

Árma Real Estate SOCIMI, S.A. and subsidiaries

Report on limited review
Condensed consolidated interim financial statements
for the six-month period ended June 30, 2022
Consolidated interim management report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Report on limited review of condensed consolidated interim financial statements

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

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Árima Real Estate SOCIMI, S.A. (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the interim balance sheet as at 30 June 2022, and the interim income statement, interim statement of comprehensive income, interim statement of changes in equity, interim cash flow statement and related notes, all condensed and consolidated, for the six -month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six -month period ended 30 June 2022 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to note 2.1, in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in

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accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six -month period ended 30 June 2022 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six -month period ended 30 June 2022. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Árima Real Estate SOCIMI, S.A. and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Rafael Pérez Guerra

27 July 2022



This version of the condensed interim consolidated financial statements 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 condensed interim consolidated financial statements takes precedence over this translation.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements
and the Consolidated Interim Management Report
for the six-month period ended at 30 June 2022



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

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ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2022
(Thousand euros)

ASSETS	Note	At 30 June 2022	At 31 December 2021
NON-CURRENT ASSETS			
Intangible assets	5	253	218
Property, plant and equipment	6	238	259
Investments properties	7	381,600	343,600
Non-current investments		3,739	2,495
Loans to third parties	8, 9	1,392	1,578
Financial hedging derivatives	8, 9, 15	1,256	-
Other non-current financial assets	8, 9	1,091	917
		385,830	346,572
CURRENT ASSETS			
Trade receivables and other receivable services		2,826	4,518
Trade receivables for sales and services	8, 9	520	339
Other receivables accounts	8, 9	15	26
Personnel	8, 9	10	1
Other credits held with Public Authorities	14	2,281	4,152
Other current financial assets	8	29	36
Prepayment for current assets		837	352
Cash and cash equivalents	10	74,720	88,884
Cash and banks		74,720	88,884
		78,412	93,790
		464,242	440,362

Notes 1 to 20 form an integral part of these condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2022
(Thousand euros)

EQUITY AND LIABILITIES	Note	At 30 June 2022	At 31 December 2021
EQUITY			
Share capital	11	284,294	284,294
Share premium	11	5,769	5,769
Reserves		44,445	18,340
Profit (loss) for the period		22,548	26,125
Treasury shares	11	(12,638)	(8,163)
Hedging transactions	15	1,256	(700)
		345,674	325,665
NON CURRENT LIABILITIES			
Bank loans and credits	8, 12	106,519	103,978
Financial hedging derivatives	8, 12, 15	-	700
Other non-current financial liabilities	8	1,213	1,255
		107,732	105,933
CURRENT LIABILITIES			
Bank loans and credits	12	666	610
Other current financial liabilities	8	276	66
Trade and other payables	12	9,894	8,088
Commercial creditors and other payables	12	8,914	6,778
Personnel	12	600	1,200
Other debts with Public Authorities	14	380	110
		10,836	8,764
		464,242	440,362

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

	Note	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
CONTINUED OPERATIONS			
Revenue	13	4,100	2,894
Changes in fair value of investment properties	7	23,722	8,151
Personnel costs	13, 17	(3,039)	(1,944)
Other operating costs	13	(1,579)	(1,440)
Depreciation of intangible assets		(11)	(2)
Depreciation of plant, property and equipment	6	(27)	(26)
OPERATING RESULTS		23,166	7,633
Financial income		11	5
Financial expenses		(629)	(554)
FINANCIAL RESULT	13	(618)	(549)
PRE-TAX RESULT		22,548	7,084
Income tax	14	-	-
PROFIT (LOSS) FOR THE PERIOD	13	22,548	7,084
 Earnings per share attributable to the dominant's company owners (Euros per share)			
Basic and diluted earning per share	11	0.83	0.25

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO EQUITY FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)

