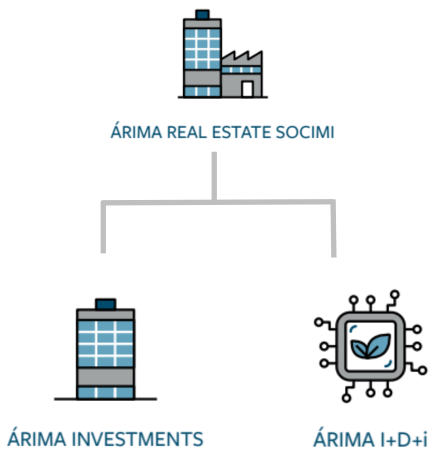
From 31 December 2022 until the date of formulation of these consolidated annual accounts there have been no subsequent events of relevance that need to be broken down.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022

1. ORGANIZATION STRUCTURE AND FUNCTIONING

Árima Real Estate SOCIMI, S.A. (hereinafter Árima, or the Company or the dominant Company) is the dominant Company of a Group whose main objective is the creation of a real estate portfolio focused mainly on the office and logistics sector in Madrid, with the aim of obtaining income from rents through an active management of the portfolio. The ultimate goal is to create value for shareholders, offer the best quality spaces for tenants and ensure the construction of a sustainable and technologically advanced environment.

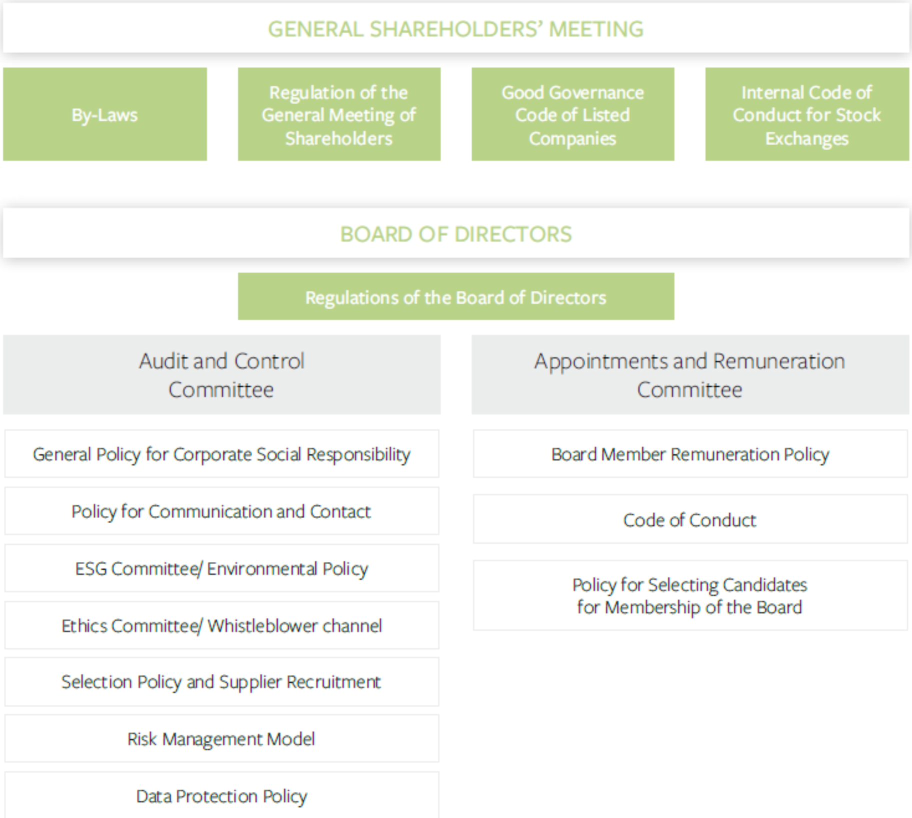


The Group's strategy responds, with a clear focus on value creation, to the lack of quality (Class A) and environmentally friendly office space. Relying on the competitive advantage of its highly experienced team, it is able to identify excellent investment opportunities to reposition assets through intelligent refurbishments.

Árima is built on the proven experience of the members of its management team who bring, on average, two decades in the real estate sector and several years of experience working together on different projects. Their deep knowledge of the sector together with corporate values such as transparency, excellence, sustainable profitability and tangible revaluation make Árima capable of repeating success stories and overcoming previous projects. In addition, the team maintains a strong alignment with the interests of its shareholders thanks to its significant shareholding.

The Group's shareholding includes major national and international funds that are very interested in the opportunities in the Spanish real estate market and in the management team's ability to maximise and optimise the performance and value of the portfolio.

The dominant Company has a suitable governmental structure that guarantees the proper functioning of the governing bodies and compliance with the standards and regulations governing its activity.



The General Shareholders' Meeting is the Company's highest decision-making body. Its designated powers include the appointment of directors, the approval of the remuneration policy and the distribution of dividends, all of which are set forth in the Regulations of the General Shareholders' Meeting.

The Board of Directors reports to the Shareholders' Meeting, overseeing the Company's daily business operations. The members of the Board are responsible for reviewing the Company's strategy and objectives, always adapting them to the needs and trends of the market. Árima has a majority of Independent Directors who bring years of experience and expertise in the real estate, financial and legal sectors, at national and international level. Thanks to their connections in the market and their extensive background, they are also well versed in environmental, social and corporate governance related matters.

The Board of Directors carries out its activities in accordance with the rules of corporate governance contained mainly in the Company's Bylaws, the Regulations of the Shareholders' Meeting and the Regulations of the Board of Directors, also following the recommendations of the Good Governance Code with the maximum commitment to compliance. It also has two fundamental committees, whose essential function is to support this body in its tasks of supervision and control of the ordinary management of the Group: The Audit and Control Committee and, on the other hand, the Appointments and Remuneration Committee.

2. EVOLUTION AND RESULTS OF BUSINESS

The Group, since its launch on the stock market in October 2018, has carried out various real estate asset acquisition transactions. The management of this portfolio has enabled it to generate a positive consolidated result of 10,563 thousand euros in financial year 2022.

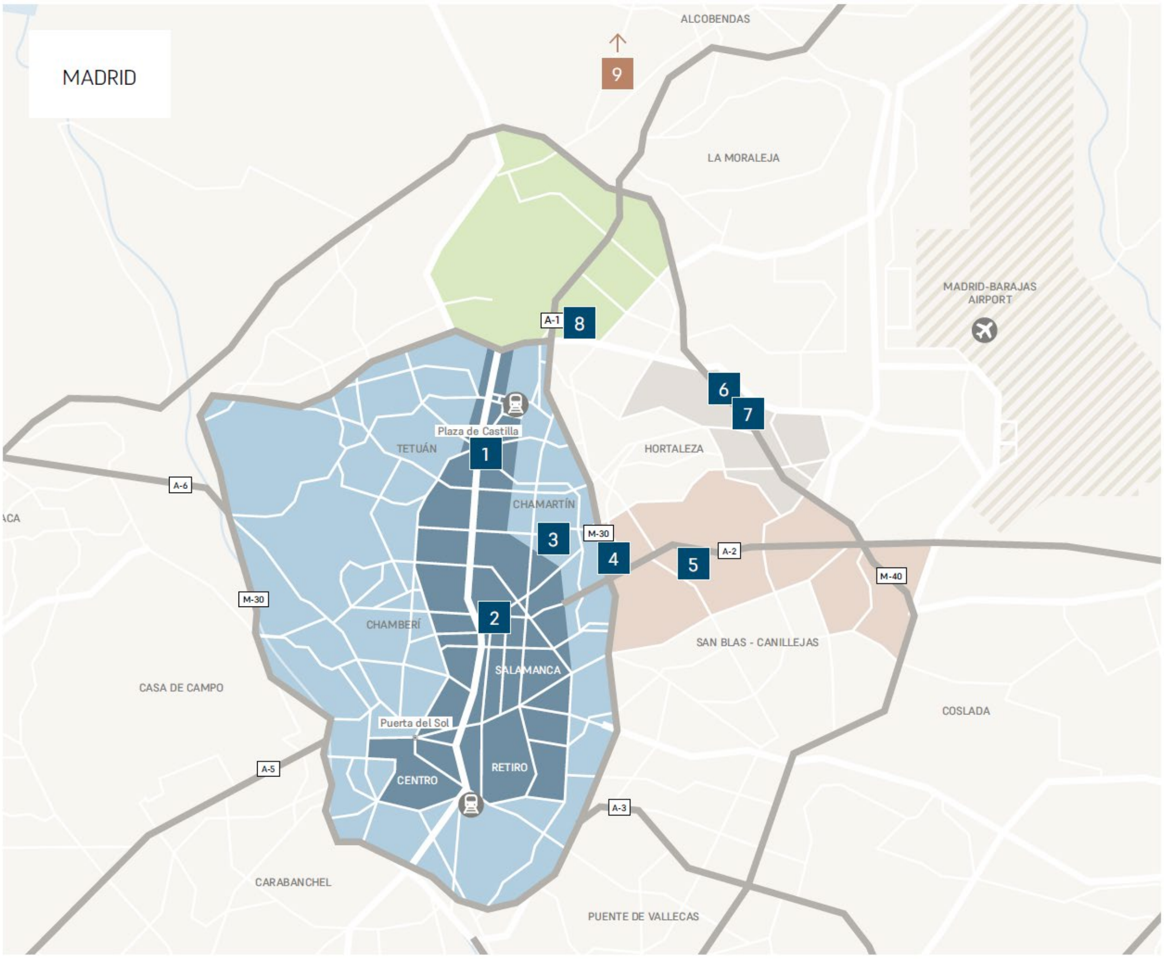
Árima has a solid strategy and a defensive portfolio. In addition, during the year, leasing contracts have been signed and renewed, contributing to maintain a solid and stable position.

Árima has continued to reinforce its commitment with its stakeholders, especially with shareholders and investors, strengthening communication and continuous contact. In addition, it pays special attention to ensure that its impact on society is positive, through its engagement programmes and wellbeing surveys.

The investments made by the Group throughout its history have resulted in the composition of a diversified portfolio, consisting of 9 assets that provide stability and high growth potential. As of December 31, 2022, the Group has 3 refurbishments in progress, which will allow significant increases in value and income in the contracts to be signed once the work is completed.

Árima's portfolio continues its growth, and its value amounts to €379.7M as of December 31, 2021. The revaluation of the portfolio reflects disciplined investment, focusing on healthy buildings, sustainable works and projects whose philosophy fits perfectly with what today's world demands, as well as the good progress of refurbishments, with deliveries expected between the last half of 2023, 2024 and 2025.

The Group's portfolio totals more than 102,000 leasable sqm and 1,281 parking spaces. The properties are in line with the listed company's investment model. They make up a balanced portfolio of rental assets and buildings with great potential for revaluation for the SOCIMI's shareholders, always seeking a product with great potential for generating value in highly consolidated areas of the metropolitan area and the outskirts of Madrid, as shown in the following map.

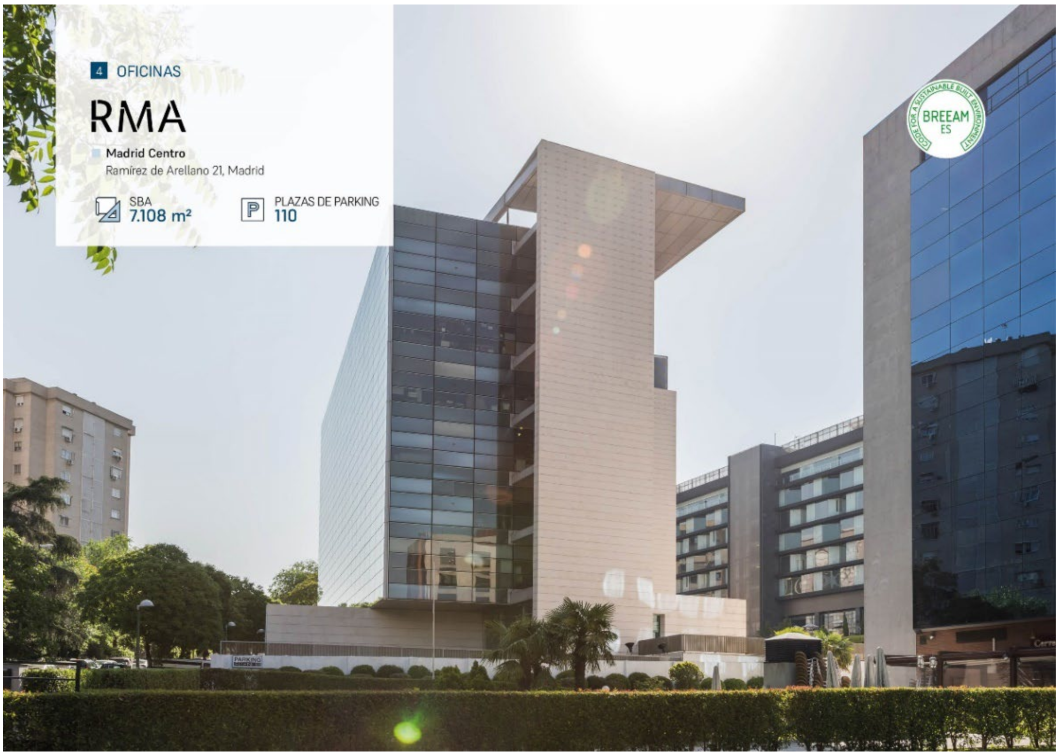


The assets comprising the Group's portfolio are as follows:

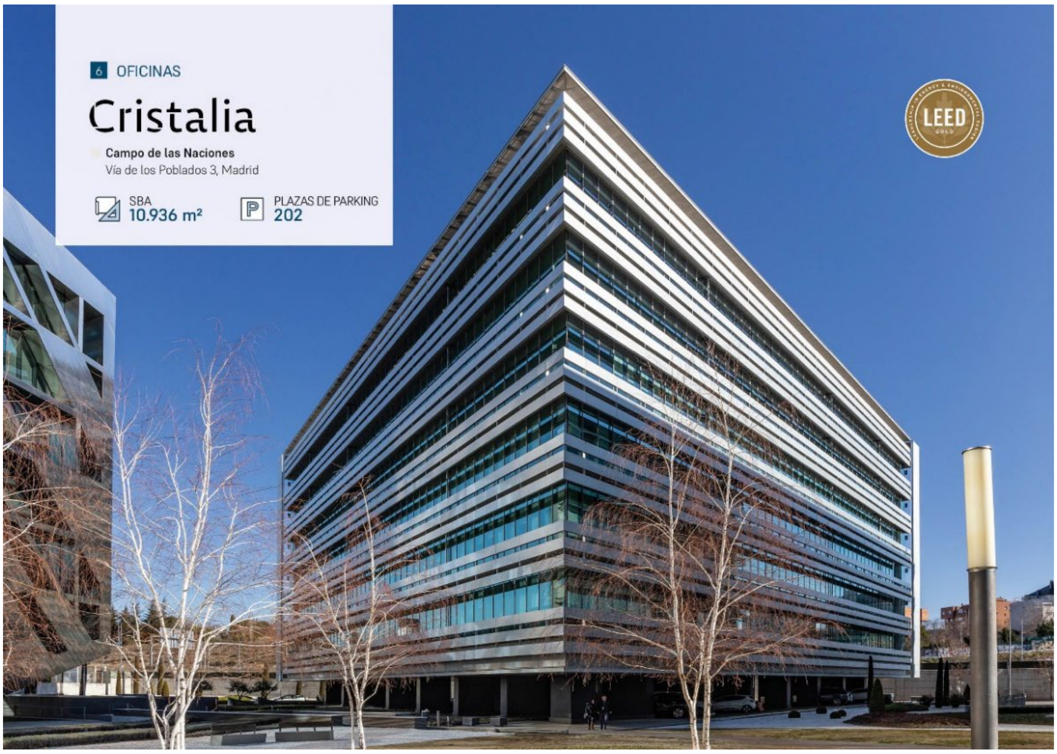

1 OFICINAS
Habana
CBD
Fray Bernardino Sahagún 24, Madrid
SBA
4.355 m²
PLAZAS DE PARKING
65
LEED
WELL


2 OFICINAS
MM39
CBD
María de Molina 39, Madrid
SBA
4.025 m²
PLAZAS DE PARKING
24


3 OFICINAS
Pradillo
Madrid Centro
Pradillo 54-56-58, Madrid
SBA
12.500 m²
PLAZAS DE PARKING
200
LEED
WELL


4 OFICINAS
RMA
Madrid Centro
Ramírez de Arellano 21, Madrid
SBA
7.108 m²
PLAZAS DE PARKING
110
BREEAM ES


5 OFICINAS
Botanic
A2-M30
Josefa Valcárcel 42, Madrid
SBA
9.902 m²
PLAZAS DE PARKING
224
LEED
WELL


6 OFICINAS
Cristalia
Campo de las Naciones
Vía de los Poblados 3, Madrid
SBA
10.936 m²
PLAZAS DE PARKING
202
LEED

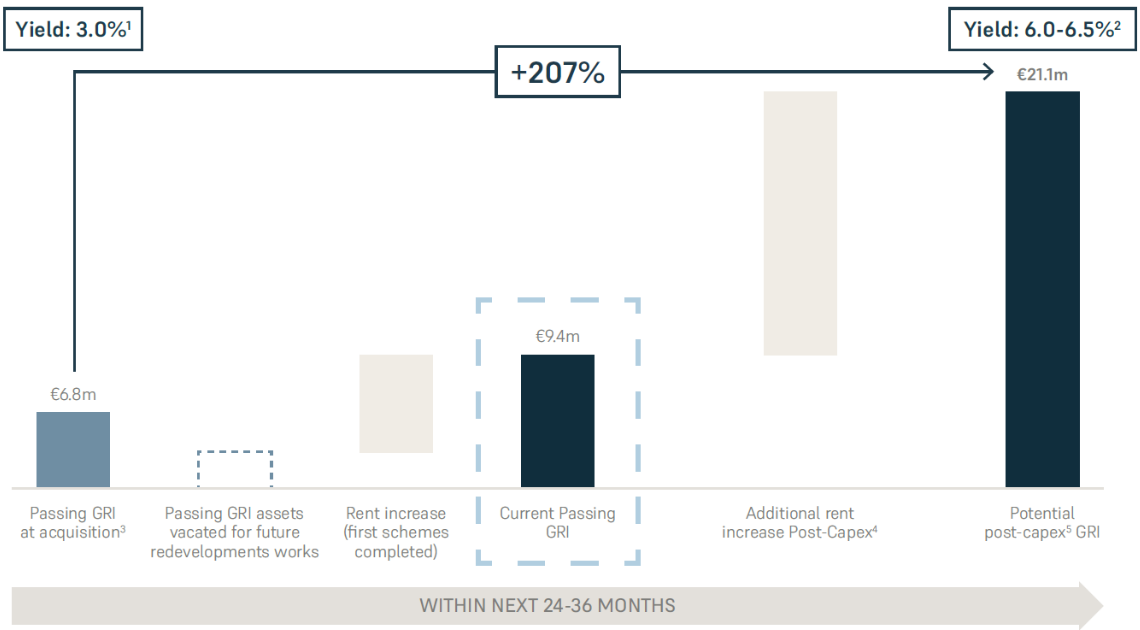

7 OFICINAS
Cadenza
Campo de las Naciones
Vía de los Poblados 7, Madrid
SBA
14.302 m²
PLAZAS DE PARKING
217
LEED
WELL


8 OFICINAS
Dune
Las Tablas/Manoteras
Avenida de Manoteras 28, Madrid
SBA
12.842 m²
PLAZAS DE PARKING
241
LEED
WELL

The revenue derived from the lease of real estate assets amounted to 8,071 thousand euros during the financial year 2022 (31 December 2021: 6,012 thousand euros). EBITDA - earnings before interest, taxes, depreciation and amortisation - amounted to 12,013 thousand euros.

The market value of the Group's assets at 31 December 2022 amounts to 379,700 thousand euros (31 December 2021: 343,600 thousand euros) representing an increase on a like-for-like basis of 11% compared to December 31, 2021.

Below is the revenue projection for the current portfolio, reflecting expected rental growth (at current market levels).



(1) Passing gross yield defined as passing gross rents over total portfolio acquisition price; (2) Yield on cost defined as post-capex GRI divided by total investment (net acquisition cost plus expected capex); (3) Annualized gross rents; (4) Expected increase in rents from capex investments; (5) Expected gross rental income after realizing reversionary potential and effects from capital expenditures.

3. EPRA INFORMATION

The European Public Real Estate Association (EPRA) defines three different metrics for calculating the Net Asset Value (NAV) in its Best Practices guide: Net Reinstatement Value, Net Tangible Assets and Net Disposal Value. Considering its activity, the metric that best represents the nature of the Company is Net Tangible Asset:

EPRA Net Asset Value Metric: Net Tangible Assets

		Thousand euros
	31/12/2022	31/12/2021
NAV	**330,955**	**325,665**
Effect of options, convertibles bonds and other interest	-	-
Diluted NAV	330,955	325,665
Excluded:		
Fair value of financial instruments	2,517	(700)
Intangible assets	246	218
EPRA NTA	**328,192**	**326,147**
Number of issued shares (without treasury shares)	26,407,127	27,503,309
EPRA NAV per share (euros)	**12.4**	**11.9**

During fiscal 2022, the Net Tangible Asset grew by 5%, as a result of successful portfolio management and strategic acquisitions during the year.

4. EVOLUTION OF THE SHARES

The share price at December 31, 2022 was 7,50 euros per share. The share price at December 31, 2021 was €9.18 per share.

5. TREASURY SHARES

As at 31 December 2022, the Company holds shares representing 7.11% of the dominant Company's share capital and totalling 2,022,249 shares (as at 31 December 2021 they represented 3.26% and totalled 926,067 shares). The average cost of treasury shares was EUR 8.15 per share in 2022 (EUR 8.81 per share in 2021), which translated into an attractive discount on the Net Tangible Asset.

These shares are registered reducing the value of the Group equity at 31 December 2022 by 17,072 thousand euros (at 31 December 2021 by 8,163 thousand euros).

The movement of treasury shares in the year is as follows:

	31 December 2022		31 December 2021	
	Number of treasury shares	**Thousand euros**	**Number of treasury shares**	**Thousand euros**
At the beginning of the period/year	**926,067**	**8,163**	**578,513**	**5,082**
Additions/purchases	1,096,182	8,909	347,554	3,081
Reductions	-	-	-	-
At the end of the period/year	**2,022,249**	**17,072**	**926,067**	**8,163**

The dominant Company has complied with its obligations under Article 509 of the Spanish Capital Companies Act, which establishes that the par value of acquired shares that are listed on official secondary markets, added to the value of those that are already held by the dominant Company and its subsidiaries, must not exceed 10% of the share capital. The subsidiary does not hold either treasury shares or shares in the dominant Company.

6. DIVIDEND POLICY

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

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

b) At least 50% of the profits earned from the transfer of the property, shares or ownership interests referred to in Article 2.1 of the Act, where this occurs after the deadlines referred to in Article 3.3

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

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

The dividend must be paid within one month of the distribution agreement. When dividends are distributed with a charge to reserves originating from profits for a year in which the special tax rules were applied, the distribution must compulsorily be approved by means of the resolution referred to above. Additionally, the amendment to Law 11/2021 imposes a 15% tax on undistributed profits through dividends.

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

The following table shows a reconciliation between the result under Spanish Gaap and the result under IFRS:

	Thousand euros	
	31/12/2022	**31/12/2021**
Result of the period - Spanish GAAP	**(4,856)**	**(3,528)**
Adjustments:		
(I) Consolidation	2,342	1,055
(II) Revaluation of investment property	12,992	28,598
Result for period - IFRS	**10,478**	**26,125**

7. THE TEAM

Árima bases its activity on professional solvency, deep knowledge of the sector and the high level of connection of its management team with the market.

To continue building Árima's achievements, the management team works to distinguish the best investment operations. The team oversees all phases of the value creation chain from the identification of assets for investment to the management of assets and their potential repositioning or enhancement and addressing issues such as regulatory compliance and sustainability. In turn, the management team is under the umbrella of the Board of Directors, whose members oversee the Company's activities.

In Árima we always work with the focus on the interests of the Company and its relevant groups. The goal is to create value for shareholders, offer the best quality spaces for tenants and ensure the construction of a sustainable and technologically advanced environment.

These objectives go hand in hand with corporate values. Commitment, transparency and rigor govern day-to-day actions and ensure the best management of the Company, minimizing potential conflicts of interest and solving any unforeseen event.

For Árima, the key to the success of any project is people. To continue promoting best practices, and ensure the best welfare of our team and their professional development, the Company relies on its Employee Engagement Plan.

The evolution of the Company's average number of employees is shown below:

The average number of employees in the financial year 2022 and 2021, distributed by category, is as follows:

Categories	31 December 2022	31 December 2021
Management	8	8
Employees with degrees	4	4
Administrative personnel and others	2	2
	14	**14**

The gender distribution as at 31 December 2022 is as follows:

			31 December 2022
Categories	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	-	1	1
	8	**5**	**13**

8. ALTERNATIVE PERFORMANCE MEASURES

On 5 October 2015, the European Securities and Markets Authority (ESMA) published a set of Guidelines (2015/1415) on Alternative Performance Measures (APM). Compliance with these guidelines is mandatory for all issuers whose securities are admitted for trading on a regulated market and who are required to publish regulatory information under Directive 2004/109/EC on transparency.

Árima's financial information contains figures and measures that have been prepared in accordance with the applicable accounting regulations, together with a further series of measures prepared in accordance with the reporting standards that the company has established and developed internally ("Medidas Alternativas de Rendimiento – MAR").

Alternative performance measures relating to the income statement

- EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): this is an indicator that measures the Company's operating margin before interest, taxes, depreciation, and amortization have been deducted. Given that this figure does not include financial and tax costs or the accounting costs that do not involve any cash outflows, it is used by the Management to assess results over the long term and allows these results to be compared with other companies in the real estate sector. See Note 2 of this consolidated interim management report.

Alternative performance measures relating to the balance sheet

- Gross Asset Value (GAV): this is the value of the portfolio according to its most recent external valuation by an independent expert. This figure is used to determine the value generated as a result of the Group's management of its asset portfolio. See Note 7 of these condensed consolidated interim statements.

- Financial leveraging ratio: calculated as financial debt / (financial debt plus equity). This figure allows the Management to assess levels of borrowing at the Group, given that the Group's main capital management objectives are to ensure long and short-term financial stability, the positive performance of Árima Real Estate SOCIMI, S.A.'s share and the appropriate financing of investments. See Note 3.2 of these condensed consolidated interim statements.

At 31 December 2022, 100% of the financing obtained by the Company is classified as "green" by the financial institutions, given the sustainable characteristics of the properties financed.

9. USE OF DERIVATIVES

The coverage of cash flows through interest rate swaps (financial swap) allows to exchange debt at variable interest rate for fixed-rate debt, where future cash flows to be covered are future interest payments on contracted loans. Changes in the fair value of derivatives are reflected in "Hedging Reserve" in equity. See Note 15 of these condensed consolidated interim financial statements.

10. RISK MANAGEMENT

Árima is subject to a wide range of regulations and good practices in compliance and reporting. In response to these requirements, the Group has carried out an analysis and adaptation of the following Risk Management Systems:

- Risk Management System, defined and developed through the Risk Management Policy and Manual, in order to establish the basic principles, key risk factors and the general framework of action for the control and management of all types of risks faced by the Company (Compliance, Environment, Sustainability, Strategic, Financial and Operational).
- Criminal Compliance Policy, which defines the main guidelines of the Crime Prevention and Detection Model (CPDM), which are developed in the Management Manual issued for this purpose.
- Management Manual of the Internal Control over Financial Reporting System (ICFRS) with the objective of establishing the basis for the maintenance, review, reporting and supervision of the ICFR, ensuring that risks due to errors, omissions or fraud in financial information are adequately controlled, either by prevention, detection, mitigation, compensation or correction, providing assurance that internal controls operate effectively and contribute to ensuring the reliability of the Company's financial information.

In order to:

- Comply with applicable regulations.
- Benefit from models adapted to Árima's specific characteristics.
- Aid decision-making internally and with third parties through the reporting of these areas.

The Board of Directors considers risk management and internal control to be essential factors for the achievement of the Company's objectives. In order to implement these measures, the Company benefits from an Audit and Control Committee which, in turn, relies on the Risk Control and Management Function. Árima has therefore established a risk management model based on the Risk Management and Control Policy, which is detailed in greater detail in the Risk Management and Control Manual. This management model includes, in line with its commitment to integrate sustainability at all levels of the Company, an ESG risk analysis (Environmental, Social, Governance).

The Group's objective is to establish systematic and preventative procedures, aligned with renowned international risk management standards (COSO[2] ERM 2017 - Business Risk Management Framework) and led by management, to forecast, prevent and detect risks.

Risk management and control is an ongoing process based on (i) the identification and assessment of

2 The "Committee of Sponsoring Organizations" (COSO) is a voluntary private sector organization founded in 1985 whose mission is to provide intellectual leadership in relation to three interrelated issues: corporate risk management, internal control and fraud deterrence.

potential Company risks based on strategic and business objectives, (ii) the determination of critical risk action plans and controls, (iii) monitoring the effectiveness of the controls and residual risk developments put in place, to report to the Company's governing bodies.

In addition, the Risk Management System operates in a comprehensive, continuous, and cross-cutting way, and serves the management of all priority risks, both internal and external.

Note 3 of the condensed consolidated interim statements gives details of the Group's risk management activities.

11. PRINCIPAL RISKS AND UNCERTAINTY

The Group's activity is subject to various risks inherent to the sector, such as changes in tax regulations, the evolution of the real estate market, defaults, environmental risks, the search for potential acquisitions of new prime assets in the domestic market and the availability of financing and resources to undertake these acquisitions.

Therefore, the Group carries out its work with committed risk management, as described in the previous section, with the aim of acquiring real estate investments that are in line with its strategy and that provide maximum value to its shareholders in the medium and long term. Árima has investment resources that result from its cash flows associated with the ability to finance assets, which will enable it to continue with its investment strategy focused on real estate assets in Spain.

On the other hand, in February 2022, Russia launched its invasion of Ukraine, marking the beginning of a military conflict between the two countries on Ukrainian territory. The duration of the conflict and the actual consequences for the wider global economy are still uncertain. Following a preliminary assessment of the situation, the Group believes that the conflict will not have a direct or significant impact on the Group, and therefore no consequences are expected as a result of the conflict.

From a financial point of view, Árima has a solid balance sheet to overcome this challenging period, with a reduced leverage (32% LTV) and a cash position and equivalents of EUR 52 million at 31 December 2022, which translates into a positive working capital of EUR 66 million and a net debt amount (positive) of EUR 69 million at that date. In addition, more than 80% of the debt service facing the dominant Company will take place in 2026 and subsequent years, minimising the Group's liquidity risk. In addition, Árima has a high-quality tenant base, which has allowed rent collection periods to remain unchanged. In addition, the refurbishment projects continue without disrupting the Group's strategy.

12. DEFERRED PAYMENTS TO SUPPLIERS

Payments on business operations carried out during the financial year which are outstanding at the year end, with respect to the maximum terms allowed by Act 15/2010, amended by Act 31/2014, are as follows:

	2022	2021
	Days	**Days**
Average payment period to suppliers	27	27
Ratio of transactions paid	25	26
Ratio de transactions pending payment	55	38
	Amount (thousand euros)	
Total payments made	24,217	27,535
Total payments pending	1,427	1,043

The calculation of the figures in the table above agrees with that established in the ICAC resolution of 4 February 2016. For the purposes of this Note, trade payables include sundry suppliers and creditors for debts with suppliers of goods and services included in the scope of the regulation with respect to the legal payment periods.

According to the new regulations required by Article 9 of Act 18/2022, of 28 September, in addition to the previous information, the following information is indicated:

Number (units)	**2022**
Invoices paid before the deadline for payment to suppliers	912
Percentaje of total supplier invoices	96.1%

Amount (thousand euros)	**2022**
Invoices paid before the deadline for payment to suppliers	24,175
Percentaje of total supplier invoices	99.8%

13. TECHNOLOGY, SUSTAINABILITY & HEALTH

Árima is positioned as a reference for the quality of its assets, creating sustainable, innovative, attractive and healthy spaces, inspiring creativity and talent retention.

The Group is committed to obtaining the certifications that guarantee the highest standards of sustainability and health safety in the portfolio. In this way, the team works to achieve the highest LEED, WELL and BREEAM ratings for its assets, reaching a percentage of offices with sustainable certifications four times higher than the market average.

In line with the Company's commitment to sustainability, Árima has undertaken an effort during the 2022 financial year to measure the carbon footprint of its refurbishments and to be able to quantify the Company's impact on the environment. We have calculated the carbon footprint savings of the Botanic and Cadenza projects, obtaining excellent results. Thanks to the reuse of structures and other facilities, these refurbishments have **saved 7,585 tonnes of CO2 equivalent**. This is equivalent to planting 15,000 trees or taking 2,500 new cars off the road for a year.

In addition, the improvements to the logistics warehouse in San Agustín de Guadalix have been completed, allowing **savings in electricity consumption of more than 30%.** This is a major step forward in the Group's **decarbonisation strategy**, whose objectives have been defined in a transversal manner to achieve maximum impact with an efficient approach to resources.

14. SUBSEQUENT EVENTS

From 31 December 2022 to the date of preparation of these Consolidated Financial Statements there have been no material subsequent events requiring disclosure.

ANNEX: Annual Corporate Governance Report and Annual Report on the Remuneration of Directors.
< consolidated management report >

ISSUER'S IDENTIFICATION DATA

Financial year end date	31/12/2022
Company Tax ID No. (CIF):	A88130471

Company name:

ARIMA REAL ESTATE SOCIMI, S.A.

Registered office:

TOREE SERRANO. C/SERRANO, 47 - 4ª PL. 28001 MADRID

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital and voting rights attributed, including, if applicable, those corresponding to loyalty voting shares, as of the closing date of the fiscal year:

Indicate whether the Company's bylaws contain a provision for double voting for loyalty:

[ ] Yes
[√] No

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
15/11/2019	284,293,760.00	28,429,376	28,429,376

Indicate whether there are different types of shares with different associated rights:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant ownership interests at year-end, including board members with a significant ownership:

Personal or corporate name of shareholder	% voting rights allocated to shares		% voting rights held through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
IVANHOÉ CAMBRIDGE, INC.	0.00	20.29	0.00	0.00	20.29
MR. VÍCTOR URRUTIA VALLEJO	0.00	7.95	0.00	0.00	7.95
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	0.00	5.02	0.00	0.00	5.02
THAMES RIVER CAPITAL LLC	0.00	5.01	0.00	0.00	5.01
TR PROPERTY INVESTMENT TRUST PLC	0.00	5.01	0.00	0.00	5.01
MS. ANA PATRICIA TORRENTE BLASCO	0.00	5.00	0.00	0.00	5.00
FIDELITY SELECT PORTFOLIOS	3.55	0.00	0.00	0.00	3.55
FMR LLC	0.00	3.55	0.00	0.00	3.55

Breakdown of indirect holdings:

Personal or corporate name of indirect holder	Personal or corporate name of direct holder	% voting rights allocated to shares	% voting rights held through financial instruments	% of total voting rights
No data available				

Please indicate the most significant movements in shareholding structure during the year:

Most significant movements

During the 2022 financial year, Ms. Ana Patricia Torrente Blasco and Mr. Víctor Urrutia Vallejo have joined as significant shareholders. In addition, Thames River Capital LLP has reduced its position and Pelham Capital Ltd. has ceased to be a shareholder of the Company.

A.3. List, regardless of the percentage, the shareholding at year-end of the members of the Board of Directors who hold voting rights attributed to shares of the Company or through financial instruments, excluding the Board Members identified in section A.2 above:

Personal or corporate name of board member	% voting rights allocated to shares		% voting rights held through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	0.00	5.02	0.00	0.00	5.02	0.00	0.00

% of total voting rights held by members of the board of directors	5.02

Breakdown of indirect holdings:

Personal or corporate name of board member	Personal or corporate name of direct holder	% voting rights allocated to shares	% voting rights held through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
No data					

Please indicate the total percentage of voting rights represented by the Board of Directors:

% of total voting rights represented by the board of directors	0.00

A.4. Indicate, where applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, and excluding those reported in section A.6:

Related-party name or corporate name	Type of relationship	Brief description
No data available		

A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
No data available		

A.6. Describe the relationships (unless insignificant for both parties) that exist between significant shareholders or shareholders represented on the Board, and directors, or their representatives in the case of proprietary directors.

Explain, where applicable, how significant shareholders are represented. Specifically, name the directors who have been appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or links. In particular, and where applicable, mention the existence, identity and position of directors of the listed company, or their representatives, who are in turn members of the board of directors or the representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Personal or corporate name of linked board member or representative	Name or corporate name of linked significant shareholder	Name of the significant shareholder's group company	Description relationship/position
MR. STANISLAS HENRY	IVANHOÉ CAMBRIDGE, INC.	IVANHOÉ CAMBRIDGE, INC.	Proprietary Director

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Capital Companies Act. Provide a brief description and list of the shareholders bound by the agreement, as applicable:

[ ] Yes
[√] No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

[ ] Yes
[√] No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year, where applicable:

A.8. Indicate whether any individuals or legal entity currently exercises control or could exercise control over the company in accordance with article 5 of the Spanish Securities' Market Act. If so, give details:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury stock:

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
2.022.249		7.11

(*) Held through:

Personal or corporate name of direct shareholder	Number of shares held directly
No data available	

Please indicate the most significant movements in shareholding structure during the year:

Most significant movements

In relation to the communication of other relevant information dated 23 March 2020 (registration number 1194), relating to a programme for the buy-back of own shares in order to comply with the obligations arising from the share incentive plan for executive directors, executives and employees of Árima (the "Buy-Back Programme"), successively extended and enlarged by communications of other relevant information dated 30 September 2020 (registration number 4760), 30 March 2021 (registration number 8291) and 15 November 2021 (registration number 12759), the Board of Directors of the Company, at its meeting held on 27 July 2022, resolved to terminate the said Buy-Back Programme. The Board of Directors of the Company, at the aforementioned meeting held on 27 July 2022, in use of the powers granted by the Company's general shareholders' meeting of 28 June 2022, under agenda item 12, has also resolved to implement a share buyback plan (the "Buy-back Plan"). This Buy-back Plan, which does not constitute a share buy-back programme under the Market Access Regulation (MAR) and Delegated Regulation 2016/1052, and therefore does not benefit from the safe harbour applicable to such programmes.

A.10. Give details of the applicable conditions and time periods governing any resolutions by the general shareholders' meeting allowing the board of directors to issue, buy back and/or transfer treasury stock:

The Ordinary General Shareholders' Meeting held on 28 June 2022 agreed to authorise the acquisition of treasury stock by the Company over a period of 5 years, leaving the authorization dated 29 June 2021 without effect.

A.11. Estimated free float:

	%
Estimated free float	53.18

A.12. Give details of any restriction (statutory, legislative or of any other kind) on the transfer of securities and/or any restriction on voting rights. In particular, state whether there is any type of restriction that may make it difficult to take over control of the company through the acquisition of its shares on the market, or any rules governing prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[ ] Yes
[√] No

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid under the terms of Act 6/2007.

[ ] Yes
[√] No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.14. Indicate whether the company has issued securities that are not traded in a regulated European Union market.

[ ] Yes
[√] No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate and detail the differences, if any, between the required quorum for convening the General Shareholders' Meeting and the quorum required in the Spanish Capital Companies Act (LSC):

[ ] Yes
[√] No

B.2. Indicate and, where applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Spanish Capital Companies Act (LSC):

[ ] Yes
[√] No

B.3. Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the articles of association and, if applicable, the rules for protecting shareholders' rights when changing the articles of association.

The system for the adoption of resolutions refers to the LSC.