	Note	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
Profit (loss) for the financial year	13	22,548	7,084
Other comprehensive income			
<i>Entries that may subsequently be reclassified to results</i>		1,956	345
Other results		-	-
Cash-flow hedges transactions	15	1,956	345
<i>Entries that won't subsequently be reclassified to results</i>		-	-
Other comprehensive income for the period		24,504	7,429
Total comprehensive income for the period		24,504	7,429

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)

	Share Capital (Note 11)	Share Premium (Note 11)	Reserves	Accumulated earnings (Note 11)	Treasury shares (Note 11)	Hedging reserves (Note 15)	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	-	-	-	7,084	-	-	7,084
Other comprehensive income for the financial year	-	-	-	-	-	345	345
Total comprehensive income for the financial year	-	-	-	7,084	-	345	7,429
Other movements	-	-	13,073	(13,091)	-	-	(18)
Other results in treasury shares (Note 10)	-	-	-	-	(733)	-	(733)
BALANCE AT 30 JUNE 2021	284,294	5,769	18,340	7,084	(5,815)	(1,141)	308,531
BALANCE AT 1 JANUARY 2022	284,294	5,769	18,340	26,125	(8,163)	(700)	325,665
Profit/(loss) for the period	-	-	-	22,548	-	-	22,548
Other comprehensive income for the period	-	-	-	-	-	1,956	1,956
Total comprehensive income for the period	-	-	-	22,548	-	1,956	24,504
Other movements	-	-	26,105	(26,125)	-	-	(20)
Other results in treasury shares (Note 10)	-	-	-	-	(4,475)	-	(4,475)
BALANCE AT 30 JUNE 2022	284,294	5,769	44,445	22,548	(12,638)	1,256	345,674

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

	Note	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
A) CASH-FLOW FROM OPERATING ACTIVITIES			
Pre-tax result for the period		22,548	7,084
Adjustments to profit/loss		(22,466)	(6,974)
Depreciation of intangible assets		11	2
Depreciation of property, plant and equipment	6	27	26
Financial income		(11)	(5)
Financial expenses		629	554
Changes in fair value of investment properties	7	(23,722)	(8,151)
Other adjustments to profit/loss		600	600
Changes in working capital		1,006	(2,860)
Debtors and other receivables	9	(179)	1,552
Other current assets		1,393	(950)
Creditors and other payables	13	(559)	(3,736)
Other current liabilities		168	(28)
Other non-current assets and liabilities		183	302
Cash-flow from operating activities		1,088	(2,750)
B) CASH-FLOW FROM INVESTMENT ACTIVITIES			
Payments on investments		(12,489)	(7,040)
Intangible assets		(46)	(70)
Property, plant and equipment	6	(6)	(37)
Investment properties	7	(12,437)	(6,933)
Cash-flow from investment activities		(12,489)	(7,040)
C) CASH-FLOW FROM FINANCING ACTIVITIES			
Receivables and payments on equity instruments		(4,471)	(733)
Acquisition of treasury shares	11	(4,471)	(733)
Receivables and payments on financial liabilities		1,708	(635)
Financial borrowings	13	2,700	-
Paid interest		(992)	(635)
Cash-flow from financing activities		(2,763)	(1,368)
NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENTS		(14,164)	(11,158)
Cash and cash equivalents at beginning of period		88,884	129,086
Cash and cash equivalents at end of period	10	74,720	117,928

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2022.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

1. GENERAL INFORMATION

Árma 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. Its registered office is located at calle Serrano, 47 4th floor, 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 4th floor, 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.

a) Regulatory regime

The 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, and is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012 and others later, 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

- 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 Company has been listed on the Spanish Stock Market since 23 October 2018 with its fiscal domain in calle Serrano, 47 4th floor, 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 on 22 February 2022 and approved, without modifications, by the Company's shareholders 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 30 June 2022 and 31 December 2021, Árima Real Estate SOCIMI, S.A., is the dominant company of a Group of companies (hereinafter, the "Group") which is comprised of the next subsidiary:

Name	Adress	Activity	Share %
Árima Investigación Desarrollo e Innovación, S.L.U.	Calle Serrano 47, 4 th floor, 28001 Madrid	Real Estate Business Sustainability projects Exploitation of industrial property rights	100
Árima Investments, S.L.	Calle Serrano 47, 4 ^a 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

2. BASES FOR THE PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

2.1 Bases for presentation

These condensed consolidated interim financial statements for the six-month period ended at 30 June 2022 have been prepared in accordance with IAS 34, "Interim financial information", and therefore do not include all the information required by consolidated financial statements. completed in accordance with the International Financial Reporting Standards, adopted by the European Union, so that the accompanying interim financial statements must be read together with the consolidated annual accounts of the Group for the year ended at 31 December 2021, prepared from in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The preparation of these consolidated interim financial statements 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 condensed interim financial statements.

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

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the consolidated annual accounts for the 2021 fiscal year, except as described in Note 2.3.

These condensed consolidated interim financial statements have been developed and prepared by the Board of Directors on 27 July 2022. These condensed consolidated interim financial statements have been subject to a limited review, but have not been audited.

2.2 Comparative information

For comparative purposes, the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flow as of 30 June 2022 are presented comparatively with information relating to the six months ended 30 June 2021. The condensed consolidated interim balance sheet is presented with information relating to the year ended 31 December 2021.

2.3 IFRS Interpretation Committee and IFRIC modifications

Standards, modifications and mandatory interpretations for all years beginning on 1 January 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."

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

- Annual Improvements to IFRS. Cycle 2018 - 2020: The amendments affect IFRS 1, IFRS 9 and IAS 41 and apply to annual periods beginning on or after 1 January 2022.
 - o IFRS 1 "First-time adoption of IFRS".
 - o IFRS 9 "Financial Instruments".
 - o IAS 41 "Agriculture".

These amendments on the condensed consolidated interim financial statements of the company have not had a significant impact.

Standards, modifications and interpretations to the existing norms that have not come into effect, but which can be adopted in advance:

- IFRS 17 – “Insurance contract.”
- IAS 1 (Modification) – “Presentation of Financial Statements.”
- IAS 8 (Modification) – “Definition of accounting estimates.”

The Group has not adopted in advance any of the previous modifications as they would not have a material effect on these condensed consolidated interim financial statements.

Standards, 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 condensed consolidated interim 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) y IAS 28 (Modification) – “Sale of contribution of assets between an investor and its associates of joint venture.”
- IFRS 17 (Modification) – “Initial Application of IFRS 17 and IFRS 9 – Comparative Information.”
- IAS 1 (Modification) – “Clasification of liabilities as current or non-current.”
- IAS 12 (Modification) – “Deferred Tax related to Assets and Liabilities arising from a Single Transaction.”

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

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

2.4 Use of estimates

The preparation of these condensed consolidated interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the presented amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. In preparation of this condensed consolidated interim financial statements, the important judgements made by the Management when applying the Group's accounting policies and the key sources of uncertainty in the estimation have been the same as those applied in the consolidated annual accounts for the year ended on 31 December 2021, except for changes in estimates to determinate the provision for income tax (Note 3).

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

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 six-month period ended at 30 June 2022, the Group has formalized new bank financing with a prestigious credit entity at a variable interest rate. The loans are remunerated at an interest rate referenced to EURIBOR plus a spread between 1.40% and 1.70%. As of 30 June 2022, the amount drawn down in nominal terms from this variable rates financial agreements amounts to 68,131 thousand euros.

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, percentage of 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 notional 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

Credit risk originates, mainly from investment property rental, 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 12).

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 incorporated in Act 11/2021 of 9 July 2021, 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 event that the Shareholders' Meeting of such companies does not approve the distribution of dividends proposed by the Board of Directors, which would have 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 SOCIMI.