B.4. Indicate the attendance figures for the general shareholders' meetings held during the year to which this report relates and during the preceding two years:

Attendance Data					
			% remote voting		
Date of General Meeting	% attending in person	% attending by proxy	Electronic vote	Others	Total
28/05/2020	4.77	63.77	0.00	0.00	68.54
Of which, free float	0.93	34.95	0.00	0.00	35.88
29/06/2021	11.45	67.15	0.00	0.00	78.60
Of which, free float	7.61	32.99	0.00	0.00	4.60
28/06/2022	10.39	67.83	0.00	0.00	78.22
Of which, free float	6.55	32.80	0.00	0.00	39.35

B.5. State whether any point on the agenda of the general shareholders' meetings during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. State whether the articles of association impose any minimum requirement on the number of shares required to attend the general shareholders' meetings or to vote remotely:

[ ] Yes
[√] No

B.7. State whether it has been established that certain decisions (other than those established by law) that entail an acquisition, disposal, the contribution of essential assets to another company or other similar corporate transactions, must be subject to the approval of the general shareholders' meeting:

[ ] Yes
[√] No

B.8. Indicate the address of your company's website and the way in which corporate governance content may be accessed, along with any other information on general meetings which must be made available to shareholders on the Company website.

www.arimainmo.com

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of association and the number set by the general meeting:

Maximum number of Directors	7
Minimum number of Directors	5
Number of directors set by the general meeting	7

C.1.2 Complete the following table with board members' details:

Personal or corporate name of board member	Representative	Category of board member	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR. STANISLAS HENRY		Proprietary	DIRECTOR	12/11/2019	12/11/2019	RESOLUTION OF BOARD OF DIRECTORS
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA		Executive	CHIEF EXECUTIVE OFFICER	26/09/2018	29/06/2021	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MR. FERNANDO BAUTISTA SAGÜÉS		Independent	DIRECTOR	26/09/2018	29/06/2021	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ		Independent	DIRECTOR	26/09/2018	29/06/2021	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MR. LUIS MARÍA ARREDONDO MALO		Independent	CHAIRMAN	26/09/2018	29/06/2021	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MRS. CHONY MARTÍN-VICENTE MAZARIEGOS		Executive	DIRECTOR	28/05/2020	28/05/2020	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MR. CATO HENNING STONEX		Independent	DIRECTOR	26/09/2018	29/06/2021	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING

Total number of board members	7

State if any directors have left the board of directors during the period forming the subject of this report, whether through resignation, dismissal or for any other reason:

Personal or corporate name of board member	Category of director at the time of leaving	Date of last appointment	Leaving date	Specialist committees of which he/she was a member	Indicate whether the director left before the end of their term
No data available					

C.1.3 Complete the following tables on the members of the board and their specific category:

EXECUTIVE DIRECTORS		
Personal or corporate name of board member	Position in company's organisational structure	Profile
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	CHIEF EXECUTIVE OFFICER	Mr. Luis Alfonso López de Herrera-Oria has been the CEO of the Company since its inception. He has more than 30 years of experience in the real estate sector. He was CEO of Axiare from 2014 to 2018 and Executive Director of Prima from 1986 to 2002. During this period, Prima was listed on the Madrid Stock Exchange (1988) and, in 1990, became the largest real estate company in Spain. In 2002, he founded Rodex Asset Management with a small team of former Prima members. In 2007, the core business of Rodex was transferred to Alza Real Estate, SA, where he served as CEO and independent Director. Luis Alfonso López de Herrera-Oria has also been an independent advisor to funds such as Falcon II Real Estate, founded by Morgan Stanley and CBRE, and a former advisor to iAdvise Partners, EAFI, SL. He holds a degree in Economics and is a member of the Royal Institution of Chartered Surveyors (FRICS).
MS. CHONY MARTÍN-VICENTE MAZARIEGOS	EXECUTIVE DIRECTOR	Ms. Chony Martín Vicente-Mazariegos has been the CFO of the Company since its inception and is a member of the Board of Directors. She has more than 25 years of experience in Financial Management, Corporate Development and in the areas of Regulatory Compliance and ESG. She is currently an Independent Director at OPDEnergy - an independent renewable energy producer - where she is Chair of the Nomination and Remuneration Committee and a member of the Audit and Control Committee. Previously, she was CFO of Axiare from 2014 to 2018, as well as Director of Investor Relations until 2016. From 1998 to 2002, she worked at Prima as part of Luis Alfonso López de Herrera-Oria's team. Subsequently, she joined Redevco as CFO with responsibility for Spain, Portugal and Italy within a €7.5 billion portfolio. She holds a degree in Business Administration and Economics from the Complutense University in Madrid and has also participated in various leadership and management programmes at IESE, ESADE and IMD, with a special focus on Boards of Directors and ESG. She is currently a lecturer at the Instituto de Empresa (IE) and a member of the Royal Institution of Chartered Surveyors (MRICS).

Total number of Executive Directors	2
% of the Board	28.57

EXTERNAL PROPRIETARY DIRECTORS		
Personal or corporate name of board member	Individual or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment	Profile
MR. STANISLAS HENRY	IVANHOÉ CAMBRIDGE, INC.	Mr. Stanislas Henry is an independent non-executive director of the Company. He is a French citizen and resident and holds an MBA from INSEAD (1996). He is currently Vice President of Ivanhoé Cambridge Europe, where he heads all Operations and Strategic Alliances in Europe. He started his career in Corporate Finance at Paribas Group from 1988 to 1995, holding positions in branches of this group in Paris (Project and media financing), London (LBO financing) and New York (European Corporate Desk). He then spent five years at GE Capital and GE Real Estate in London and Paris in business development functions, contributing to GE's increased presence in European real estate markets (in France, UK, Spain and Italy). After a year in the M&A and Treasury functions of Allianz France (ex AGF), he joined Credit Agricole Group where he led M&A activities in the real estate sectors from 2002 to 2008 within CA CIB. He eventually joined Amundi Real Estate, the Asset Management arm of Credit Agricole Group, where he created the institutional real estate funds department, developing this activity to reach €12Bn of AUM real estate assets across Europe. He joined Ivanhoé Cambridge in May 2019.

Total number of proprietary directors	1
% of the Board	14.29

INDEPENDENT EXTERNAL DIRECTORS	
Personal or corporate name of board member	Profile
MR. FERNANDO BAUTISTA SAGÜÉS	Mr.Fernando Bautista Sagüés is an independent non-executive Director of the Company. He holds a degree in Law from the University of Deusto and a degree in Economics and Business Administration from the Catholic Institute of Business Management (ICADE), has been a member of the Madrid Bar Association since 1981, is a registered commercial mediator with the Ministry of Justice and an ESG advisor certified by the European Financial Planners Association (EPFA). Mr. Fernando Bautista Sagüés became a partner of the law firm J&A Garrigues in 1989 and, after its merger with Arthur Andersen, became a partner of Arthur Andersen Worldwide in 1996. Two years later, in 1998, he became a partner at Freshfields. Between 2014 and 2018 he was an independent non-executive director of Axiare Patrimonio and between 2014 and 2022 he was secretary of the Sustainable Development Committee of Iberdrola, S.A. He is currently an independent director of Abante Asesores, S.A. and advises as an independent lawyer on corporate and financial law and ESG matters.

INDEPENDENT EXTERNAL DIRECTORS	
Personal or corporate name of board member	Profile
MR. DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Mr. David Jiménez-Blanco Carrillo de Albornoz is an independent non-executive director of the Company. He holds a degree in Economics and Business Administration from CUNEF. Mr. Jiménez-Blanco worked at Goldman Sachs International from 1995 to 2006, where he was responsible for the European Industrial Clients Group and the investment banking teams in Spain and Portugal. Between 2006 and 2009, Mr. Jiménez-Blanco was Chairman of Merrill Lynch Capital Markets España, S.A, Sociedad de Valores, Head of Investment Banking and Global Markets of the same firm in Spain and Portugal, and member of the EMEA Investment Banking Operating Committee. Between 2010 and 2013, he was a partner at BK Partners, a firm dedicated to direct investment in Mexico; between 2013 and 2016 he was CFO of World Duty Free SpA, a Milan listed company, and between 2016 and 2020 he was Head of Restructuring at Abengoa. Between 2011 and 2012 he was a Director of Atento (a subsidiary of the Telefonica group) and between 2014 and 2018 he was an independent Director of Axiare Patrimonio. Currently and since 2020, he is Chairman of the Sociedad Rectora de la Bolsa de Madrid, Vice-Chairman of Bolsas y Mercados Españoles and independent Director of SIX Group. He is also Chairman of Gawa Capital, an impact investment fund manager, and a member of the Advisory Board of CUNEF Universidad.
MR. LUIS MARÍA ARREDONDO MALO	Mr. Luis Maria Arredondo Malo is a Civil Engineer and holds the Professional Merit Medal of the I.C.C.P. College. He has also completed a Senior Programme in Business Administration (P.A.D.E) at the IESE Business School (University of Navarra). Between 1969 and 1975 he worked in the Spanish Ministry of Public Works as a project engineer. Between 1975 and 1978 he was General Manager of the construction company S.A.C.R.A., part of the Belgian C.F.E. Group. In 1980 and until 1988 he was General Manager of Corporación Inmobiliaria Hispamer (CIH) and General Manager of Sociedad de Edificaciones de Madrid y Provincia, S.A. (EMPSA). In 1988 and until 1994 he was Chief Executive Officer (CEO) of Inmobiliaria Zabálburu, S.A., a company listed on the Spanish stock market. During this period, the real estate company grew rapidly and steadily. Between 1994 and 2006, he was CEO of Inmobiliaria Urbis, a position he held simultaneously with that of Chairman during 2006, a company which, in that period, reached a market value of 3,400 million euros. Between 2006 and 2013, he was Chairman and CEO of Santander Global Property, Banco Santander's asset management company, with major international projects in cities such as Madrid, Sao Paulo, Mexico City, Monterrey, Miami and Berlin. Between 2014 and 2018, he was Chairman of the Board of Directors of Axiare Patrimonio, one of the largest SOCIMI's listed on the Spanish stock market, and acquired by Inmobiliaria Colonial.
MR. CATO HENNING STONEX	Mr. Cato Henning Stonex is an independent non-executive director of the Company. He holds a BSC (Econ) from the London School of Economics and Political Science. From 2006 to 2016 he was a Governor and in 2016 he was appointed Governor Emeritus. Mr Cato Henning Stonex is a director of LSE Ideas (think tank) and is a member of the Investment Committee. Mr Cato Henning Stonex joined Morgan Grenfell & Co in 1986, where he became a trader of European government bonds. In 1989, he joined J.Rothschild Administration as a fund manager. In 1996 he was a founding partner of Taube Hodson Stonex. In 2016, Taube Hodson Stonex merged with Global Asset Management. Cato Henning Stonex is currently a director of WMC Capital Ltd and Stonex Capital Partners Ltd, focusing on international small and mid-cap investments. He was an independent non-executive director of Axiare Patrimonio from 2017 to 2018.

Total number of independent directors	4
% of the Board	57.14

List any Independent Directors who receive any amount or payment from the company or its corporate group other than standard director remuneration, or who maintain or have maintained during the last financial year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity, which maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board detailing why it believes that the said director will be able to perform his/her duties as an independent director.

Personal or corporate name of board member	Description of the relationship	Reasoned statement
No data available		

OTHER EXTERNAL DIRECTORS			
Give details of any other external directors and list the reasons why they cannot be considered proprietary or independent directors. Give details of their relationships with the company, its executives or shareholders:			
Personal or corporate name of board member	Reasons	Company, manager or shareholder to whom he/she is linked	Profile
No data available			

Total number of other external directors	N.A.
% of the Board	N.A.

List any changes in the category of each director that have occurred during the period reported:

Personal or corporate name of board member	Date of change	Previous category	Current category
No data available			

C.1.4 Complete the following table with information on the number of female board members at the close of the last 4 financial years and their category:

	Number of female board members				% of the total number of directors of each type			
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2022	FY 2021	FY 2020	FY 2019
Executive	1	1	1	1	50.00	50.00	50.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent					0.00	0.00	0.00	0.00
Others					0.00	0.00	0.00	0.00
Total	1	1	1	1	14.29	14.29	14.29	0.00

C.1.5 State whether the company has diversity policies that apply to its board of directors on such questions as age, gender, disability and professional training and experience. Small and medium-sized enterprises, as these are defined in the Accounts Audit Act, must at least report the policy they have implemented in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also describe the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse group of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved.

The Board of Directors has approved a director selection policy which ensures that the procedures used to select directors favour diversity in respect of gender, experience and knowledge and that they are free from any implicit bias that might involve some form of discrimination. It also ensures that candidates for the position of non-executive director have sufficient time available to properly perform their duties.

C.1.6 Explain the measures agreed by the appointments committee, where applicable, to ensure that selection processes are not subject to any implicit bias that would make it difficult to select female directors, and to ensure that the company makes a conscious effort to search for and include female candidates who have the required professional profile, thus allowing for a balanced presence between men and women.

Explanation of measures

The Company has a Director Selection Policy, approved by the Board of Directors and in force, through which it ensures that director selection procedures favour diversity of gender, experience, and knowledge, and do not suffer from implicit biases that could imply any discrimination. Thus, in keeping with this commitment, the General Shareholders' Meeting for financial year 2020 approved, at the proposal of the Appointments and Remuneration Committee, the appointment of a female director, setting the number of directors at seven.

When, in spite of the measures taken (where applicable), there are few or no female directors, please give the reasons why this is the case:

Explanation of reasons

As indicated in the previous section, it is the Company's objective to continue to ensure gender diversity, evaluating all applications on a case-by-case basis.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

The Company has established a Director Selection Policy based on an analysis of the Company's needs. Candidates for Directors shall be persons of recognised prestige, solvency, competence, qualifications, training, availability and commitment to the function. Furthermore, they must be professionals of integrity whose conduct and professional career are in line with the mission, vision and values of the Company. Likewise, it is the Company's will to achieve the diversity policies and fulfil the objectives set with regard to the participation of women on boards of directors. In this regard, the General Meeting of Shareholders of the financial year 2020 approved, at the proposal of the Appointments Committee, the appointment of a female director, setting the number of directors at seven.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Personal or corporate name of shareholder	Reasons
No data available	

Provide details of any rejections of formal requests for board representation from shareholders whose shareholding interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. Where applicable, explain the reasons why they were rejected.

[ ] Yes
[√] No

C.1.9 Where applicable, give details of the powers and duties delegated by the board of directors to directors or board committees, including those related to the possibility of issuing or repurchasing shares:

Personal or corporate name of board member or committee	Brief description
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Each and every one of the powers accorded to the Board of Directors which may be subject to delegation under Law, Bylaws and the Board of Directors' Regulations

C.1.10 List the directors, if any, who hold office as directors, directors' representatives or executives in other companies belonging to the listed company's group:

Personal or corporate name of board member	Name of the group company	Position	Does he/she have executive powers?
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Árima Investigación, Desarrollo e Innovación, S.L.U.	Representative of the Sole Director	YES
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Árima Investments, S.L.	Representative of the Sole Director	YES

C.1.11 Where applicable, list any directors or directors' representatives that are legal entities and are members of the board of directors or the representatives of members of the board of directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Personal or corporate name of board member	Name of the listed company	Position
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Rodex Asset Management, S.L.	SOLE DIRECTOR
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Agrodesarrollos Integrados, S.L.	SOLE DIRECTOR
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Inmodesarrollos Integrados, S.L.	SOLE DIRECTOR
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Puerto Feliz, S.A.	SOLE DIRECTOR
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Heracles Proyectos y Promociones Inmobiliarias, S.A.	SOLE DIRECTOR
MS. CHONY MARTÍN VICENTE-MAZARIEGOS	OPDENERGY S.A.	DIRECTOR
MR. LUIS MARÍA ARREDONDO MALO	Nieve de Andalucía. S.L.	PRESIDENT
MR. LUIS MARÍA ARREDONDO MALO	Castellar Ingenieros S.L.U.	DIRECTOR
MR. LUIS MARÍA ARREDONDO MALO	Aljaral S.A.U.	PRESIDENT
MR. LUIS MARÍA ARREDONDO MALO	Rústica Consolación S.L.	PRESIDENT

MR. FERNANDO BAUTISTA SAGÜÉS	Abante Asesores S.A.	DIRECTOR
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ	BME Holding (Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros), S.A.	DIRECTOR
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ	Sociedad Rectora De La Bolsa De Valores De Madrid S.A.	PRESIDENT
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ	Gawa Capital Partners, SGEIC, S.A.	PRESIDENT
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ	SIX-Group AG	DIRECTOR
MR. CATO HENNING STONEX	AXCENT PARTNERS LLP	DIRECTOR
MR. CATO HENNING STONEX	CATO STONEX LIMITED	DIRECTOR
MR. CATO HENNING STONEX	CHS VENTURES LIMITED	DIRECTOR
MR. CATO HENNING STONEX	C STONEX LIMITED	DIRECTOR
MR. CATO HENNING STONEX	CS VENTURES LIMITED	DIRECTOR
MR. CATO HENNING STONEX	JOHN CHAPMAN LIMITED	DIRECTOR
MR. CATO HENNING STONEX	PARTNERS INVESTMENT COMPANY (2017) LIMITED	DIRECTOR
MR. CATO HENNING STONEX	PARTNERS INVESTMENT COMPANY LLP	DIRECTOR
MR. CATO HENNING STONEX	PETWORTH ART LLP	DIRECTOR
MR. CATO HENNING STONEX	ROUNDWOOD PARTNERS LLP	DIRECTOR
MR. CATO HENNING STONEX	SLOANE RESIDENTS LIMITED	DIRECTOR
MR. CATO HENNING STONEX	STONEX CAPITAL PARTNERS LTD	DIRECTOR
MR. CATO HENNING STONEX	UNION JACQUES LIMITED	DIRECTOR
MR. CATO HENNING STONEX	WESTMORLAND SPIRITS LIMITED	DIRECTOR
MR. CATO HENNING STONEX	OBOTRITIA CAPITAL KGaA	DIRECTOR
MR. CATO HENNING STONEX	The Latitude Hotels Group LTD	DIRECTOR
MR. CATO HENNING STONEX	OPTIMUM HEALTH LTD	DIRECTOR
MR. CATO HENNING STONEX	ST ENERGY TRANSITION	DIRECTOR
MR. CATO HENNING STONEX	Stonex Capital Partners SRL	DIRECTOR
MR. STANISLAS HENRY	IC PL Properties GmbH	DIRECTOR
MR. STANISLAS HENRY	KMS Beteiligungs GmbH	DIRECTOR
MR. STANISLAS HENRY	Wilmersdorfer Arcaden Verwaltungs GmbH	DIRECTOR
MR. STANISLAS HENRY	ICAMAP Investimento S.à.r.l	MANAGER
MR. STANISLAS HENRY	IC UK Investments Limited	DIRECTOR
MR. STANISLAS HENRY	Peel Logistics Management Limited	DIRECTOR
MR. STANISLAS HENRY	Stonecutter JV Limited	DIRECTOR

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature, other than those indicated in the table above.

Personal or corporate name of board member	Other remunerated activities
No data available	

C.1.12 State and, where applicable, explain whether the company has established rules on the maximum number of company boards on which its directors may hold seats, identifying, where appropriate, where this is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where this is regulated.
In accordance with Article 21, section 2.a of the Board of Directors Regulations, under no circumstances may a director be a member of more than 5 Boards of Directors.

C.1.13 Give details of the following amounts paid in relation to the overall remuneration received by the board of directors:

Amount of remuneration accrued by the board (thousands of euros)	2,069
Value of rights accumulated by current board members in respect of pensions with vested economic rights (thousands of euros)	
Value of rights accumulated by current board members in respect of pensions with non-consolidated economic rights (thousands of euros)	
Value of rights accumulated by former board members in respect of pensions (thousands of euros)	

C.1.14 List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the financial year:

Name or corporate name	Position/s
No data available	

C.1.15 Indicate whether any changes have been made to the board regulations during the year:

[√] Yes
[ ] No

Description of changes
On 19 May 2022, the Board of Directors, following a proposal by the Audit and Control Committee, which was accompanied by the corresponding explanatory report, unanimously approved the amendment of articles 5.3. o) and s), 10, 11, 12, 15, 17, 22 and 25. 8 of the Board of Directors' Regulations in order to adapt their content to the new features introduced by Law 5/2021 of 12 April, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies (the "Law 5/2021 of 12 April"). This amendment was approved by the General Meeting of Shareholders held on 28 June 2022.

C.1.16 Give details of the procedures for selecting, appointing, re-electing and removing Directors. List the competent bodies and the processes and criteria used for each procedure.

The selection policy for candidates for the position of director establishes that candidates for the Company's Board of Directors will be selected on the basis of the following principles:
1. The aim will be to ensure that the Board of Directors comprises a balanced membership with the majority being Non-Executive Directors and with a reasonable ratio of Proprietary and Independent Directors.
2. The Board of Directors shall ensure that the procedures for the selection of Directors favour diversity of gender, experience and knowledge and are free from any implicit bias that might lead to discrimination. It will also ensure that candidates for Non-Executive Directors have sufficient time available to properly perform their duties.

3. Additionally, the process of selecting candidates for the position of Director will begin with a preliminary analysis of the needs of the Company and its Group. This analysis will be carried out by the Company's Board of Directors, with advice and a mandatory prior supporting report from the Appointments and Remuneration Committee.
4. The supporting report from the Appointments and Remuneration Committee shall be published when convening the General Shareholders' Meeting to which the ratification, appointment or re-election of each Director is to be submitted.
5. The Appointments and Remuneration Committee will annually verify compliance with the Board Member Selection Policy and will detail its findings in the Annual Corporate Governance Report.

C.1.17 Explain the extent to which the annual appraisal of the Board has given rise to significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes
No data available

Describe the appraisal process and the areas assessed by the Board of Directors with the help, where required, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been subject to appraisal.

Description of the appraisal process and areas assessed

The Board of Directors shall conduct an annual self-assessment of its operation and of its Commissions and Committees, in particular the diversity in the composition and competence of the Board of Directors, as well as the performance of the Chairman of the Board of Directors, the Chief Executive Officer of the Company and of the different Directors, paying special attention to the heads of the different Board Commissions and Committees, and it shall take the appropriate measures for their improvement.

The result of this assessment shall be recorded in the minutes of the meeting or attached to this report as an appendix.

The assessment of the various Board Commissions and Committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report drafted by the Appointments and Remunerations Committee.

Every three years, the Board of Directors shall be assisted in carrying out the assessment by an External Consultant, whose independence shall be verified by the Appointments and Remuneration Committee.

Any business relationships that the consultant (or any company from its group) maintains with the Company (or any company within the Group) must be listed in the Annual Corporate Governance Report. The process and the areas assessed will be described in the aforementioned Annual Corporate Governance Report.

C.1.18 For financial years in which the assessment has been assisted by an external advisor, give details of the business relationships that the external advisor or any company in its group maintains with the company or any company in its group.

The evaluation of the Board by an external expert was completed in 2022. The consultant who assisted the Company in the evaluation of the Board of Directors provides general legal advisory services to the Company and its group on commercial, corporate, tax, labour, real estate, industrial and intellectual property and any other matters related to the operation of a listed real estate company. The total fees obtained by this consultant and its group companies as a result of the services rendered during the financial year 2022 amount to 117 thousand euros, representing 1.5% of the Company's total turnover during said financial year, corresponding to services rendered by external suppliers, and representing a value of less than 0.02% of the consultant's total turnover in Spain.

C.1.19 Indicate the cases in which Directors are obliged to resign.

Article 12 of the Board of Directors' Regulations regulates the dismissal and removal of Directors:
1. Directors must relinquish their post and formalise their resignation whenever any of the grounds set out in law for incompatibility or disqualification from holding the position of director become apparent, and also in the following cases:

a) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers the entire holding that it had in the Company or reduces it to such a level that this requires a reduction in the number of its proprietary directors.

b) When the Board itself requests this by a majority of at least two thirds (2/3) of its members, due to the director having infringed his/her obligations, following a proposal or report from the Appointment and Remuneration Committee, or when his/her remaining on the Board could endanger the Company's credit and reputation.
2. In the event that a private individual representing a legal entity that holds a position of the board becomes affected by any of the grounds set out in law for incompatibility or disqualification from office, the legal entity that holds the position on the board must immediately replace that person.
3. The Board of Directors may not propose the removal of any independent director prior to the end of the statutory period for which he/she was appointed, unless there are fair grounds as assessed by the Board following a report from the Appointments and Remuneration Committee. In particular, it shall be understood that just cause exists when the director has failed to comply with the duties inherent in his/her post, has failed to comply with any applicable recommendation on the subject of corporate governance or has become bound by any of the circumstances preventing his/her appointment as an independent director. Notwithstanding the foregoing, the Board may also propose the removal of independent directors resulting from takeover bids, mergers or other similar corporate operations that imply a change in the Company's capital structure, when such changes in the structure of the Board are supported by the criterion for proportionality set out in article 9, section 3, above.
4. When a director leaves his/her post before the end of his/her term, whether through resignation or due to any other cause, he/she shall explain their reasons in a letter sent to all members of the Board, notwithstanding the resignation being notified as a significant event and the reason for the resignation being noted in the Annual Corporate Governance Report. In particular, in the event that the resignation of the Director is due to the Board having adopted significant or

repeated resolutions regarding which the director has set down on record his/her reservations and as a consequence of this has decided to resign, this circumstance shall be expressly stated in his/her resignation letter. This provision also applies to the secretary of the Board, even if he/she is not a director.
5. Notwithstanding the above, the removal of directors may be approved by the General Shareholders' Meeting at any moment, even when not provided for in the meeting's agenda.

C.1.20 Are enhanced majorities required for any type of decision, other than those that are stipulated in law?

[√] Yes
[ ] No

Where applicable, describe the differences.

Description of differences
Article 31 of the Regulations of the Board of Directors establishes in section 6 that the favourable vote of a qualified majority of directors will be necessary for (i) the approval of the report necessary for the General Meeting to approve the establishment of the compensation system for directors and management of the Company, consisting of the delivery of shares or rights over them, for (ii) the modifications with respect to the Company's business and for (iii) the modification of article 31.6 itself. Likewise, article 4.3. of the Board Regulations establishes a 2/3 majority of the Board to be able to modify the Regulation itself, and 12.1. b) of the Board Regulations establishes a 2/3 majority of the Board in order to request termination or resignation of the Directors.

C.1.21 Indicate whether there are any specific requirements, other than those that apply to directors, to be appointed chairman of the board of directors:

[ ] Yes
[√] No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for directors:

[ ] Yes
[√] No

C.1.23 State whether the articles of association or the board regulations establish any term limits or other stricter requirements for independent directors in addition to those that are required by law:

[ ] Yes
[√] No

C.1.24 Indicate whether the articles of association or the board regulations stipulate specific rules for delegating voting rights on the board of directors, how this is done and, in particular, the maximum number of times that voting rights may be delegated to a board member, as well as whether there is any limitation on the categories of director to whom proxies can be delegated, beyond the restrictions imposed by law. Where applicable, detail these briefly.

Article 31.2 of the Board of Directors' Regulations states that directors must attend board meetings in person, notwithstanding the contents of paragraph 8 of Article 30. However, directors may be represented by another director in accordance with the legislation in force from time to time. The power of representation shall be granted especially for the board meeting in question, and it may be notified using any of the means provided for in paragraph 5 of Article 30 of the Regulations.

C.1.25 Indicate the number of board meetings held during the year. Indicate how many times the board has met without the chairman in attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	7
Number of board meetings held without the chairman's attendance	0

State the number of meetings held by the coordinating director with the other directors when no executive director was present either in person or by proxy:

Number of meetings	0

Indicate the number of meetings held of the various board committees during the year:

Number of meetings of the AUDIT COMMITTEE	6
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	5

C.1.26 State the number of meetings held by the board of directors during the year and details of the number of members in attendance:

Number of meetings held with at least 80% of board members present in person	5
% of personal attendance over total votes during the year	71.43
Number of meetings at which all board members were present in person or represented by proxy with specific instructions	2
% of votes issued at meetings in person or by proxy with specific instructions over total votes during the year	28.57

C.1.27 State whether the consolidated and individual financial statements submitted for authorisation by the board are previously certified:

[ ] Yes
[√] No

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual accounts prior to their authorisation for issue by the board:

C.1.28 Explain the mechanisms, if any, put in place by the board of directors to ensure that the individual and consolidated financial statements prepared by the board are not presented at the general shareholders' meeting with a qualified audit report.

The Company, continuing with the development of a rigorous internal control system, prepared an Internal Control over Financial Reporting System (ICFRS) Management Manual, approved by the Board of Directors of the Company in financial year 2021. The purpose of the ICFR Manual is to establish the basis for the maintenance, review, reporting and supervision of Árima's ICFRS, ensuring that the risks of errors, omissions or fraud in financial information are adequately controlled, whether by prevention, detection, mitigation, compensation or correction, providing reasonable assurance that the risks of errors, omissions or fraud in financial information are adequately controlled, either by prevention, detection, mitigation, compensation or correction, providing reasonable assurance that the risks of errors, omissions or fraud are adequately controlled.
providing reasonable assurance that internal controls are operating effectively and contribute to ensuring the reliability of the Company's financial information.
The Company's ICFRS was verified by the external auditor with a satisfactory result.
In addition, the annual accounts are subject to an audit process. In this respect, article 40 of the Board of Directors' Regulations regulates relations with the external auditors in the following terms:
1. The relations of the Board of Directors with the external auditors of the Company shall be channelled through the Audit and Compliance Committee.
2. The Board of Directors shall refrain from engaging audit firms whose fees that the company and the companies in its group expect to pay, for all concepts, are greater than five (5%) per cent of the revenues of the audit firm in Spain during the immediately preceding year.
3. The Board of Directors shall endeavour to definitively formulate the accounts in such a way that there are no qualifications or reservations in the audit report, and in the exceptional cases in which they do exist, both the chairman of the Audit and Compliance Committee and the auditors shall clearly explain to the shareholders the content and scope of such reservations or qualifications. In accordance with the foregoing, the Audit Committee supervises both the conclusions and financial statements obtained by the financial department once the financial closing process has been executed, as well as the conclusions obtained by the external auditor following its audit process, both verifying the application of the accounting regulations in force at any given time. This supervisory work is carried out prior to the Board of Directors' meeting at which the annual accounts are drawn up, so that the level of assurance over the financial statements issued is total.

C.1.29 Is the board secretary also a member of the board?

[ ] Yes
[√] No

If the Secretary does not have the status of director, please complete the following table:

Personal or corporate name of board secretary	Representative
MR. IVÁN AZINOVIC GAMO	

C.1.30 Give details of the specific measures established by the company to ensure the independence of its external auditors and, where applicable the mechanisms implemented to maintain the independence of financial analysts, investment banks, and rating agencies, including how the provisions set out in law have been implemented in practice.

Section five of Article 35 of the Board of Directors' Regulations establishes the following duties for the Audit and Control Committee in relation to the external auditor:
(i) to bring before the Board of Directors proposals for the selection, appointment, re-election and replacement of the external auditor (which must be international firms of acknowledged standing), along with the terms of their engagement;
(ii) to receive information from the external auditor on a regular basis regarding the audit plan and the results of its execution, and to check that the management takes its recommendations into account;
(iii) to ensure the independence of the external auditor and, to that end, ensure that the Company informs the CNMV (Spanish Securities Market Commission) of the change of auditor as a significant event, enclosing a declaration on the possible existence of disagreements with the outgoing auditor and their content, where applicable; and in the event that the external auditor resigns, to examine the circumstances that caused its resignation.
The Audit and Control Committee must establish the appropriate relations with the account's auditors or auditing companies in order to receive information on those questions that could endanger their independence, so that these can be examined by the Audit and Control Committee, along with any other questions relating to the process of conducting the accounts audits and any other communications provided for in the legislation on accounts audits and auditing standards.
In all cases, they must receive written confirmation each year from the account's auditors or the auditing companies regarding their independence from the company and any companies directly or indirectly related to it, along with information on additional services of any kind that have been provided to these companies by the said auditors or companies or parties related to them, in accordance with the provisions of Spanish Accounts Auditing Act 22 of 20 July 2015;

(iv) to aid the Company's auditor so that it can accept responsibility for the audits of the companies belonging to the group, where applicable;
(v) in the event of the external auditor's resignation, to examine the circumstances that have caused it;
(vi) to ensure that the payment of the external auditor does not compromise its quality or independence;
(vii) to ensure that the external auditor has a yearly meeting with the Board of Directors in full session to inform it of the work undertaken and developments in the Company's risk and accounting positions;
(viii) to ensure that the Company and its external auditor respect the regulations in force on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, all other regulations governing the independence of auditors.
In addition, prior to the issue of the accounts audit report, the Audit and Control Committee must produce an annual report in which it gives an opinion on the independence of the account's auditors or auditing companies. This report must, in all cases, include a statement regarding the provision of the additional services referred to in section b), point (iii), above.

C.1.31 State whether the Company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

[ ] Yes
[√] No

If there have been disagreements with the outgoing auditor, explain the reasons:

[ ] Yes
[√] No

C.1.32 Indicate whether the auditing firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Fees for non-audit work (thousands of euros)	10	0	10
Amount invoiced for non-auditing work / Amount for auditing work (as a %)	9.62	0.00	9.62

C.1.33 Indicate whether the audit report on the previous year's annual accounts is qualified or includes reservations. If so, please explain the reasons given by the chairman of the audit committee to shareholders at the General Shareholders' Meeting to explain the content and extent of these qualified opinions or reservations.

[ ] Yes
[√] No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's individual and/or consolidated annual financial statements. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	5	5

	Individual	Consolidated
Number of years audited by the current audit firm / number of years the company or its group have been audited (as a %)	100.00	100.00

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies and, where applicable, give details:

[√] Yes
[ ] No

Details of the procedure

Section 5 of Article 30 of the Board of Directors' Regulations establishes the following:
Meetings of the Board of Directors will be notified by letter, fax, telegram, email or any other means that provides proof of receipt, and notification will be authorised with the signature of the chairman, or with the signature of the secretary or deputy secretary, by order of the chairman. Such notifications shall be sent sufficiently in advance so that they are received by board members no later than the third day before the date set for the meeting, except in the case of urgent meetings, which may even be convened and held immediately. This shall exclude those cases in which the Regulations require a specific period of advance notice. Notifications shall always include the place, date and time at which the meeting is to be held and, unless duly justified, the meeting's agenda, and they shall be accompanied by any information deemed necessary in order to debate and adopt resolutions on the items to be discussed, unless the Board of Directors has been constituted or exceptionally convened for reasons of urgency.
In this regard, the company's usual practice is to make all information available to board members a week before the meeting is to be held.

C.1.36 Indicate and, where applicable, give details of whether the company has established regulations obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, resigning as the case may be:

[√] Yes
[ ] No

Details of the regulations

Article 21 of the Board of Directors' Regulations governs the duty of notification on the part of directors:
1. Directors shall inform the Company of any stake that they or their Related Parties hold in the capital of any company with the same or a similar or complementary kind of business activity to the one forming the corporate purpose, giving details of any positions held or duties performed at the company in question. They shall also inform the Company of any activity that they engage in, either for themselves or for others, that is complementary to the one forming the Company's the corporate purpose. All such information shall be included in the notes to the annual accounts and in the Annual Corporate Governance Report, in accordance with legal requirements.
2. Directors must also notify the Company:
a) of all the posts held and the activities carried out in other companies or organisations, along with any other professional obligations. In particular, and prior to accepting any appointment as a director or executive in another company or organisation, directors must consult the Appointments and Remuneration Committee. No Director may, under any circumstances, sit on more than five (5) Boards of Directors;

b) of any material change in their professional situation that may affect the nature or condition by virtue of which they had been appointed as directors;
c) of any judicial, administrative or other proceedings that they may be involved in and that, due to their characteristics or importance, could have a serious impact on the Company's reputation. In particular, all directors must inform the Company, through its Chairman, of any cases in which they are arraigned, or if a court decides to hold a trial involving them in connection with any of the crimes listed in Article 213 of the Spanish Capital Companies Act. In such cases, the Board of Directors shall examine the matter as promptly as possible and adopt any resolutions it deems appropriate in the Company's best interests;
d) of any holding taken directly or indirectly in the Company's share capital by the director or any of his/her Related Parties, and of any change to that holding, and of any transaction that is engaged in directly or indirectly by the director or any of his/her Related Parties in relation to the Company's share capital. For these purposes, the term "Related Parties" shall be understood to include any other persons who are deemed to have close ties with directors, pursuant to the terms of Article 3 of Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse (market abuse regulation); and
e) in general, of any fact or situation that may be of relevance to their actions as a director of the Company.

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company, which could damage the credit and reputation of the company:

[ ] Yes
[√] No

C.1.38 List any significant agreements entered into by the company which come into force, will be amended or will be terminated in the event of a change of control of the company due to a takeover bid, and the effects thereof.

Árima Real Estate Socimi, S.A. has an incentive scheme for the Company's team. This plan was approved at the General Shareholders' Meeting of 26 September 2018 and amended at the General Shareholders' Meeting of June 29, 2021, can be found in the information prospectuses for the Company's IPO and share capital increases, which have been registered with the Spanish Securities Market Commission (CNMV). As set out for information purposes in the prospectus, if there is a change of control as a consequence of a public share offering, in accordance with the terms of Royal Decree 1066 of 27 July 2007 on public tenders for the acquisition of securities, this event shall be classified as a liquidation event, as this is defined in the incentive scheme. This plan may be settled both in shares or in cash, at the Board of Directors discretion. Likewise, in the event of a change of control, it may cause the dismissal of the CEO and the Management Team with the settlement of the indemnities provided for in their contracts.

C.1.39 Identify and provide detailed information, individually in respect of directors and in aggregate form in all other cases, regarding any agreements between the company and its administrative officers, executives and employees that offer compensation, guarantees or protection clauses in the event of their resignation or unfair dismissal, or that provide for their contractual termination as a result of a takeover bid or other kinds of operations.

Number of beneficiaries	8
Type of beneficiary	Description of the agreement
CHIEF EXECUTIVE OFFICER AND MANAGERS	The services contract entered by the company and the CEO establishes that if the company terminates the contract without just cause (i.e., unfair dismissal as defined by the Spanish Workers' Statute), the Managing Director will be entitled to receive compensation in cash equivalent to two (2) years' total annual remuneration at the most recent rate. In addition, six of the Company's managers, excluding the managing director, have clauses that offer them compensation in the event of the termination of their employment contracts on any grounds other than a disciplinary action deemed lawful or the voluntary resignation of the manager him/herself. Managers would receive the same compensation in other cases, such as a change of control. In the event that managers are entitled to receive compensation, this will be two years' total annual remuneration at the most recent rate.

Indicate whether, beyond the cases provided for in law, these contracts have been notified to and/or approved by the company's or the group's management bodies. If they have, specify the procedures and events provided for and the nature of the bodies responsible for their approval or for making this notification:

	Board of directors	General Shareholders' Meeting
Body that authorises clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		√

C.2. Board committees

C.2.1 Give details of all of the fees paid to the board of directors, its members, and the proportion of executive, proprietary, independent and other external directors that they represent:

AUDIT COMMITTEE		
Name	Position	Category
MR. STANISLAS HENRY	MEMBER	Proprietary
MR. CATO HENNING STONEX	MEMBER	Independent
MR. FERNANDO BAUTISTA SAGÜÉS	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including, where applicable, any duties that are additional to those set out in law, and describe the rules and procedures it follows for its organisation and function. For each of these duties, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the duties attributed to it, either by law or pursuant to the articles of association or other corporate resolutions.

The primary function of the Audit and Control Committee is to support the Board of Directors in its oversight role by regularly reviewing the process for the preparation of economic and financial information, its internal controls and the independence of the external auditor.

Identify the board members who are members of the audit committee and have been appointed considering their knowledge and experience of accounting or auditing or both and state the date that the Chairman of this committee was appointed.

Names of directors with experience	MR. STANISLAS HENRY / MR. CATO HENNING STONEX / MR. FERNANDO BAUTISTA SAGÜÉS
Date of appointment of the Chairman	10/11/2021

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR. STANISLAS HENRY	MEMBER	Proprietary
MR. CATO HENNING STONEX	MEMBER	Independent
MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including, where applicable, any duties that are additional to those set out in law, and describe the rules and procedures it follows for its organisation and function. For each of these duties, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the duties attributed to it, either by law or pursuant to the articles of association or other corporate resolutions.

The main duty of this committee is essentially to provide the Board of Directors with support and assistance in relation to the proposed appointment, re-election, approval and dismissal of board members, the setting-up and overseeing of payment policy for the Company's board members and directors, the monitoring of directors' compliance with their duties, particularly as regards conflicts of interest and related-party transactions, and the supervision of compliance with the Internal Codes of Conduct and Corporate Governance regulations.

C.2.2 Complete the following table with information on the number of female board members sitting on the board's committees at the close of the last four financial years:

	Number of female board members							
	FY 2022		FY 2021		FY 2020		FY 2019	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00
APPOINTMENTS AND REMUNERATION COMMITTEE	0	0.00	0	0.00	N.A.	N.A.	N.A.	N.A.

C.2.3 Indicate, where appropriate, whether the board committees are subject to regulations, the place where they are available for consultation and any amendments made during the financial year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The rules of organization and operation of the Board Committees are set forth in Articles 34, 35 and 36 of the Regulations of the Board of Directors. The Regulations of the Board of Directors are available for consultation on the Company's website. Voluntary annual reports on the activities of each committee have been prepared.

D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where applicable, the procedures for approving related party or inter-group transactions and the bodies with the competence to grant this approval. Explain, if applicable, the procedure and competent bodies for the approval of transactions with related-parties and intra-group transactions, indicating the criteria and general internal rules of the company that regulate the abstention obligations of the affected directors or shareholders and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Article 22 of the Board of Directors Regulations establish the following procedure for the approval of related party transactions:

1. Related-party transactions carried out by the Company or its subsidiaries with directors, with significant shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the Company, or with any other persons who should be considered related parties in accordance with International Accounting Standards, are subject to the authorisation of the Board of Directors, subject to a favourable report from the Audit and Compliance Committee, provided such transactions are not reserved for approval by the General Shareholders' Meeting, or with any other persons who must be considered related parties in accordance with International Accounting Standards, provided that the approval thereof is not reserved for the approval of the General Meeting of Shareholders, in accordance with the provisions of Article 529u of the Capital Companies Act. .
2. The Audit and Compliance Committee and the Board of Directors, before authorising transactions of this nature to be carried out by the Company, shall assess the transaction from the point of view of equal treatment of shareholders and market conditions. In its report, the Audit and Compliance Committee shall assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, of the shareholders other than the related party, and shall give an account of the assumptions on which the assessment is based and the methods used. The directors concerned may not participate in the preparation of the report.
3. If the related-party transaction involves a director, he shall not be provided with additional information on the transaction or operation in question, and if he is present at the meeting of the Board of Directors or the Audit and Compliance Committee, in addition to not being able to exercise or delegate his voting rights, he must leave the meeting room while the transaction is being discussed and, if appropriate, voted on, both in the Board of Directors and in the Audit and Compliance Committee.