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 campaign has been preceded by a prolonged Russian military buildup since early 2021, as well as numerous Russian demands for security measures and legal prescriptions against Ukraine to join NATO. 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

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 appropriate financing of investments. The financial leverage ratios, calculated as: (Financial debt / (Financial debt + equity)) as of 30 June 2022 and 31 December 2021 are as follows:

	30.06.2022	31.12.2021
Financial debt	107,185	104,588
Equity	345,674	325,665
Leverage	23.67%	24.31%

The Board of Directors considers the Group's level of indebtedness as low. At 30 June 2022, the leverage amounted to 23.81% (25.30% at 31 December 2021).

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 specified in IFRS 13 Value Measurement. These valuations have a subjective component as they are made based on the valuer's assumptions, which may not be accurate. For this reason, and in accordance with EPRA's recommendations, we have classified the valuations of real estate investments at Level 3, as established in IFRS 13.

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

30 June 2022

	Thousand euros			
Assets	Level 1	Level 2	Level 3	Total
Long-term financial investments				
Investment property (Note 7)	-	-	381,600	381,600
Financial hedging instruments				
Financial hedging instrumentos (Note 15)	-	1,256	-	1,256
Total assets	-	1,256	381,600	382,856

At 30 June 2022 the Group has not financial liabilities valued at fair value.

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(Thousand euros)**
31 December 2021

	Thousand euros			
Assets	Level 1	Level 2	Level 3	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 15)	-	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.

30 June 2022

	Thousand euros			
	Offices	Logistics	Corporate	Total
Net amount of turnover	3,192	908	-	4,100
Changes in the estimated fair value of investment properties	21,867	1,855	-	23,722
Operating costs	(666)	(68)	(3,884)	(4,618)
Fixed assets amortization	-	-	(38)	(38)
Operating Results	24,393	2,695	(3,922)	23,166
Financial income	-	-	11	11
Financial expenses	(533)	(95)	(1)	(629)
Financial Result	(533)	(95)	10	(618)
Pre-tax result	23,860	2,600	(3,912)	22,548
Income tax	-	-	-	-
Profit (loss) for the period	23,860	2,600	(3,912)	22,548

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**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

	Thousand euros			
30 June 2021	Offices	Logistics	Corporate	Total
Net amount of turnover	2,090	804	-	2,894
Changes in the estimated fair value of investment properties	5,273	2,878	-	8,151
Operating costs	(619)	(61)	(2,704)	(3,384)
Fixed assets amortization	-	-	(28)	(28)
Operating Results	6,744	3,621	(2,732)	7,633
Financial income	-	-	5	5
Financial expenses	(458)	(96)	-	(554)
Financial Result	(458)	(96)	5	(549)
Pre-tax result	6,286	3,525	(2,727)	7,084
Income tax	-	-	-	-
Profit (loss) for the period	6,286	3,525	(2,727)	7,084

100% of the income corresponds to transactions carried out in Spain in both the six months ended 30 June 2022 and the six months ended 30 June 2021.

The amounts that are provided to the Investment Committee and the Board of Directors in respect of the total assets and liabilities are as follows. These assets and liabilities are allocated on the basis of segment activities.

	Thousand euros			
30 June 2022	Offices	Logistics	Corporate	Total
Non-current assets	347,820	34,840	3,170	385,830
Investments properties	347,100	34,500	-	381,600
Other non-current assets	720	340	3,170	4,230
Current assets	3,627	2,963	71,822	78,412
Non-current liabilities	96,001	11,731	-	107,732
Current liabilities	7,741	943	2,152	10,836

	Thousand euros			
31 December 2021	Offices	Logistics	Corporate	Total
Non-current assets	314,247	30,240	2,085	346,573
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

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

5. INTANGIBLE ASSETS

The following table contains a breakdown of the entries shown for “Intangible 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	46	46
Allocation to depreciation	(11)	(11)
Balance at 30 June 2021	253	253
Cost	273	273
Accumulated depreciation	(20)	(20)
Net book value	253	253

a) Losses due to impairment

During the six-month period ended at 30 June 2022 and 2021, no entries were made or reversed in respect of value correction for impairment in relation to any property, plant and equipment item.

b) Fully depreciated property, plant and equipment

No item had been fully depreciated property, plant and equipment at 30 June 2022 neither at 31 December 2021.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (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	6	6
Allocation to depreciation	(27)	(27)
Balance at 30 June 2022	238	238
Cost	354	354
Accumulated depreciation	(116)	(116)
Net book value	238	238

c) Losses due to impairment

During the six-month period ended at 30 June 2022 and 2021, no 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 property, plant and equipment at 30 June 2022 neither at 31 December 2021.