D.2. List individually those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the board of directors of the company, indicating which body was competent for their approval and whether any shareholder or director affected abstained. In the event that the competence has been that of the board, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

Significant shareholder's name or corporate name	% of participation	Name or corporate name of the group company or dependent entity	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting.	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against it.
No data available						

Name or corporate name of administrators or directors	Nature of the relationship	Nature of the operation and other information necessary for its evaluation
No data available		

D.3. List individually the significant operations due to their amount or subject matter carried out by the company or its dependent entities with the administrators or directors of the company, including those carried out with entities that the administrator or director directs individually or jointly, indicating which body was competent to approve them and whether any director or executive concerned abstained from voting. In the event that the competence has been that of the board, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

Name or corporate name of administrators or directors or of their controlled entities or jointly controlled entities	Name or corporate name of the related party	Relationship	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting.	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against it.
MR. LUIS ALFONSO LOPEZ HERRERA-ORIA	Árima Real Estate Socimi, S.A.	During the exercise, a member of the Board of Board of Directors has transferred a credit granted by the Company to a related related company, owned by ninety per cent ninety per cent owned by him: Rodex Asset Management. S.L.	822	Board of Directors		NO

Name or corporate name of administrators or directors or of their controlled entities or jointly controlled entities	Nature of the operation and other information necessary for its evaluation
MR. LUIS ALFONSO LOPEZ HERRERA-ORIA	Shareholder

D.4. List any intra-group operations significant due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent's group, including the entities dependent on the listed company, except that no other related party of the listed company has interests in said dependent entities or they are wholly owned, directly or indirectly, by the listed company.

In any case, information shall be given regarding any intra-group transactions carried out with entities established in countries or territories that have the status of tax haven:

Name of the group company	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
Árima Investments, S.L.	On the occasion of the participating loan granted to the company of the Árima Investments, S.L., the Company has made funds available to the latter for the development of its activities during the current financial year.	1,503

D.5. Detail individually the significant operations due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties that are related in accordance with the International Accounting Standards adopted by the EU, which have not been reported in the previous headings.

Name or corporate name of the related party	Brief description of the operation	Amount (thousands of euros)
No data available		

D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Article 17 of the Board of Directors' Regulations governs conflicts of interest in the following terms:
1. A conflict of interest shall be deemed to exist in those situations in which the interests of the Company or of the companies forming part of its group and the personal interest of the director directly or indirectly conflict. A director's personal interest shall exist when the matter affects him or her or a Related Person (as defined below).
2. For the purposes of the Regulations, "Related Persons" shall be deemed to be:
(a) in respect of a natural person, the following:
(i) the spouse or persons with a similar relationship of affectivity;
(ii) the ascendants, descendants and siblings of the person subject to the Regulations or of the spouse (or person in a similar relationship) of the person subject to the Regulations;
(iii) the spouses of the ascendants, descendants and siblings of the person subject to the Regulations;
(iv) companies in which the person subject to the Regulation, either directly or through an intermediary, has or may have, directly or indirectly, control, in accordance with the situations referred to in Article 42 of the Commercial Code;
3. Situations of conflict of interest shall be governed by the following rules:
a) communication: a director shall notify the Board of Directors, through the chairman or the secretary, of any situation of conflict of interest in which he finds himself;
b) abstention: directors must abstain from attending and intervening in the deliberation and voting phases of those matters in which they are involved in a conflict of interest and, consequently, they shall not be taken into account in such cases for the purposes of calculating the quorum. In the case of proprietary directors, they must abstain from voting on matters that may involve a conflict of interest between the shareholders proposing their appointment and the company;
c) transparency: in the Annual Corporate Governance Report, the Company shall report any conflict of interest in which the directors are involved, whether notified by the affected party or by any other means.
4. The provisions of this article may be further developed through the corresponding rules that may be issued by the Board of Directors, including the Internal Regulations of Conduct.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, listed or unlisted, and has, directly or through its subsidiaries, business dealings with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Risk Control and Management System, including measures relating to tax risk:

The Board of Directors is the body responsible for determining the risk control and management policy, identifying the Company's main risks, implementing the appropriate internal control and information systems, and carrying out regular monitoring of the main risks to which the Company is exposed. By virtue of the above, the Board of Directors of the Company has approved the Risk Control and Management Policy and the Risk Management Manual. This establishes a systematic and preventive procedure, in line with international standards of reference in risk management to address risks by anticipating, preventing and detecting them. The risk management system considers both the company's own characteristics and those of the economic, geographical and regulatory environments in which it operates. The risk management policy and strategy is the responsibility of the Board of Directors. However, all members of the organisation are involved and responsible for ensuring the success of the risk management system.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System, including measures relating to tax risk.

The Board of Directors is the body responsible for approving the Company's strategy and the organisation required to put it into practice, as well as for supervising and ensuring that the Management meets the stated targets. In addition, the Board is responsible for ensuring that, in relations with all the parties that have a direct or indirect interest in the Company, the laws and regulations are duly complied with, obligations and contracts are fulfilled in good faith, the actions and best practices of the sectors and areas in which the company carries out its activities are respected, and any other principles of social responsibility that the company has accepted voluntarily are duly observed. Article 43 of the Company's Articles of Association establishes that the Board of Directors must create and maintain an Audit and Control Committee on a permanent and internal basis / Article 44 of the Company's Bylaws entrusts the Audit and Control Committee with the fundamental duty of acting as support to the Board of Directors in its supervisory work by carrying out a periodic review of the process for the preparation of economic and financial information, the Company's internal controls and the independence of the external auditor.

E.3. State the primary risks, including tax compliance risk and, where significant, risk arising from corruption (this being understood in the terms set out in Royal Legislative Decree 18/2017), where such risks may affect the achievement of business objectives:

The following is a list of some of the main kinds of risk that may be encountered as a result of the Company's real estate and assets management activity, all of which are covered by the risk monitoring system.

1. Financial risk

a) Market risk
Interest rate risk. The Company's interest rate risk arises from its financial debt. The Company occasionally engages in interest rate swaps to cover this risk.

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

c) Liquidity risk
The Company's Finance Department is responsible for managing liquidity risk in order to cover any existing payment obligations and/or any undertakings arising from new investments. To this end it analyses the expected cash flows.

2. Market risk
The Company minimises this type of risk through its own strategy and business model. Árima invests in prime properties, with strong upside potential in the office, logistics and retail sectors, in the most consolidated areas. The Company has implemented a long-term business plan that focuses on value creation through active management and repositioning of the portfolio, with special attention to environmental sustainability.

3. Economic risk
Risks in acquisitions is managed by completing a meticulous analysis of transactions, examining and foreseeing any problems that might arise in the future, and considering the possible solutions to such problems. In disposals, the main risk resides in the failure to collect the amounts agreed in the contracts as a result of the buyers' non-compliance. These risks are minimised through the establishment of all kinds of guarantees that will, if necessary, allow the total price to be received or the property forming the object of disposal to be recovered.

4. Risks of a legal and fiscal nature

The Company's activities are subject to legal and fiscal provisions and to the requirements of urban development. Local, regional, national and European authorities can impose sanctions for breaches of these regulations and requirements. Any changes to this legal and fiscal environment could affect general planning of the Company activities which, through the corresponding internal departments, with assistance from legal and tax advisors, will monitor, analyse and, where appropriate take the necessary measures in this regard.

The risks associated with complying with the specific legislation, would be the following:

a) Judicial and extrajudicial claims. The Company's business activities may lead to legal action being taken in relation to properties being let, even if these may result from the actions of third parties contracted by the Company (architects, engineers, construction contractors and subcontractors). The Company has taken out various civil liability and damage insurance policies in order to mitigate this type of risk.

b) Company responsibilities resulting from its classification as a SOCIMI. All of the Company's activities must comply with Act 11/2009, which sets out the regulations for SOCIMIs. As a result, the Company constantly monitors its own activities and checks that they are in line with the legislation currently in force in this regard.

5. Risks regarding the prevention of money laundering and monetary infringements

This category of risk is controlled through the prevention and monitoring of transactions carried out by the Company, in accordance with the legislation in force.

6. Risks relating to personal data protection.

These risks are controlled by means of special and standardised clauses to be included in contracts in different situations, which in accordance with the rules regulating this area, allow any kind of liability that may affect the Company to be limited and even eliminated.

7. Risks relating to the Protection of Consumers and End Users

The Company complies with the requirements of the different state and regional rules regarding consumers and end users. The Company also has an Internal Code of Conduct focused on matters relating to stock markets.

Sections IV and V of the Internal Code of Conduct establish the behaviour and action criteria that recipients of the Code must comply with in relation to the relevant securities and instruments, any privileged and relevant information, and confidential documents, in order to aid transparency in the performance of the Company's activities and provide adequate information and protection for investors.

E.4. Indicate whether the company has a risk tolerance level, including against tax risk:

Árima's risk tolerance is defined as the level of Risk that the Company is prepared to accept in order to achieve its established strategic objectives. Risk tolerance is shaped by the Company's strategy and is agreed by the Board of Directors. Risk tolerance is defined as the level of variation that the Company accepts in achieving an objective. It is, therefore, the acceptable threshold for each risk and objective. Risk tolerance must be updated regularly by the people from each department who are responsible for reporting to and properly informing the compliance supervisor.

E.5. Identify any risks, including tax risk, which have emerged during the year:

No risk of the type described above has emerged during the year.

E.6. Explain the plans for responding to and monitoring the main risks facing the company, including tax risk, and the procedures put in place by the company to ensure that the board of directors is able to respond to any new challenges that may arise:

The Risk Management System operates in a comprehensive, continuous and cross-cutting manner and addresses the management of all priority risks, both internal and external. To this end, the approach adopted for risk management considers the following basic elements in an aligned manner: control environment, objectives, risk identification and management, and control activities. Once a risk has been assessed and the control activities carried out have been carried out for its mitigation, if the risk level is not in the comfort zone, an additional action (Action Plan) is required to reduce the level of risk to the desired level. Risk Managers are responsible for designing, implementing and updating the corresponding Action Plans, considering at all times the views and comments of the Head of Risk Management and Control Function and the Audit and Control Committee. The objective of these Action Plans is to provide the response that best places the risk within the previously established objectives, complementing the control activities already in place. Once the Action Plans have been defined, the Risk Managers communicate them to the Head of the Risk Control and Management Function who, if considered necessary, after a prior analysis, submits them to the Audit and Control Committee for its knowledge and approval and, ultimately, to the Board of Directors.

F. INTERNAL RISK MONITORING AND MANAGEMENT SYSTEMS RELATING TO THE FINANCIAL REPORTING PROCESS (ICFRS)

Describe the mechanisms that comprise the risk monitoring and management systems associated with the company's financial reporting process (ICFRS).

F.1. The company's monitoring environment.

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or officers that are responsible for: (i) the existence and regular updating of a suitable, effective ICFR, (ii) its implementation; and (iii) its monitoring.

Continuing with the development of a rigorous internal control system, Árima has drawn up a Management Manual for the Internal Control over Financial Reporting System (ICFR), which has been approved by the Board of Directors.

The SCIIF is a set of processes that affect all levels of the organisation and all the Company's personnel.

Mainly:

1. Board of Directors

With reference to the ICFR, the Regulations of the Board of Directors establish the following functions of the Board:

- To prepare the annual accounts and their presentation to the General Meeting.

- To determine the risk control and management policy.

- To monitor the internal control and information systems.

- To approve the financial information which, as a listed company, the Company must periodically publish.

As the body ultimately responsible for supervising the ICFR, the Board of Directors has established the necessary organisational structure to enable it to monitor the ICFR system, with the support of the Audit and Compliance Committee.

2. Audit and Control Committee

In order to ensure the reliability of financial information, the Audit and Control Committee has been assigned the following functions:

- To ensure the proper functioning of the information and internal control systems, in particular with regard to the preparation and integrity of the financial information.

- To be aware of and periodically review the process of preparation and presentation of financial information and the internal risk control and management systems associated with the risks associated with the Company's significant risks.

- Submit recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the information and control systems.

In the performance of these duties, the Audit and Compliance Committee must ensure the following aspects relating to the company's ICFR:

- Compliance with regulatory requirements.

- Adequate delimitation of the scope of consolidation.

- The correct application of accounting criteria.

In terms of the organisation of the ICFR work, the Audit and Compliance Committee is responsible for approving what and when to supervise and how to assess ICFR supervision (approval of the ICFR work and supervision plan).

3. Financial management

Árima's CFO has the following responsibilities in the framework of the ICFR:

- Design, implement, evaluate, and provide overall monitoring of the ICFR, for which he/she shall validate the design of the SCIIF Work and Monitoring Plan.

- Report on the effective functioning of the ICFR to the Audit and Control Committee.

- Ensure that appropriate ICFR training programmes are implemented.

4. ICFR Responsible

The ICFR Responsible is part of the Company's Finance Department and is assigned the following duties within the ICFR framework.

of the ICFR system:

- Identify the risks of error, omission, or fraud in financial reporting through the ICFR scoping matrix and documenting the design of controls.

F.1.2 Where applicable, and particularly as regards the process for the preparation of the financial information, the following items:

· The departments and/or mechanisms responsible for: (i) designing and revising the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for their correct reporting throughout the company:

Ultimate responsibility for the design and review of the Company's organisational structure lies with the CEO, under the delegation of the Board of Directors. As regards the process for the preparation of the financial information, in addition to the organisational charts, all of the people involved in the process also have a clear knowledge of the specific guidelines, responsibilities and periods that apply to each closure.

· Code of conduct, approval body, level of dissemination and instruction, principles and values included (indicating whether there is specific mention of the recording of transactions and the preparation of financial information), the body in charge of analysing breaches and of proposing corrective actions and sanctions:

The Company has a Code of Conduct, compliance with which is mandatory, and which is approved by the Board of Directors. The aim of this code of conduct is to establish the basic principles and rules that will govern the behaviour of everyone who acts on behalf of Árima and its subsidiary companies. The Code is applicable to all companies that make up the Árima Group and it is binding on the members of the Board of Directors and all company personnel, irrespective of the position they occupy and the duties they perform. This Code of Conduct is supplementary to the Securities Market Internal Code of Conduct, company regulations, the Articles of Association and any other legislation that applies to Árima's activities, and compliance is mandatory for both Árima and all of the companies with which a significant contractual relationship is in place. Non-compliance with the terms of this Code shall be deemed infringement and may result in the adoption of disciplinary measures.

· Whistle-blowing channel, which allows reporting to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing, where appropriate, whether it is confidential in nature and whether it allows anonymous communications, respecting the rights of the whistle-blower and the reported party.

The Company has implemented a whistle-blowing channel for matters related to the internal regulations of the Company and a procedure for reporting potentially significant financial and accounting incidents. In addition, the Whistleblowing Channel also includes the creation of an Ethics Committee whose functions are: reception and classification of complaints received, co-ordination of the investigation work for each of the complaints received, and the of investigation for each of the complaints, imposition of the corresponding disciplinary sanctions, and preparation of periodic reports on the functioning of the Channel.

· Training and regular refresher courses for personnel involved in preparing and reviewing financial information and evaluating ICFR, which address, at least, accounting regulations, auditing, internal monitoring and risk management:

The Finance Department, and specifically the staff involved in the preparation and review of financial information, receives the necessary training on financial and internal control aspects, as well as on regulatory changes affecting the periodic financial information issued by the Company. This training is organised internally and is advised by independent experts in each area.

F.2. Financial reporting risk assessment.

Provide details of at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, in respect of:

· Whether there is an existing documented process:

The Board of Directors has approved an Internal Financial Reporting Control System Management Manual. This system identifies risks of error, omission or fraud in financial reporting through the ICFRS scoping matrix. This matrix identifies which accounts and disclosures have a significant risk associated with them and whose potential impact on financial reporting may be material. The ultimate aim is to establish a control system that contributes to the mitigation of risks to the achievement of financial objectives. In addition, the financial information issued is reviewed by the Company's auditors.

· Whether the process covers all financial reporting objectives (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently:

As With the ultimate aim of providing assurance as to the reliability of the financial information provided to the market, Árima's System of Internal Control over Financial Reporting pursues the following control objectives.

- Existence and occurrence: transactions, facts and other events included in the financial information exist and have been recorded at the right time.

- Completeness: the information reflects all transactions, facts and other events to which the entity is a party.

- Adequate valuation: transactions, facts and other events are recorded and valued in accordance with applicable standards.

- Fair presentation, disclosure and comparability: transactions, facts and other events are classified, presented and reflected in the financial information in accordance with applicable standards.

- Timing of transactions: transactions and events have been recorded in the correct period.

- Adequate reflection of rights and obligations: the financial information reflects, at the relevant date, the rights and obligations through corresponding assets and liabilities, in accordance with the applicable regulations.

The scope of the Internal Control over Financial Reporting System shall be reviewed at least annually before setting the reporting schedule for the following year.

reporting schedule for the following financial year.

· The existence of a process for identifying the consolidation perimeter, taking account, among other things, of the potential existence of complex corporate structures, vehicle companies or special purpose entities:

Árima's organisational structure is simple and consists of Árima Real Estate SOCIMI, S.A. and two subsidiary companies (100%): Árima Investigación, Desarrollo e Innovación, S.L.U. and Árima Investments, S.L. The financial department, on a quarterly basis, verifies the aforementioned consolidation perimeter.

· Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) in the manner in which they affect the financial statements:

Any analysis will include all regulatory, technological and reputational risk, risk of fraud, human resource-related risk, operational risk, etc. that are relevant for the financial statements.

· The corporate governance body that supervises the process:

The ICFR is a set of processes that affect all levels of the organisation and all Company personnel. Mainly:

1. Board of Directors

With reference to the ICFR, the Regulations of the Board of Directors establish the following functions of the Board:

- To prepare the annual accounts and their presentation to the General Meeting.

- Determine the risk management and control policy.

- To monitor the internal control and information systems.

- Approve the financial information which, as a listed company, the Company must periodically publish.

As the body ultimately responsible for supervising the ICFR, the Board of Directors has established the necessary organisational structure to monitor the ICFR system, with the support of the Audit and Compliance Committee.

2. Audit and Compliance Committee

In order to ensure the reliability of financial information, the Audit and Compliance Committee has been assigned the following functions:

- To ensure the proper functioning of the information and internal control systems, in particular with regard to the preparation and integrity of the financial information.

- To be aware of and periodically review the process of preparation and presentation of financial information and the internal risk control and management systems associated with the risks associated with the Company's significant risks.

- Submit recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the information and control systems.

In the performance of these duties, the Audit and Compliance Committee must ensure the following aspects relating to the company's ICFR:

- Compliance with regulatory requirements.

- Adequate delimitation of the scope of consolidation.

- The correct application of accounting criteria.

In terms of the organisation of the ICFR work, the Audit and Compliance Committee is responsible for approving what and when to supervise and how to assess ICFR supervision (approval of the ICFR work and supervision Plan).

3. Financial Management

Árima's CFO has the following responsibilities in the framework of the ICFR:

- Design, implement, evaluate and provide overall monitoring of the ICFR, for which he/she shall validate the design of the ICFR Work and Monitoring Plan.

- Report on the effective functioning of the ICFR to the Audit and Control Committee.

- Ensure that appropriate ICFR training programmes are implemented.

4. ICFR Responsible

The ICFR Responsible is part of the Company's Finance Department and is assigned the following duties within the ICFR framework:

- Identify the risks of error, omission or fraud in financial reporting through the ICFR scoping matrix and document the design of controls.
- Ensure the correct functioning of the ICFR, for which purpose those responsible for each process/sub-process and associated controls must monitor them and report such information to the ICFR Responsible at Árima.
- Prepare reports for the Financial Management, considering the results of the reports received.
- Alert on changes in regulatory and financial information risk scenarios.
- Identify new risks in the processes.
- Collaborate in the proposal of improvement actions and resolution of incidents.

F.3. Monitoring activities.

State whether at least the following items are in place and specify their main characteristics:

F.3.1 Procedures for reviewing and authorising the financial information and the description of ICFR to be disclosed to the securities markets, stating who is responsible in each case, along with the documentation showing flow charts of activities and controls (including those that address the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of critical judgements, estimates, evaluations and projections.

The Company has an internal procedure for reviewing financial information (including annual accounts, financial statements for interim periods, the Management Report and the Annual Corporate Governance Report), which oversees the process from the moment that information is generated in the Administration and Finances Department up to its approval by the Audit and Control Committee and, finally, by the Board of Directors prior to publication. This process is reflected in the Monitoring Manual for the Internal Control over Financial Reporting System approved by the Board of Directors, which establishes both the responsibilities and the flows of the control activities on the material sub-processes that give rise to the issuance of financial information.

F.3.2 Internal control policies and procedures for IT systems (including secure access, tracking changes, system operation, continuity and segregation of duties) giving support to key company processes relating to the preparation and publication of financial information.

The internal control policies and procedures associated with the information systems are defined by the Company's management. The main risks contemplated by the Company, and to which it responds, affect physical security (backup copies, maintenance and access to servers, etc.), logical security (access controls, registration and deregistration procedures, protection against viruses and other malware, etc.), sufficient segregation of duties, registration and traceability of information, privacy (LOPD), development and maintenance of systems. The Company is advised by a third party systems expert who carries out regular security audits covering, inter alia, all these aspects. In addition, the Company proactively and regularly undergoes external IT audits, where necessary establishing action plans, the results of which are reported to the Board of Directors. In addition, the Board of Directors has approved a Business Continuity Plan to minimise the risk of business interruption for any reason.

F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties, and the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The activity subcontracted to third parties that has a greater impact on the financial statements corresponds to the valuation of assets by an independent expert. The procedure in this regard implemented by the Company basically includes the recommendations of the CNMV to listed valuation and real estate companies in relation to the valuation of real estate assets. Moreover, the results obtained are always contrasted with the estimates of Árima's internal experts, who supervise the valuation process. Likewise, the conclusions obtained are always reviewed by the Company's Auditors. On the other hand, the Company, for the services it subcontracts, works with companies of recognized prestige in the sector.

F.4. Information and communications.

State whether at least the following items are in place and specify their main characteristics:

F.4.1 A specific office which is in charge of defining and maintaining accounting policies (accounting policies area or department) and settling queries or disputes over their interpretation, and which is in regular communication with the team in charge of company operations, and an up-to-date manual of accounting policies that has been sent to all the company's operational units.

The Company's Administration and Finance Department is responsible for defining and updating accounting policies and for responding to queries and consultations in this regard.

F.4.2 Mechanisms for collecting and preparing financial information with standardised formats, which are to be applied and used by all the company or group units and which support the main financial statements and notes to the accounts, along with the detailed information on the ICFR.

The accounting policies defined by the Management form the basis for the preparation of the financial information of both the Company and its subsidiaries. These accounting policies guarantee the application of the same criteria during the preparation of information and consistency in its presentation.

F.5. Supervising the operation of the system.

Indicate, pointing out its main characteristics:

F.5.1 The activities of the audit committee in overseeing ICFR, and whether there is an internal auditing office whose duties include supporting the committee in the task of supervising the internal control system, including ICFR. Describe the scope of the ICFR assessment carried out over the course of the year and the procedure by which the person responsible for making this assessment can communicate his/her findings. State also whether the company has an action plan detailing the potential corrective measures, and whether it has taken account of their impact on its financial information.

As indicated in article 44 of the Company's Articles of Association, the Audit and Compliance Committee's duties include, among others, the following periodic review of the process of preparing the economic and financial information, its internal controls and the independence of the external auditor. Specifically, the ICFR Manual approved by the Board of Directors assigns it the following responsibilities:
- Ensuring the proper functioning of the information and internal control systems, in particular with regard to the preparation and integrity of the financial information.
- To be familiar with and periodically review the process of preparation and presentation of financial information and the internal risk control and management systems associated with the Company's significant risks.
- Submit recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the information and control systems.

In the performance of these duties, the Audit and Compliance Committee must ensure the following aspects relating to the company's ICFR:
- Compliance with regulatory requirements.
- Adequate delimitation of the scope of consolidation.
- The correct application of accounting criteria.

In terms of the organisation of the ICFR work, the Audit and Compliance Committee is responsible for approving what and when to supervise and how to assess ICFR supervision (approval of the ICFR Work and Monitoring Plan).

The Audit and Control Committee is also supported by the Financial Management and the ICFR Responsible, who prepares a report on the status of compliance and effectiveness of the ICFR, which is reported to the Finance Department. The latter, in turn, reports the results obtained to the Audit and Control Committee (which will submit them to the Board of Directors when it considers it necessary). The scope of the Internal Control over Financial Reporting System must be reviewed at least once a year before setting the reporting calendar for the following year.

Furthermore, the conclusion of the Company's auditors on the financial information provided has been satisfactory.

F.5.2 Whether the Company has a procedure by which the accounts auditor (in accordance with the contents of the Auditing Standards ("NTA")), the internal auditing department and other experts may communicate with senior management and the audit committee or senior managers of the company regarding any significant internal control weaknesses identified during their review of the annual accounts or any others they have been assigned. State also whether the Company has an action plan to correct or mitigate the weaknesses found.

The Audit and Control Committee meets in order to perform its prime function, which is to act as support for the Board of Directors in its supervisory work, by carrying out a regular review of the process for the preparation of the economic and financial information, the internal auditing department and the independence of the external auditor. In addition to other potential actions, it also carries out the following duties:
Discussions with External Auditors (with particular significance when they have acted on any specific matter: Audit reports, limited reviews, etc.) in order to:
- Obtain information on the planning, scope and conclusions of the work carried out.
- Obtain information on internal control weaknesses detected during the course of their work.
- Inform the external auditor about any matters that could affect their work.
- Talk to the external auditor regarding the expected contents of its reports.
- Obtain the necessary information for ensuring the independence of the External Auditor in compliance with the duties of the Audit and Control Committee.
In addition, the Audit and Control Committee may demand additional information or the participation of experts when it comes to analysing topics relating to compliance with their duties.

F.6. Other relevant information

F.7. External auditor's report.

State whether:

F.7.1 The ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

Last year, the Company reviewed the internal control system over financial reporting. The external auditor holds regular meetings with the Financial Management, both to review the financial information and to evaluate the internal control in the development of the Company's activity. It is considered that the controls in place are adequate for the size and complexity of the Company, having undergone numerous review and audit processes of the financial information since its incorporation. The external auditor's conclusion has been satisfactory in all cases.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree to which the company complies with the Code of Corporate Governance recommendations for listed companies.

In the event that the Company does not comply with any of the recommendations or complies only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company’s behaviour. General explanations will not be acceptable.

1. The articles of association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles on the takeover of the company through the purchase of shares on the market.

   Compliant [X]   Explain [ ]

2. When the listed company is controlled, within the meaning of article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose precisely the following:

   a) The type of activity they respectively engage in, and any potential business dealings between them, as well as between the subsidiary and other group companies.

   b) The mechanisms in place to resolve any potential conflicts of interest that may arise.

   Compliant [ ]   Partially compliant [ ]   Explain [ ]   N.A. [X]

3. During the general shareholders’ meeting, as a supplement to the written information circulated in the annual corporate governance report, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, in particular:

   a) Any changes that have taken place since the previous general shareholders’ meeting.

   b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead, where applicable.

   Compliant [X]   Partially compliant [ ]   Explain [ ]

4. The company should define and promote a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors, that fully respects the rules against market abuse and treats shareholders in the same position in the same way. The company should make this policy public on its website, including information on how it has been put into practice and identifying the interlocutors or persons responsible for carrying it out.

   And, without prejudice to legal obligations regarding the dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) which contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders. The company should draw up and implement a policy for communicating with and contacting shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

   Compliant [X]   Partially compliant [ ]   Explain [ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves an issue of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant [ ] Partially compliant [X] Explain [ ]

The General Meeting of Shareholders, at its meeting held on 28 June 2022, authorised the Board of Directors to increase the share capital in accordance with the provisions of article 297.1.b) of the Capital Companies Act, for a maximum period of five years, by means of cash contributions and up to a maximum amount equal to half (50%) of the share capital, with the power to exclude pre-emptive subscription rights only in those increases up to a maximum amount equal to 20% of the share capital.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the general shareholders' meeting, even if their distribution is not compulsory:

a) Report on auditor independence.

b) Reports on the operation of the audit committee and the appointments and remuneration committee.

c) Report by the audit committee report on related party transactions.

Compliant [X] Partially compliant [ ] Explain [ ]

The referenced documentation has been partially disclosed on the company's website.

7. The company broadcasts live, via its website, the holding of general shareholders' meetings.

And that the company has mechanisms that enable proxy voting and voting by telematic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Meeting.

Compliant [ ] Partially compliant [ ] Explain [X]

This recommendation will be analysed on an annual basis, though it is not envisaged at present.

8. The Audit Committee should ensure that the annual accounts submitted by the Board of Directors to the General Meeting of shareholders are drawn up in accordance with accounting regulations. In the event that the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, making available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the proposals and reports of the board, a summary of said opinion.

Compliant [X] Partially compliant [ ] Explain [ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend General Shareholders' Meetings and the exercise or delegation of voting rights and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [X] Partially compliant [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals for agreement prior to the general shareholders' meeting, the company should:

a) Immediately circulate the supplementary items and new proposals for agreement.

b) Publish the standard form of attendance card or proxy appointment or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for agreement can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote, applying the same voting rules as for those submitted by the board of directors, with particular regard for presumptions or deductions about the direction of votes.

d) After the general shareholders' meeting, disclose the breakdown of votes on these supplementary items or alternative proposals.

Compliant [ ] Partially compliant [ ] Explain [ ] N.A.. [X]

11. In the event that a company plans to pay for attendance at the general shareholders' meeting, it should first establish a general, long-term policy in this respect.

Compliant [ ] Partially compliant [ ] Explain [ ] N.A.. [X]

12. The Board of Directors should perform its duties with a unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interests, understood as the creation of a profitable and sustainable business over the long term which ensures its continuity and maximises the company's economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to the principles of good faith, ethics and respect for commonly accepted customs and good practices, but should also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and any other stakeholders who could be affected, as well as reconciling the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially compliant [ ] Explain [ ]

13. The board of directors should have the appropriate size to achieve maximum effectiveness and participation, which means it should ideally have between five and fifteen members.

Compliant [X] Explain [ ]

14. The Board of Directors should approve a Director selection policy that:

a) Is specific and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board of directors' own needs.

c) Favours a diversity of know-how, experience and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to be conducive to gender diversity.

The results of the prior analysis of the Board's needs should be written up in the appointments committee's explanatory report, to be published when the general meeting is convened to ratify the appointment and re-election of each director.

The appointments Committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially compliant [ ] Explain [ ]

15. Proprietary and independent directors should occupy a broad majority of seats on the board, while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the percentage of the company's share capital held by the executive directors.

And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and thereafter, but no earlier than 30%.

Compliant [ ] Partially compliant [X] Explain [ ]

Proprietary and independent directors constitute an ample majority of the board, with significantly fewer executive directors. It is important to note that the composition of the Board is enriched by the different profiles of its members in terms of age, nationality and professional background. Currently, the percentage of female directors is equivalent to 14% of the Board.

16. The number of proprietary directors as a percentage of the total number of non-executive directors should not exceed the proportion between the company share capital represented by these directors and the remainder of this share capital.

This criterion can be attenuated:

a) In companies with a high level of market capitalisation in which few equity stakes attain the legal threshold to be considered a significant shareholding.

b) In companies in which a plurality of shareholders is represented on the board of directors and they are not related to one another.

Compliant [X] Explain [ ]

17. The number of Independent Directors should represent at least one half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of all Board places.

Compliant [X] Explain [ ]

18. Companies should post the following information on directors on their websites, and keep this information permanently updated:

a) Background and professional experience.

b) Directorships held at other companies, listed or otherwise, and any other paid activities that they may engage in, of whatever nature.

c) Information on the director category to which they belong and, in the case of proprietary directors, information on the shareholder they represent or have links with.

d) The date of their first appointment as board member and the dates of any subsequent re-elections.

e) Shares that they hold in the company, and any options thereover.

Compliant [X] Partially compliant [ ] Explain [ ]

19. The annual corporate governance report, following verification by the appointments committee, should explain the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 3% of capital; it should also explain, where applicable, any rejection of a formal request for a seat on the board from shareholders whose equity stake is equal to or greater than that of others that have successfully applied for a proprietary directorship.

Compliant [ ] Partially compliant [ ] Explain [ ] N.A. [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

21. The Board of Directors should not propose the removal of any independent directors before the expiry of their tenure as mandated by the articles of association, except where just cause is found by the board of directors, based on a report by the appointments committee. In particular, just cause shall be presumed when directors take up new posts or responsibilities that prevent them from allocating sufficient time to the performance of their duties as board member, or are in breach of the duties inherent in their position, or are affected by one of the grounds that disqualifies them from classification as independent, as set out in the applicable legislation.

The removal of independent directors may also be proposed as a consequence of a takeover bid, merger or similar corporate operation which involves changes to the company's capital structure, when the changes to the structure of the board of directors are triggered by the proportionality criterion set out in recommendation 16.

Compliant [X] Explain [ ]

22. Companies should establish rules obliging directors to inform and, where applicable, resign in any circumstances that might harm the organisation's name or reputation, and directors should particularly be obliged to inform the Board of Directors of any criminal charges brought against them and of any subsequent court proceedings.

The Board, having been informed of or otherwise having knowledge of any of the situations mentioned in the preceding paragraph, should examine the matter as promptly as possible and, in view of the particular circumstances, decide, after a report from the Nomination and Remuneration Committee, whether or not to adopt any measure, such as the opening of an internal investigation, request the resignation of the director or propose his or her removal. And that a report be included in the annual corporate governance report, unless there are special circumstances justifying this, which should be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, when the corresponding measures are adopted.

Compliant [X] Partially compliant [ ] Explain [ ]

23. All directors should express clear opposition when they feel a proposal submitted for the board of directors' approval might damage the corporate interest. In particular, independents and other directors unaffected by a potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation on the board of directors.

When the board takes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board, even if he/she is not a director.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

24. When, either by resignation or by resolution of the general meeting, a director retires from office before the end of his term of office, he should sufficiently explain the reasons for his resignation or, in the case of non-executive directors, his opinion on the reasons for the removal by the board, in a letter to be sent to all members of the board of directors.

And, without prejudice to the disclosure thereof in the annual corporate governance report, the company should, to the extent relevant for investors, publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant [X]   Partially compliant [ ]   Explain [ ]   N.A. [ ]

25. The appointments committee should ensure that non-executive directors have sufficient time available to perform their responsibilities effectively.

The board's regulations should establish rules for the maximum number of company directorships that board members may hold.

Compliant [X]   Partially compliant [ ]   Explain [ ]

26. The Board should meet with the necessary frequency to properly perform its functions properly, at least eight times a year, in accordance with a calendar and agendas set at the beginning of the year, and each director may individually propose the addition of other items to the agenda.

Compliant [ ]   Partially compliant [X]   Explain [ ]

The Board of Directors met seven times during the year, providing broad and precise coverage of the Company's activities, without prejudice to the fluid contact and communication between the directors during the periods between meetings.

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. In the event that their absence is unavoidable, directors should grant a proxy with the appropriate instructions.

Compliant [X]   Partially compliant [ ]   Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them can request that they be recorded in the minutes.

Compliant [X]   Partially compliant [ ]   Explain [ ]   N.A. [ ]

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, and this should extend, if the circumstances make this necessary, to external assistance at the company's expense.

Compliant [X]   Partially compliant [ ]   Explain [ ]

30. Regardless of the knowledge directors must possess in order to perform their duties, companies should also offer them refresher programmes when the circumstances make this advisable.

Compliant [X]   Explain [ ]   N.A. [ ]

31. The agendas of meetings should clearly indicate the points on which the board of directors must arrive at a decision or adopt a resolution, so that directors may study or gather the necessary information beforehand.

When, exceptionally and for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the meeting agenda, their inclusion shall require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Compliant [X]   Partially compliant [ ]   Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant [X]   Partially compliant [ ]   Explain [ ]

33. In addition to the duties assigned to him by law and the company's articles of association, the chairman, as the person responsible for the efficient functioning of the board of directors, should: prepare and submit a schedule of meeting dates and agendas to the board; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; take responsibility for managing the board and its proper functioning; ensure that sufficient time is devoted to the discussion of strategic issues, and approve and review refresher courses for each director, when the circumstances make this advisable.

Compliant [X]   Partially compliant [ ]   Explain [ ]

34. When a coordinating director has been appointed, the articles of association or board of directors’ regulations should grant him or her the following powers over and above those conferred by law: chairing the board of directors in the absence of the chairman a vice chairmen, where applicable; giving voice to the concerns of non-executive directors; maintaining contacts with investors and shareholders to hear their views and developing a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinating the plan for the chairman's succession.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   N.A. [X]

35. The Board secretary should particularly strive to ensure that the board's actions and decisions are informed by the governance recommendations set out in this good governance code, to the extent that they apply to the company.

Compliant [X]   Explain [ ]

36. The Board of Directors sitting in full session should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board’s own actions.

b) The performance and membership of its committees.

c) The diversity of board membership and skills.

d) The performance of the chairman of the board of directors and the company’s chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairs of board committees.

The evaluation of the various board committees should start from the reports they submit to the board of directors, while the evaluation of the board itself should start from the report submitted by the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any member of its corporate group maintains with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X]   Partially compliant [ ]   Explain [ ]

37. When the company has an Executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   N.A. [X]

38. The Board of Directors should be kept fully informed of the matters debated and the decisions adopted by the executive committee, and all board members should receive a copy of the executive committee's minutes.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   N.A. [X]

39. The members of the audit committee as a whole, and especially its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Compliant [X]   Partially compliant [ ]   Explain [ ]

40. Companies should have a unit in charge of internal auditing duties, under the supervision of the audit committee, to monitor the effectiveness of internal reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [X]   Partially compliant [ ]   Explain [ ]

41. The head of the unit in charge of the internal audit function should present its annual work plan to the audit committee for approval by the latter or by the board, report directly to it on its execution, including any incidents and limitations on scope that may arise in its development, the results and follow-up of its recommendations, and submit an activity report at the end of each fiscal year.

Compliant [X]   Partially compliant [ ]   Explain [ ]   N.A. [ ]

42. The audit committee should have the following duties, over and above those set out in law:

1. With regard to internal reporting and monitoring systems:

a) Monitoring and assessing the preparation and integrity of financial and non-financial information, as well as the systems for controlling and managing financial and non-financial risks relating to the company and, where appropriate, the group - including operational, technological, legal, social, environmental, political, reputational and corruption-related risks - reviewing compliance with regulatory requirements, the appropriate scope of consolidation and the correct application of accounting criteria.

b) Monitoring the independence of the unit responsible for internal auditing duties; proposing the selection, appointment, re-election and removal of the head of the internal auditing service; proposing the service's budget; approving its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receiving regular information on its activities; and verifying that senior management take account of the findings and recommendations contained in its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or of any other nature related to the company that they become aware of within the company or its group. This mechanism should guarantee confidentiality and, in any event, provide for cases in which communications may be made anonymously, respecting the rights of both the complainant and the reported.

d) Overall, to ensure that the established internal control policies and systems are effectively implemented in practice.

2. With regard to the external auditor:

a) In the event of the external auditor's resignation, examining the circumstances that have caused it.

b) Ensuring that the payment of the external auditor does not compromise its quality or independence.

c) Ensuring that the company notifies any change of auditor to the CNMV as a significant event, accompanied by a statement detailing any potential disagreements arising with the outgoing auditor, where applicable, and the reasons for these disagreements.

d) Ensuring that the external auditor has a yearly meeting with the board of directors in full session to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensuring that the company and the external auditor adhere to current regulations on the provision of non-auditing services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X] Partially compliant [ ] Explain [ ]

43. The Audit Committee should be empowered to meet with any company employee or manager, even in the absence of other senior officers.

Compliant [X] Partially compliant [ ] Explain [ ]

44. The Audit Committee should be informed of any structural changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, where applicable, the exchange ratio proposed.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

45. Control and risk management policy should at least identify:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risk), with the inclusion under financial or economic risk of contingent liabilities and other off-balance sheet risk.

b) A risk management and control model based in different levels, including a specialised risk committee when sectoral rules so provide or where the company deems it appropriate.

c) The determination of the risk level the company sees as acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risk.

Compliant [X] Partially compliant [ ] Explain [ ]

46. The Company should establish an internal risk monitoring and management office within one of the company's own internal departments or units, with direct supervision from the audit committee or some other specialist board committee. This office should be expressly charged with the following duties:

a) Ensuring that risk control and management systems are functioning correctly and, specifically, that any major risks the company is exposed to are correctly identified, managed and quantified.

b) Participating actively in the preparation of risk strategies and in key decisions about their management.

c) Ensuring that risk control and management systems are mitigating risk effectively within the framework of the policy drawn up by the board of directors.

Compliant [X] Partially compliant [ ] Explain [ ]

47. Appointees to the appointments and remuneration committee (or the appointments committee and the remuneration committee, if separately constituted) should have the right balance of knowledge, skills and experience for the duties they are called on to perform, and the majority of their members should be independent directors.

Compliant [X] Partially compliant [ ] Explain [ ]

48. Companies with high levels of capitalisation should have a separate appointments committee and remuneration committee.

Compliant [X] Explain [ ] N.A. [ ]

49. The appointments committee should consult with chairman of the board of directors and the company's chief executive, especially on matters relating to executive directors.

Any board member should be able to suggest directorship candidates for consideration by the appointments committee, in order to cover vacant director positions.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Proposing standard conditions for senior officer contracts to the Board of Directors.

b) Monitoring compliance with the remuneration policy set by the Company.

c) Periodically reviewing the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensuring that their individual remuneration is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensuring that potential conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verifying the information on directors' and senior officers' pay contained in the various corporate documents, including the annual report on directors' pay.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The remuneration committee should consult with the company's chairman and chief executive, especially where matters relating to executive directors and senior officers are concerned.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The rules governing the composition and operation of the supervision and control committees should be set out in the board of directors' regulations and they should be consistent with the rules that govern legally mandatory board committees, as specified in the foregoing recommendations, including:

a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.

b) They should be chaired by independent directors.

c) The board of directors should appoint the members of such committees in consideration of the knowledge, skills and experience of its directors and the duties to be performed by each committee, and it should discuss their proposals and reports. Committees should submit an account to the first full meeting of the board after the committee in question has met, and the board should respond to the work carried out.

d) Committees may engage external advice, when they feel it necessary for the performance of their duties.

e) Meetings should be minuted and a copy made available to all board members.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the Board of Directors, which may be the Audit Committee, the nomination committee, a committee specialising in sustainability or corporate social responsibility or another committee that the board of directors, in the exercise of its powers of self-organisation, has decided to create. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be attributed with the following powers and be specifically attributed the minimum functions indicated in the following recommendation.