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NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (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.

The following table contains a breakdown of the entries shown for investment properties and the movements in these figures:

	Thousand euros
	Investment properties
Balance at 1 January 2021	275,750
Acquisitions	14,300
Subsequent capitalized disbursements	24,952
Gains/(loss) net of adjustments at fair value	28,598
Balance at 31 December 2021	343,600
Acquisitions	-
Subsequent capitalized disbursements	14,278
Gains/(loss) net of adjustments at fair value	23,722
Balance at 30 June 2022	381,600

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 m². 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 12,000 sqm in Manoteras street, 28 and it will have a total cost of 38,950 thousand euros.

In 2022, the Group has continued with its rehabilitation and improvement projects, which have involved an investment of 14,278 thousand euros in the first half of the year. All framed in its corporate strategy of value creation and in accordance with the established deadlines.

At 30 June 2022 and 31 December 2021 no new mortgage guarantees have been constituted on properties.

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NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

a) Income and expenses on investment properties

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

	<u>Six-month period ended at 30 June 2022</u>	<u>Thousand euros Six-month period ended at 30 June 2021</u>
Rental Income (Note 14)	4,100	2,894
Operating expenses resulting from investment properties that generate rental income	(734)	(680)
Operating expenses resulting from investment properties that do not generate rental income	-	-
	<u>3,366</u>	<u>2,214</u>

b) Operating leases

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

	<u>30 June 2022</u>	<u>Thousand euros 30 June 2021</u>
Less than one year	4,913	4,337
Between one and two years	6,990	2,642
Between two and three years	5,899	2,181
Between three and four years	2,406	1,697
Between four and five years	2,197	503
More than five years	4,834	-
	<u>27,239</u>	<u>11,360</u>

c) Insurances

The Company signs 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 the Note.

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NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

e) Valuation process

The following is the cost and fair value of the real estate investments as of 30 June 2022 and 31 December 2021:

	30 June 2022		31 December 2021	
	Net book value	Fair value	Net book value	Fair value
Investment properties	284,028	381,600	270,729	343,600

The valuations of these real estate assets have been carried out using "market value" hypothesis, these valuations being made in accordance with the statements Professional Standards of assessment by the Royal Institution of Chartered Surveyors of 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 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.

The Directors requested an assessment on 30 June 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 summary interim income statement of 23,722 thousand euros (8,151 thousand euros at 30 June 2021).

Based on the simulations performed on these valuations, the recalculated impact on the fair value of the properties in the portfolio at 30 June 2022, of a variation of 0.25% in the exit yield rate, would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 399,500 thousand euros.
- in the case that the yield was increased by 0.25%, the market value of these properties would be 365,500 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:

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NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

- in the event that the market rents increased by 10%, the market value of these properties would be 418,400 thousand euros.
- in the case that the market rents were reduced by 10%, the market value of these properties would be 344,800 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 rate of return, would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 359,700 thousand euros.
- in the case that the 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 30 June 2022, the exit yields used in the valuations of offices located in the prime area would be between 3.50% and 4.25% and for those that are decentralized the yields would be between 4.50% and 5.00% (between 3.50% and 4.25% for the prime area and between 4.50% and 5.00% for decentralized in December 2021). The discount rates used would be between 5.50% and 7.25% (6.25% and 7.25% respectively in December 2021).

As of 30 June 2022, the exit yields used in the industrial valuations that are decentralized would be 5.00% (5.00% in December 2021). The discount rates used would be around 7.00% (7.50% in December 2021).

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.