Compliant [X] Partially compliant [ ] Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

a) Supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) Evaluating and periodically reviewing the corporate governance system and the company's environmental and social policy to ensure that they fulfil their mission of promoting the corporate welfare and take into account, as appropriate, the legitimate interests of other stakeholders.

d) overseeing that the company's environmental and social practices are in line with the company's strategy and policy. strategy and policy.

e) Supervision and evaluation of the processes of relations with the different stakeholders.

Compliant [X] Partially compliant [ ] Explain [ ]

55. Sustainability policies on environmental and social issues should identify and include at least:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct

b) methods or systems for monitoring compliance with policies, associated risks and their management.

c) mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect integrity and honour. integrity and honour.

Compliant [X]   Partially compliant [ ]   Explain [ ]

56. Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant [X]   Explain [ ]

57. Variable remuneration linked to the company's and the director's individual performance, remuneration via the awarding of shares, options or any other right over shares, or the right to be remunerated on the basis of share price movements should be confined to executive directors, along with membership of long-term savings schemes, such as pension plans, retirements schemes or other social welfare programmes.

The company may consider the payment of non-executive directors through the handover of shares, provided that they retain such shares until the end of their mandate. The above condition shall not apply to any shares that the director must dispose of to settle costs related to their acquisition, where applicable.

Compliant [X]   Partially compliant [ ]   Explain [ ]

58. In the case of variable payments, remuneration policies should include the necessary limits and technical safeguards to ensure that such payments reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's business sector or other similar circumstances.
In particular, variable payment items should meet the following conditions:

a) They should be linked to predetermined and measurable performance criteria that factor in the risk assumed in order to obtain a given outcome.

b) They should promote the sustainability of the company and include non-financial criteria that are relevant to the creation of long-term value, such as compliance with the company's internal rules and procedures and its risk control and management policies.

c) They should be designed to achieve a balance between the delivery of short, medium and long-term objectives, in such a way that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to sustainable value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [X]   Partially compliant [ ]   Explain [ ]   N.A. [ ]

59. The payment of variable components of remuneration should be subject to sufficient verification that performance or other pre-established conditions have been effectively met. Institutions should include in the annual directors' remuneration report the criteria for the time required and methods for such verification, depending on the nature and characteristics of each variable component.

In addition, entities should consider the establishment of a reduction clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that entails their total or partial loss in the event that some event occurs prior to the time of payment that makes it advisable to do so.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

60. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report should be considered and the said earnings reduced accordingly.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

61. A significant percentage of executive directors' variable remuneration should be linked to the handover of shares or financial instruments linked to their value.

Compliant [X] Partially compliant [ ] Explain [ ] N.A. [ ]

62. When the shares or options or rights in shares corresponding to remuneration systems have been allocated, directors should not be able to transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, nor should they be able to exercise the options or rights granted to them until a term of at least three years has elapsed since their allocation.

An exception is made in the case where the director maintains, at the time of transfer or exercise, a net economic exposure to share price variation of a market value equivalent to an amount of at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, subject to the favourable opinion of the nomination and remuneration committee, in order to deal with extraordinary situations that so require.

Compliant [ ] Partially compliant [ ] Explain [X] N.A. [ ]

With regard to variable payments made in the form of shares, a twelve-month lock-up period has been established and approved for a third of the shares handed over, a eighteen months' lock-up for a further third and a twenty-four months for the final third.

63. Contractual arrangements should include provisions that permit the company to reclaim variable payment amounts when payment is found to be out of step with the director's actual performance or based on data subsequently found to be incorrect.

Compliant [ ] Partially compliant [ ] Explain [X] N.A. [ ]

No similar clause has been included in the provision of services contract signed between the Company and the executive directors.

64. Contract termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director in question has met the predetermined performance criteria.

For the purposes of this recommendation, termination or contractual termination payments include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [X]   Partially compliant [ ]   Explain [ ]   N.A. [ ]

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect or principle relating to the corporate governance practices followed by the company or the companies in its group that has not been addressed in this report and which should be included in order to provide a more comprehensive and reasoned view of the corporate governance structure and practices at the company or group, explain briefly.

2. In this section, you may include any other information, clarification or observation related to the above sections of this report, insofar as they are relevant and do not repeat information already provided.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when it differs from the information required by this report.

3. The company may also indicate whether it voluntarily subscribes to other international, industry specific or other ethical principles or standard practices. Where appropriate, the code in question shall be identified along with the date of affiliation. In particular, state whether the company has signed up to the Good Tax Practices Code of 20 July 2010:

To complete the information provided in section C.2 of this report, the Company has an Investment Committee that analyses and approves investments. The reason why its composition has not been detailed together with the Audit and Control Committee and the Appointments and Remuneration Committee is that some of its members are not members of the Board of Directors.

Its composition is as follows:

Mr. Luis Alfonso López de Herrera-Oria (CEO).
Mr. Stanislas Henry (Proprietary Director).
Ms. Chony Martín Vicente-Mazariegos (CFO).
Ms. Carmen Boyero-Klossner (Strategy Director).
Mr. Guillermo Fernández-Cuesta Laborde (Real Estate Director).
Mr. Fernando Arenas Liñán (Real Estate Director).
Mr. Stuart William McDonald (Real Estate Director).
Mr. Fabio Alen Viani (Real Estate Director).
Mr. Pablo de Castro Cardo (Real Estate Director).

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on:

22/02/2023

Indicate whether any director abstained or voted against the approval of this Report.

[ ] Yes
[√] No

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS
OF LISTED PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DATA

Financial year closing date: 31/12/2022

Company Tax ID No. (CIF): A88130471

Company name:

ARIMA REAL ESTATE SOCIMI, S.A.

Registered office:

SERRANO, 47 - 4ª PLANTA, 28001 MADRID

A. COMPANY REMUNERATION POLICY FOR THE CURRENT YEAR

A.1.1 Explain the director remuneration policy currently applicable to the year in course. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that the information is clear, specific and concrete.

The specific conditions for the year in course should be described, both as regards the directors' remuneration in their capacity as such and as a result of the executive duties they have performed for the board, pursuant to the contracts signed with executive directors and the remuneration policy approved by the General Shareholders' Meeting.

In any case, the following aspects should be reported:

a) Description of the procedures and company bodies involved in determining and approving remuneration policy and its terms and conditions.

b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

c) Information on whether any external advisors took part in this process and, if so, their identity.

d) Procedures contemplated in the current directors' remuneration policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.

The Company's remunerations policy is regulated under Article 37 of the Articles of Association, to which we refer here and which is published on the Company website (www.arimainmo.com), and has been amended for fiscal years 2021, 2022 and 2023 at the General Shareholders' Meeting held on June 28, 2022.

At the General Shareholders' Meeting held on 18 October 2018, it was agreed that independent directors would be paid fees for attending meetings of the Board of Directors and the board committees on which they sit from time to time. The said fees consist of a fixed annual sum set at the General Shareholders' Meeting.

In addition, it was agreed that the executive directors (there is only one in this case, the Managing Director) would be paid in accordance with the terms of their contract with the Company. All of the information related to this point is duly indicated in Article 25 of the board of directors' regulations, which are duly published on the Company's website (www.arimainmo.com).

The Managing Director's remuneration consists of a fixed portion, a variable portion or "bonus", and participation in the Share Incentive Scheme. The Managing Director may be entitled to receive an annual bonus corresponding to a percentage of his fixed remuneration, provided that the targets fixed and approved annually by the Board of Directors are achieved and that payment of this bonus is also approved by the Board of Directors. Remuneration in kind is also offered, such as use of company vehicles and health and life insurance policies, all pursuant to the terms and conditions contained in the contracts signed by the said directors with the company and approved by the General Shareholders' Meeting, pursuant to the requirements of the Spanish Capital Companies Act (LSC).

The Incentive Plan for executives consists of the handover of shares or payment in cash, at the Company's discretion. For information purposes, a summary of the terms and conditions can be found in the 2018 share listing prospectus. The Plan lasts for 6 years and benefits are accrued year on year until it ends. The aforementioned scheme will give the right to receive shares as an incentive when the terms and conditions detailed in the scheme are met for a specifically calculated period of time. These terms and conditions require the total return for shareholders to be in excess of a specific percentage, primarily measured via the value uplift in the assets acquired. Entitlement to this incentive accrues and is calculated on an annual basis for the period between July 1 and June 30 of the following year, and it is settled with an award of company shares once this period has ended.

In addition, under the terms of the services contract entered into with the Company, in the event of the said contract's termination without just cause, the Managing Director shall have the right to receive either compensation in cash equal to twice the last total annual remuneration received. Furthermore, it is stated that the contract signed between the company and the Managing Director does not contain any post-contractual non-compete clause and no compensation is therefore provided for in this regard.

The general policy terms and principles are summarised for information purposes in the share listing prospectus registered by the Company and approved by the Spanish Securities Markets Commission (CNMV) in 2018. The said summary outlines the governing criteria contained in Articles 25 and 36 of the Board of Directors' Regulations, which analyse the key aspects and duties of the Appointments and remuneration committee. The Appointments and remuneration committee's duties notably include the formulation and proposal of the Company's remuneration policy and oversight of its implementation; by extension, the said committee establishes the key aspects of that policy. Since its approval, the governing principle of the policy has been to establish a mix between fixed and variable or incentive-based remuneration that aligns shareholders' primary interests with the optimum performance and professionalism of the executive director, in this case the Managing Director.

There are no senior management personnel. Key planning, management and control decisions of the Company, as well as decisions affecting economic and strategic policies, are taken by the Chief Executive Officer and the Board of Directors.

A.1.2 Relative importance of variable payment items *vis-à-vis* fixed salary (remuneration mix) and the criteria and objectives taken into consideration in their calculation in order to guarantee a suitable balance between the fixed and variable components of the remuneration offered. In particular, describe the actions adopted by the company in relation to its remuneration system in order to reduce exposure to excessive risks and adapt it to the company's long-term objectives, values and interests. Include, where applicable, mention of the measures taken to guarantee that the company's long-term results are taken into account in its remuneration policy, the measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and the measures intended to avoid conflicts of interest, as applicable.

In addition, state whether the company has established any period for the accrual or consolidation of certain variable payment items, in cash, shares or other financial instruments, or any period for the deferral of the payment of amounts or the handover of accrued and consolidated financial instruments, or whether there is any clause that provides for the reduction of this deferred payment or that obliges the director to return the payments received when such payments have been based on certain figures that have clearly been shown to be inaccurate.

The Remuneration Policy has been prepared taking into account the relevance of the Company, its economic situation, market standards for comparable companies and the dedication of the directors to the Company. The remuneration set out below maintains an appropriate proportion and promotes the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders, without compromising the independence of the directors themselves.

As regards long-term variable remuneration consisting of the delivery of shares to executive directors within the framework of the Company's Incentive Plan, the delivery of the shares is split and deferred so that, once the variable remuneration has been accrued, it will be delivered in one third after 12 months, another third after 18 months and finally after 24 months the remaining third will be delivered.

A.1.3 Amount and nature of fixed payment items that are due to be accrued during the year by directors in their capacity as such.

During the 2023 fiscal year, non-executive directors are expected to accrue 425 thousand euros in attendance fees for attending the Board of Directors and the Committees in which they participate.

A.1.4 Amount and nature of fixed payment items that are due to be accrued during the year for the performance by executive directors of senior management duties.

During the financial year 2023, it is expected that the executive directors will accrue fixed remuneration of 925 thousand euros.

A.1.5 Amount and nature of any payment in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

During the financial year 2023, it is expected that the executive directors will accrue an amount of 44 thousand euros as remuneration in kind.

A.1.6 Amount and nature of variable payment items, differentiating between those established in the short and long term. The financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration during the year in course, with an explanation of the extent to which these parameters are related to both the director's and the company's performance, together with the associated risk profile and the methodology, required deadlines and techniques established to determine the degree of compliance with the parameters used in the design of variable remuneration at the end of the year.

State the range, in monetary terms, of the different variable payment items on the basis of the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts apply in absolute terms.

The executive directors have contractually stipulated as short-term variable remuneration a bonus of up to 150% of gross annual salary. In order to determine such variable remuneration, the criteria, parameters and weightings established in the current Remuneration Policy, approved at the 2022 General Shareholders' Meeting, are taken into account. The evaluation system for such variable remuneration is linked to predetermined and measurable performance criteria linked to the achievement of a result that promotes the sustainability of the Company, including, in turn, non-financial criteria that are appropriate to the creation of value, compliance with the internal rules and procedures of the company and its policies for the control and management of risks, specifically based on four pillars, each of equal relevance, which encompass the performance of the Company from different approaches, but in a comprehensive and complete manner:

- The first pillar focuses on SHAREHOLDER RETURN, understood as the growth of the share price, including any economic return distributed in application of the economic rights of the shares during the year, with the objective of making their investment in the company profitable. This pillar has a weighting of 25%.

- Secondly, the financial performance of the Company compared to its competitors is included, assessing the relative discount between the share price and its Net Asset Value (NAV) in a measurable way. This pillar has a weighting of 25%.

- Thirdly, the Company's Portfolio is taken into account, where excellence in the performance of the Company's asset portfolio is assessed and linked to measures encompassing the management of the stabilised portfolio and the portfolio undergoing refurbishment. This pillar has a weighting of 25% and is linked to two objective and measurable metrics:

1) Growth in the value of the overall portfolio on a comparable basis - in Like-for-Like terms - based on valuations performed by an external accredited valuator in accordance with the internationally recognised RICS methodology. This parameter has a 50% weighting within the Portfolio criterion.

2) Degree of asset quality, measurable through a set of certifications issued by external bodies and using national and international methodology. These certifications include, among others, LEED, BREEAM, Well and Well Health & Safety certifications. This parameter has a 50% weighting within the Portfolio criterion.

- Finally, it establishes as fundamental the Environmental, Social and Governance (ESG) criteria to reflect, in a measurable and objective way, Árima's behaviour in its desire to be a Company that promotes sustainability in its actions at all levels. This pillar has a weighting of 25% and is linked to two objective and measurable metrics:

1) GRESB: benchmark assessment in the sector and of great international prestige, which validates verifiable and measurable data relating to CSR aspects on the performance of the Company and its portfolio of assets, providing a benchmark ranking that positions each company in the market and against its competitors. It is therefore a relative metric. This parameter has a 50% weighting within the ESG criterion.

2) EPRA sBPR: European standard that precisely defines the key metrics in the sector, in the financial and sustainability fields, in order to promote transparency and facilitate comparison between European real estate companies. This parameter has a 50% weighting within the ESG criterion.

With these criteria, the Appointments and Remuneration Committee considers that it can assess the Company's performance in its complexity and as a whole in a reasonable and objective manner, establishing the levels of compliance for assessing the performance of the executive directors defined in the Remuneration Policy.

A.1.7 Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether it is a defined contributions or benefits system, the annual contribution that needs to be made under the defined contribution system, the benefits to which directors are entitled in the case of defined benefit systems, the conditions under which economic rights are consolidated for directors and their compatibility with any other type of payment or compensation for the early termination of their contractual relationship, or payments arising from termination of the contractual relationship in the terms agreed between the company and the director.

State whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters relating to the director’s short- or long-term performance.

At the date of issue of the Report, no long-term savings scheme has been approved, but its future implementation is under consideration by the Board of Directors.

A.1.8 Any type of payment or compensation for the director’s early termination or dismissal, or payments arising from termination of the contractual relationship in the terms agreed between the company and the director, whether this entails the director’s voluntary resignation or the director’s dismissal by the company, as well as any type of agreement reached, such as exclusivity, post-contractual no-compete clauses, permanence or loyalty, which entitle the director to any type of remuneration.

There is compensation in the event of termination of executive directors' contracts as provided in section A.1.9.

A.1.9 Detail the conditions that must be respected in the contracts of people performing senior management duties as executive directors. Include information regarding, *inter alia*, the contract’s term, limits on compensation amounts, permanence clauses, prior notice periods and payment in lieu of the said prior notice periods, and any other clauses relating to hiring bonuses and compensation or golden parachutes due to early termination of the contractual relationship between the company and the executive director. Include, *inter alia*, any clauses or agreements on not competing, exclusivity, permanence and loyalty, and post-contractual no-compete clauses, unless these have been explained in the previous section.

Duration: The service contracts entered into between the company and the executive directors were concluded for an indefinite period.

Permanence undertaking: The Managing Director has undertaken not to terminate his contract for a period of five years from its entry into force (the Minimum Permanence Term). In the event that Mr. Luis Alfonso López de Herrera-Oria terminates his contract with the Company without just cause prior to the end of the Minimum Permanence Term, the Company will have the right to claim compensation in an amount equivalent to the fixed remuneration that the Managing Director would have been entitled to receive during the rest of the Minimum Permanence Term. In the event that Luis Alfonso López de Herrera-Oria is dismissed as the Company’s Managing Director before the end of the Minimum Permanence Term, or his appointment as Managing Director is not renewed, or his Contract is terminated by the company, Luis Alfonso López de Herrera-Oria will have the right to receive compensation equal to the fixed salary to which he would have been entitled during the remainder of the Minimum Permanence Term, with a minimum of twice the last total annual remuneration received, an amount that will be subject to the applicable tax withholdings. This amount will reduce any compensation for termination on a euro for euro basis. In the case of Ms. Chony Martín Vicente-Mazariegos does not have a commitment of permanence.

Termination: Either of the parties may terminate this Contract by sending written notification to the other party at least 3 months in advance. If the company terminates the contract without just cause (i.e. unfair dismissal as this term is defined in the Spanish Workers’ Statute), the Managing Director shall have the right to receive a cash compensation payment equal to twice the last total annual remuneration received, or the compensation amount payable in the event of unfair dismissal under the Spanish Workers’ Statute in force from time to time, if the latter amount is greater. Such compensation payments will be subject to the applicable tax withholdings. If the Contract is terminated by the company with just cause, the Managing Director shall not have the right to any compensation. For the purposes of severance payments, Luis Alfonso López de Herrera-Oria is deemed to have four years’ seniority. Furthermore, if the

Company decides to terminate this Contract and Luis Alfonso López de Herrera-Oria is denied unemployment benefits by the competent public authorities, the company shall compensate the Managing Director in an amount equivalent to the unemployment benefits to which he would have been entitled if he had been legally classified as unemployed on the date on which his commercial relationship with the company ended, for a maximum period of two years. This amount shall be paid to Luis Alfonso López de Herrera-Oria as a lump sum upon termination of his Contract and shall be subject to the applicable tax withholdings.

Exclusivity: During the term of the contract, the executive directors shall work exclusively for the company and shall not render services to any parties other than the company unless the company gives its express consent.

No competition: During the term of the contract, the executive directors may not directly or indirectly compete (including, without limitation, as shareholder, controlling person, employee, agent, consultant, officer, partner or director of any company) with the business and activities engaged in now or in the future by the Company, with the sole exception of the existing delegated execution and marketing agreements that have already been signed with certain companies and have been declared to the company, provided that these do not interfere with Luis Alfonso López de Herrera-Oria's obligations as Managing Director.

No recruitment of employees: During the term of the contract and for a period of two years after its termination, the executive directors shall not, without obtaining the prior written consent of the company, directly or indirectly (through any person, firm, partnership or any business of any other nature) (i) solicit, induce or otherwise attempt to persuade any client or potential client of the Company to terminate their relationship or potential relationship with the Company or (ii) engage or solicit, recruit, induce, persuade, influence or encourage any employee of the Company to leave the Company.

A.1.10 The nature and estimated amount of any other additional payments accrued by directors in return for services rendered during the year in course, other than those inherent in their position.

Not applicable.

A.1.11 Other payment items, such as (where applicable) the grant to the director by the company of advance payments, loans, guarantees or any other remuneration.

Not applicable.

A.1.12 The nature and estimated amount of any other planned additional payments that will be accrued by directors during the year in course and that are not included in the previous sections, whether payment is made by the company or another group company

Not applicable.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or a modification to the policy already approved by the General Shareholders' Meeting.

b) Significant changes to the specific conditions established by the board in respect of remuneration policy in force for the current year, as compared with those applied in the previous year.

c) Proposals that the board of directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed for application to the current year.

The modification of the remuneration policy approved by the Board on 28 June 2022 is based on the following reasons:

(a) Updating of the procedure for approval of the Policy in accordance with the new regulatory framework following the amendment of the Capital Companies Act arising from the entry into force of Act 5/2021 of 12 April, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

b) Modification of certain guiding principles and criteria of the Remuneration Policy.

c) Incorporation of a greater degree of detail in relation to the variable remuneration system for executive directors.

d) Incorporation of the possibility of implementing a Savings Plan for executive directors.

e) Definition of the specific amounts to be received by executive directors for the financial year 2022 and subsequent years.

f) Greater regulation of the remuneration conditions applicable to possible new directors.

g) Inclusion of a section on governance, which regulates the process of review and approval of the Policy, its supervision and application, and the possibility of applying exceptionalities in accordance with the new LSC.

A.3. Give details of the direct link to the document where the company's current remuneration policy is posted, which must be available on the company's website.

https://arimainmo.com/wp-content/uploads/2019/11/190926-Política-de-remuneraciones-CA_EN.pdf

A.4. Explain, bearing in mind the data provided in Section B.4, how the company has taken account of the way that shareholders voted on the annual report on remuneration for the previous year, when this was submitted to a consultative vote at the General

Shareholders' Meeting.

The shareholders' vote on the 2021 Directors' Remuneration Report has been taken into account and has resulted in the establishment of different targets for obtaining short-term variable remuneration as detailed in section A.1.6. of this report.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE LAST FINANCIAL YEAR

B.1.1 Explain the process followed to apply the remuneration policy and give details of the individual payments mentioned in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where applicable, the identity and the role of the external advisors whose services were used in the process to apply remuneration policy in the year ended.

The preparatory work and the decision-making process for determining the remuneration policy can be summarized as follows: the drafting of the remuneration policy by the Appointments and Remuneration Committee, its approval by the Board of Directors and its submission to the General Shareholders' Meeting.

The Appointments and Remuneration Committee is composed of three independent directors: Mr. David Jiménez-Blanco Carrillo de Albornoz, who chairs it, Mr. Cato Henning Stonex and Mr. Stanislas Marie Luc Henry. Their term of office may not exceed their term of office as directors, which is three years. The Secretary of the Board of Directors, Mr. Iván Azinovic Gamo, acts as Secretary of the Appointments and Compensation Committee, assisting the Chairman and reflecting in the minutes the development of the meetings, the content of the deliberations and the resolutions adopted.

The directors who are members of the Nomination and Compensation Committee and who have participated in the definition of the compensation policy are independent directors, with the exception of Mr. Stanislas Marie Luc Henry, who is a proprietary director.

B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the year. policy that has occurred during the fiscal year.

No deviations have occurred.

B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.

Not applicable.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting the system to the company's long-term objectives, values and interests. Include a reference to the measures that have been adopted to guarantee that the company's long-term results have been taken into consideration in the remuneration accrued and that a suitable balance has been achieved between the fixed and variable components of the payments made, the measures adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile, and the measures adopted to avoid conflicts of interest, where appropriate.

In addition to the variable remuneration, detailed in section A.1.6, the accrual and payment of which is decided by the Board of Directors, the only variable remuneration plan is the Incentive Plan, which, following the amendment of the remuneration policy, is designed for the period from 1 July 2020 to 30 June 2024 and is fully aligned with the interests of the shareholders, such that the right to receive it only accrues if it creates accrued value for them.

The main value for the shareholder is the revaluation of the company's assets in accordance with the Net Tangible Asset Value according to EPRA. Based on their active management through repositioning and leasing in the marketplace, an intrinsic value is obtained which becomes a greater value of the underlying assets of the Company, which in turn translates into a higher share price on the stock markets.
The long-term undertaking is determined by the fact that the variable remuneration scheme consists of handing over shares that are subject to a blocking period or prohibition on their disposal, with the Scheme's beneficiaries committing to the future of the Company.
In the event that the Net Book Value of the assets drops in successive years for reasons unrelated to their management, new incentives will not accrue until this value recovers to a level higher than the last maximum obtained. In other words, any possible rebound effect cannot be taken advantage of by beneficiaries of the Scheme.
The Incentive Scheme itself does not provide specific measures in the event that the figures used to determine its application have been fraudulently obtained. It is the legal system, the Spanish Capital Companies Act and the Spanish Criminal Code that lay down the rules that would be applicable in the event that the Board of Directors or the Managing Director have overstepped their duties in any way.
However, to guarantee the company's processes, the value of the properties is calculated by companies of known repute in the sector, and PriceWaterhouseCoopers has been commissioned to carry out a report of agreed procedures for correctly determining the amount accruing every year in the Incentive Scheme.

B.3. Explain how the remuneration accrued and consolidated over the year meets the provisions in the current remuneration policy and, in particular, how it contributes to the sustainable and long-term performance of the company.

Furthermore, report on the relationship between the payments received by directors and the company's results or other performance indicators in the short and long term, explaining, where applicable, how any variations in the company's performance may have influenced changes in the payments made to directors, including amounts that have accrued and have been deferred, and how these contribute to the company's short- and long-term results.

The remuneration accrued in financial year 2022 corresponds to the current remuneration policy approved at the General Shareholders' Meeting of 28 June 2022 and contributes to the sustainable and long-term performance of the Company as specified in the previous section.

In addition, the accrued remuneration has not exceeded the total amount of remuneration that the Company may pay to all of its directors.

B.4. Report the results of the consultative vote at the General Shareholders' Meeting regarding remuneration paid during the preceding year, indicating the number of votes against, if any:

	Number	% of total
Votes cast	22,238,685	78.22

	Number	% of votes cast
Votes against	4,658,800	80.95
Votes in favour	17,579,885	79.05
Blank ballot		0.00
Abstentions		0.00

B.5. Explain how the fixed amounts accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The fixed components accrued during the year were set by the company's Annual General Meeting of Shareholders held on 28 June 2022 and remain unchanged from the previous year.

B.6. Explain how the salaries accrued by each of the executive directors for the performance of their management duties over the past financial year were determined, and how they changed with respect to the previous year.

The fixed components accrued during the year were set by the company's Annual General Meeting of Shareholders held on 28 June 2022 and have changed compared to the previous year due to the increase in the remuneration of one of the two executive directors.

B.7. Explain the nature and the main characteristics of the variable components accrued under the remuneration systems during the year ended.

In particular:

a) Identify each of the remuneration plans that have determined the different variable payments accrued by each of the directors during the year ended, including information on their scope, their date of approval, their date of implementation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.

b) In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions necessary both to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term in which they can be exercised.

c) Each of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), who are beneficiaries of remunerations systems or plans that include variable remuneration.

d) Where applicable, information is to be provided on the periods for the accrual or deferral of payment that have been applied, and/or the periods for withholding/unavailability of shares or other financial instruments, where they exist.

Explain the short-term variable components of the remuneration systems:

The short-term variable remuneration corresponding to the Company's result in financial year 2022 amounts to 70% of the fixed remuneration for financial year 2022, that is, 47% of the maximum STIP of 150%. To determine such variable remuneration, the criteria, parameters and weightings established in the current Remuneration Policy, approved at the 2022 General Shareholders' Meeting, and referred to in section A.1.6. of the last Annual Report on Directors' Remuneration (2021), have been taken into account. The degree of compliance corresponding to financial year 2022 is detailed below:

- Shareholder return (weighting 25%): the level of compliance did not reach the minimum level established, so the percentage accrued was 0%.

- NAV discount vs competition (weighting 25%): this objective was met above its maximum level, so the percentage accrued for this result was 37.50%.

- Parameters relating to portfolio management:

1) The valuation of assets (weighting 12.5%): the level of compliance has been intermediate, and a percentage of 1.20% has been applied.

2) Quality and Sustainability certifications (weighting 12.5%): the level of compliance has not reached the established minimum, as the certifications were still pending at year-end, so the percentage accrued was 0%.

- Parameters relating to ESG:

1) GRESB (weighting 12.5%): the level of compliance has been intermediate, in this case 100%, resulting in an accrued percentage of 12.50%.

2) EPRA (weighting 12.5%): the level of compliance has been maximum, in this case 150%, resulting in an accrual of 18.80%.

This variable remuneration will be delivered in cash during the first quarter of the 2023 financial year.

Explain the long-term variable components of the remuneration systems

Not applicable.

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of reduction or clawback clauses, why they were implemented and the years to which they refer.

Not applicable.

B.9. Explain the main characteristics of the long-term saving schemes whose amount or equivalent annual cost is shown in the tables contained in Section C, including retirement and any other survival benefit, where these are wholly or partially financed by the company, whether funded internally or externally, stating the type of scheme, whether it is a defined contribution or benefit scheme, the conditions for the consolidation of economic rights in favour of the directors and the compatibility thereof with any kind of indemnity for early termination of the contractual relationship between the company and the director.

Not applicable.

B.10. Explain, where applicable, the severance pay or any other type of payment that has accrued and/or been received by directors during the year ended as the result of a director’s early dismissal or resignation or as the result of the termination of the contract in the terms provided for therein.

Not applicable.

B.11. Indicate whether there have been any significant changes in the contracts of persons performing senior management duties, such as executive directors, and, where applicable, explain such changes. In addition, explain the main conditions set out in any new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

Not applicable.

B.12. Explain any supplementary remuneration accrued by directors in consideration of services provided other than those inherent in their position.

Not applicable.

B.13. Explain any remuneration resulting from the grant of advances, loans and guarantees, with details of the interest rate, main features and amounts potentially repaid, as well as the obligations assumed on their behalf by way of security.

Not applicable.

B.14. Give details of the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary items.

Remuneration in kind paid to executive directors during the financial year 2022 amounted to 39 thousand euros and consisted of medical and life insurance and the provision of vehicles.

B.15. Indicate the remuneration accrued by the director by virtue of the payments made by the listed company to a third party organisation to which the director provides services, when these payments are allocated to the remuneration of the director's services at the company.

Not applicable.

B.16. Explain and detail the amounts accrued during the year in relation to any other remuneration item other than the above, regardless of its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, as the case may be, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued in the "other items" section of section C.

Not applicable.

C. DETAILS OF THE INDIVIDUAL REMUNERATION PAID TO EACH DIRECTOR

Name	Type	Accrual period 2022
MR. FERNANDO BAUTISTA SAGÜÉS	Independent Director	From 01/01/2022 to 31/12/2022
MR. DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Independent Director	From 01/01/2022 to 31/12/2022
MR. LUIS ARREDONDO MALO	Independent Director	From 01/01/2022 to 31/12/2022
MR. CATO HENNING STONEX	Independent Director	From 01/01/2022 to 31/12/2022
MR. STANISLAS MARIE LUC HENRY	Proprietary Director	From 01/01/2022 to 31/12/2022
MR. LUIS LOPEZ DE HERRERA-ORIA	Managing Director	From 01/01/2022 to 31/12/2022
MS. CHONY MARTIN VICENTE-MAZARIEGOS	Executive Director	From 01/01/2022 to 31/12/2022

C.1. Complete the following tables in relation to the individual remuneration accrued by each of the directors (including remuneration for the performance of executive duties) during the financial year.

a) Company payments forming the subject of this report:

i) Cash payments accrued (thousands of €)

Name	Fixed Payment	Allowances	Payment for for membership of board committees	Salary	Short-term variable payment	Long-term variable payment	Compensation	Other items	Total for 2022	Total for 2021
FERNANDO BAUTISTA SAGÜÉS		100							100	100
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ		100							100	100
LUIS ARREDONDO MALO		125							125	125
CATO HENNING STONEX		100							100	100
STANISLAS MARIE LUC HENRY										
LUIS LOPEZ DE HERRERA-ORIA	600				480			27	1,107	866
CHONY MARTIN VICENTE-MAZARIEGOS	325				200			12	537	362

Remarks
The executive directors have received during the year ended a short-term variable remuneration corresponding to the Company's result in financial year 2021 consisting of a bonus of 80% of the fixed remuneration for the year 2021. This remuneration was approved by the Board of Directors on 22 February 2022 in line with the provisions of section A.1.6.

ii) Table of changes to payments based on shares and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at the beginning of 2022		Financial instruments awarded during 2022		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of consolidated shares	Net profit from shares or consolidated financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
FERNANDO BAUTISTA SAGÜÉS	Plan							0.00				
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Plan							0.00				
LUIS ARREDONDO MALO	Plan							0.00				
CATO HENNING STONEX	Plan							0.00				
STANISLAS MARIE LUC HENRY	Plan							0.00				
LUIS LOPEZ DE HERRERA-ORIA	Plan							0.00				
CHONY MARTIN VICENTE-MAZARIEGOS	Plan							0.00				

Remarks

iii) Long-term savings plans.

Name	Remuneration from consolidation of rights to savings system
FERNANDO BAUTISTA SAGÜÉS	
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	
LUIS ARREDONDO MALO	
CATO HENNING STONEX	
STANISLAS MARIE LUC HENRY	
LUIS LOPEZ DE HERRERA-ORIA	
CHONY MARTIN VICENTE-MAZARIEGOS	

	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
Name	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
FERNANDO BAUTISTA SAGÜÉS								
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ								
LUIS ARREDONDO MALO								
CATO HENNING STONEX								

Name	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
STANISLAS MARIE LUC HENRY								
LUIS LOPEZ DE HERRERA-ORIA								
CHONY MARTIN VICENTE-MAZARIEGOS								

Remarks

iv) Details of other items

Name	Item	Amount paid
FERNANDO BAUTISTA SAGÜÉS	Item	
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Item	
LUIS ARREDONDO MALO	Item	
CATO HENNING STONEX	Item	
STANISLAS MARIE LUC HENRY	Item	
LUIS LOPEZ DE HERRERA-ORIA	HEALTH AND LIFE INSURANCE, VEHICLE.	27
CHONY MARTIN VICENTE-MAZARIEGOS	HEALTH AND LIFE INSURANCE, VEHICLE.	12

Remarks

b) Remuneration of the company's directors for their membership of the boards of other group companies:

i) Cash payments accrued (thousands of €)

Name	Fixed Payment	Allowances	Payment for membership of board committees	Salary	Short-term variable payment	Long-term variable payment	Compensation	Other items	Total for 2022	Total for 2021
FERNANDO BAUTISTA SAGÜÉS										
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ										
LUIS ARREDONDO MALO										
CATO HENNING STONEX										
STANISLAS MARIE LUC HENRY										
LUIS LOPEZ DE HERRERA-ORIA										
CHONY MARTIN VICENTE-MAZARIEGOS										

Remarks

ii) Table of changes to payments based on shares and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at the beginning of 2022		Financial instruments awarded during 2022		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of consolidated shares	Net profit from shares or consolidated financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
FERNANDO BAUTISTA SAGÜÉS	Plan							0.00				
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Plan							0.00				
LUIS ARREDONDO MALO	Plan							0.00				
CATO HENNING STONEX	Plan							0.00				
STANISLAS MARIE LUC HENRY	Plan							0.00				
LUIS LOPEZ DE HERRERA-ORIA	Plan							0.00				
CHONY MARTIN VICENTE-MAZARIEGOS	Plan							0.00				

Remarks

iii) Long-term savings plans.

Name	Remuneration from consolidation of rights to savings system
FERNANDO BAUTISTA SAGÜÉS	
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	
LUIS ARREDONDO MALO	
CATO HENNING STONEX	
STANISLAS MARIE LUC HENRY	
LUIS LOPEZ DE HERRERA-ORIA	
CHONY MARTIN VICENTE-MAZARIEGOS	

	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
Name	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
FERNANDO BAUTISTA SAGÜÉS								
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ								
LUIS MARÍA ARREDONDO MALO								
CATO HENNING STONEX								

Name	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
STANISLAS MARIE LUC HENRY								
LUIS LOPEZ DE HERRERA-ORIA								
CHONY MARTIN VICENTE-MAZARIEGOS								

Remarks

iv) Details of other items

Name	Item	Amount paid
FERNANDO BAUTISTA SAGÜÉS	Item	
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	Item	
LUIS ARREDONDO MALO	Item	
CATO HENNING STONEX	Item	
STANISLAS MARIE LUC HENRY	Item	
LUIS LOPEZ DE HERRERA-ORIA	Item	
CHONY MARTIN VICENTE-MAZARIEGOS	Item	

Remarks

c) Summary of payments (thousands of €):

This summary should include the amounts corresponding to all payment items, including those indicated in this report which the director has accrued, shown in thousands of euros.

	Payments accrued within the Company					Payments accrued within group companies					
Name	Total cash payment	Net profit from shares or consolidated financial instruments	Payments from savings schemes	Payments from other items	Company total 2022	Total cash payment	Net profit from shares or consolidated financial instruments	Payments from savings schemes	Payments from other items	Group total 2022	Company + Group total 2022
FERNANDO BAUTISTA SAGÜÉS	100				100						100
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	100				100						100
LUIS ARREDONDO MALO	125				125						125
CATO HENNING STONEX	100				100						100
STANISLAS MARIE LUC HENRY											
LUIS LOPEZ DE HERRERA-ORIA	1,107				1,107						1,107
CHONY MARTIN VICENTE-MAZARIEGOS	537				537						537
TOTAL	2,069				2,069						2,069

Remarks

C.2. Indicate the evolution over the last 5 years of the amount and percentage variation of the remuneration accrued by each of the listed company's directors who have been directors during the year, of the consolidated results of the company and of the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
Name	FY 2022	% Variation 2022/2021	FY 2021	% Variation 2021/202	FY 2020	% Variation 2020/2019	FY 2019	% Variation 2019/2018	FY 2018
Executive Director									
CHONY MARTIN VICENTE-MAZARIEGOS	537	48.34	362	-54.86	802	-	0	-	0
LUIS LOPEZ DE HERRERA-ORIA	1,107	27.83	866	-69.84	2,871	303.80	711	n.d.	62
Independent Director									
CATO HENNING STONEX	100	0.00	100	25.00	80	21.21	66	560.00	10
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	100	0.00	100	8.70	92	39.39	66	560.00	10
FERNANDO BAUTISTA SAGÜÉS	100	0.00	100	8.70	92	39.39	66	560.00	10
LUIS MARÍA ARREDONDO MALO	125	0.00	125	9.65	114	37.35	83	591.67	12
Consolidated results of the company									
	10,563	-59.57	26,125	99.56	13,091	-14.93	15,389	n.d.	1,124
Average employee compensation									
	256	33.33	192	-58.71	465	159.78	179	752.38	21

Remarks

The company was incorporated in 2018 and accrued compensations began on October 23, 2018.

D. OTHER INFORMATION OF INTEREST

If there are any significant aspects of directors' remuneration which have not been mentioned in the previous sections of this report, but which should be included in the interests of providing comprehensive and reasoned information on the remunerative structure and practices of the company regarding its directors, please provide details in brief.

Not applicable.

This annual report on remuneration was approved by the company's board of directors at its meeting held on:

22/02/2023

Indicate whether any director abstained or voted against the approval of this Report.

[ ] Yes
[√] No

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

PREPARATION OF THE CONSOLIDATED STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR FINANCIAL YEAR ENDED ON 31 DECEMBER 2022

The Board of Directors of the company Árima Real Estate SOCIMI, S.A. on 22 February 2023, and in compliance with the requirements set out in the article 253 of the Ley de Socieades de Capital y the article 37 of the Código de Comercio, proceeds to prepare the Consolidated Annual Accounts and Consolidated Management Report for the financial year ended on 31 December 2022, which are constituted by the attached documents that precede this writing.

Mr. Luis María Arredondo Malo
President

Mr. Luis Alfonso López de Herrera-Oria
Vice-President and Board Member

Mr. David Jiménez-Blanco Carrillo de Albornoz
Board Member

Mr. Cato Henning Stonex
Board Member

Mr. Fernando Bautista Sagüés
Board Member

Mr. Stanislas Henry
Board Member

Mrs. Chony Martín Vicente-Mazariegos
Board Member

Notice extended by the Secretary to the Board, placing on record that, following the preparation by the members of the Board of Directors of Árima Real Estate SOCIMI, S.A. and subsidiaries of the Consolidated Annual Accounts and Consolidated Management Report for the financial year ended on 31 December 2022 in the meeting held on 22 February 2023, all Directors have signed this document and stamped their signature on this last page, to which I bear witness, in Madrid, on 22 February 2023. I also certify that these Consolidated Annual Accounts are the same as those approved by that Board of Directors, and therefore I sign all pages.

Mr. Iván Azinovic Gamo

For the purposes of Article 8.1(b) of Real Decreto 1362/2007 of 19 October, the members of the Board of Directors of Arima Real Estate SOCIMI, S.A.

State:

That, as far as their knowledge reach, the Consolidated Annual Accounts of Árima Real Estate SOCIMI, S.A. (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts) for the financial year ended on 31 December 2022, prepared for the Board of Directors in the meeting held on 22 February 2023, developed in accordance with the accounting principles that are applicable, they offer the faithful image of the equity, financial situation and the results of Árima Real Estate SOCIMI, S.A.

They also state that the Consolidated Management Report supplementing the Consolidated Annual Accounts includes a faithful analysis of the evolution, business results and position of Árima Real Estate SOCIMI, S.A., as well as the description of the major risks and uncertainties it faces.

In Madrid, at 22 February 2023

Mr. Luis María Arredondo Malo
President

Mr. Luis Alfonso López de Herrera-Oria
Vice-president and Board Member

Mr. David Jiménez-Blanco Carrillo de Albornoz
Board Member

Mr. Cato Henning Stonex
Board Member

Mr. Fernando Bautista Sagües
Board Member

Mr. Stanislas Henry
Board Member

Mrs. Chony Martín Vicente-Mazariegos
Board Member