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**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**
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	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Loans to third parties	-	-	1,392	1,578	-	-
Derivatives	1,256	-	-	-	-	-
Other long-term financial assets	-	-	1,091	917	-	-
Total long-term financial assets	1,256	-	2,483	2,495	-	-

	Current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Far value with changes in the income statement	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade receivables for sales and services (Note 9) and other assets	-	-	1,411	754	-	-
Total short-term financial assets	-	-	1,411	754	-	-

	Thousand euros					
	Non-current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Debts and other financial liabilities (Note 12)	106,519	103,978	-	-	1,213	1,955
Total long-term financial liabilities	106,519	103,978	-	-	1,213	1,955

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(Thousand euros)**

	Current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Debts and other payables (Note 12)	666	610	-	-	9,790	8,044
Total current financial liabilities	666	610	-	-	9,790	8,044

b) Analysis by maturity date

At 30 June 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 30 June 2022

	Thousand euros						
	Financial assets						
	2023	2024	2025	2026	2027	Subsequent years	Total
Trade receivables:							
- Trade receivables	545	-	-	-	-	-	545
Non-current investments:							
- Loans to third parties	-	1,392	-	-	-	-	1,392
- Derivatives	-	219	-	1,037	-	-	1,256
- Other financial assets	29	439	533	119	-	-	1,120
	574	2,050	533	1,156	-	-	4,313
	Financial liabilities						
	2023	2024	2025	2026	2027	Subsequent years	Total
Debts:							
- Debts with credit entities	489	6,906	14,454	66,979	19,479	-	108,307
Trade payables:							
- Trade and other payables	9,514	-	-	-	-	-	9,514
- Other financial liabilities	276	325	431	132	-	325	1,489
	10,279	7,231	14,885	67,111	19,479	325	119,310

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**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**
At 31 December 2021

	Thousand euros						
	Financial assets						
	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.

9. LOANS AND RECEIVABLES

	Thousand euros	
	At 30 June 2022	At 31 December 2021
Non-Current financial investments:	3,739	2,495
- Loans to third parties	1,392	1,578
- Financial hedging derivatives	1,256	-
- Guarantees ("Other long-term financial assets")	1,091	917
Trade receivables and other accounts receivables:	2,855	4,554
- Trade receivables for sales and services	520	339
- Other accounts receivable	15	26
- Personnel	10	1
- Other credits held with Public Authorities (Note 14)	2,281	4,152
- Guarantees ("Other short-term financial assets")	29	36
	6,594	7,049

Long-term loans to third parties correspond to loans granted to staff (including executive Directors) of the dominant Company at a market interest rate on the same terms as 31 December 2021.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

The amount recorded under the heading "Other long-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 carrying amount of the loans and receivables approximates their fair value, given that the effect of the discount is not significant.

The whole heading of "Trade receivables for sales and services" at 30 June 2022 and 31 December 2021 are related to invoices pending issuance.

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 15). 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.

10. CASH AND CASH EQUIVALENTS

	Thousand euros	
	<u>At 30 June 2022</u>	<u>At 31 December 2021</u>
Cash and banks	74,720	88,884
	74,720	88,884

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

Due to the liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U., detailed in Note 11.b, at 30 June 2022 the dominant Company holds 303 thousand euros of total cash destined for the cash account unded that contract (303 thousand euros at 31 December 2021).

11. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND EARNINGS BY SHARE.

a) Share capital and share premium

As of 30 June 2022 and 31 December 2021 the breakdown of share capital is as follows:

	Thousand euros	
	<u>At 30 June 2022</u>	<u>At 31 December 2021</u>
Share capital	284,294	284,294
Share premium	5,769	5,769
	290,063	290,063

As of 30 June 2022 and 31 December 2021, the share capital of the dominant 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 dominant company's shares are listed on the Spanish Stock Market.

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(Thousand euros)**

At 30 June 2022, the companies that held a share of 3% or more in the share capital are 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, S.L.	3.839	-	3.839
Morgan Stanley	5.060	0.077	5.137
Thames River Capital LLP	10.113	-	10.113
Pelham Long/Short small CAP Master Fund LTD	-	9.984	9.984
Total	42.853	10.061	52.914

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, S.L.	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 period have been as follows:

	At 30 June 2022		At 31 December 2021	
	Number of treasury shares	Thousand euros	Number of treasury shares	Thousand euros
At the beginning of the period	926,067	8,163	578,513	5,082
Additions/purchases	506,364	4,475	347,554	3,081
Reductions	-	-	-	-
At the end of the period	1,432,431	12,638	926,067	8,163

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

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 least the nominal value and, at most, the market price on the date of acquisition.

On 6 November 2021 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. The buyback contract has been signed with JB Capital Markets.

In addition, there is a compensation plan based on the delivery of shares or cash at the discretion of the dominant Company, which was initiated with its IPO, the beneficiary of which is the Company's team (Note 2.17 of the consolidated annual accounts at 31 December 2020). 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 thereto, the General Shareholders' Meeting of 29 June 2021 resolved, at the request of the dominant Company Board of Directors, to adapt the calculation conditions from which the plan accrues, 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 take effect is between 1 July 2020 and 30 June 2021, and mainly concern 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. This remuneration thus remains focused on the generation of shareholder return, obtained through active management.

When the conditions for vesting of the plan are met and the beneficiaries do not cease to be an employee for any reason attributable to them, the dominant 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 after 24 months after the end of the calculation period.

The treasury shares held at 30 June 2022 represent 5.04% of the Company's share capital and amount to 1,432,431 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 8.82 euros per share (the average cost of treasury shares in the same period of 2020 was 8,81 euros per share).

These shares are carried by reducing the Company's equity at 30 June 2022 by 12,638 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 dominant 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

c) Profit (losses) per share

Basic earnings per share are calculated by dividing the net gain/(loss) for the period attributable to the owners of the dominant Company by the weighted average number of ordinary shares outstanding during the period, 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 period attributable to the owners of the dominant 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:

	<u>At 30 June 2022</u>	<u>At 30 June 2021</u>
Net income (thousand euros)	22,548	7,084
Weighted average number of issued shares (shares)	28,429,376	28,429,376
Weighted average number of common shares (shares)	27,295,141	28,228,998
Basic earning per share (euros)	0.83	0.25
Diluted earning per share (euros)	0.83	0.25

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 condensed consolidated interim financial statements and the preparation thereof, which have not been taken into account in the calculations for the period between 1 January 2022 and 30 June 2022.

12. DEBTS AND OTHER PAYABLES

	<u>Thousand euros</u>	
	<u>At 30 June 2022</u>	<u>At 31 December 2021</u>
Debts and non-current liabilities:		
- Debts with credit entities	106,519	103,978
- Financial hedging instruments	-	700
- Guarantees	1,213	1,255
	<u>107,732</u>	<u>105,933</u>
Debts and current liabilities:		
- Debts with credit entities	666	610
- Other payables (Note 8)	8,914	6,778
- Other short-term debts	600	1,200
- Other debts held with Public Authorities (Note 14)	380	110
- Guarantees	276	66
	<u>10,836</u>	<u>8,764</u>

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

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

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

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 six-month period ended at 30 June 2022 with a prestigious credit entity by an amount of 2,700 thousand euros at a variable interest rate.

The Group did not signed any additional financial agreement over the financial year 2021.

As of 30 June 2022 and 31 December 2021, 100% of the financing obtained by the Company has been classified as 'green' by financial institutions, given the sustainable characteristics of the financed real estate properties, fulfilling the objective set by the Group in this regard.

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 30 June 2022, the amount of the amortized cost is 1,298 thousand euros (at 31 December 2021 it amounted 1,440 thousand euros). Their nominal maturities have been included in Note 8. The real estate assets that guarantee the aforementioned loans, through mortgage commitment, have a market value at 30 June 2022 of 298,800 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 177 thousand euros and 489 thousand euros, respectively, at 30 June 2022 (234 thousand euros and 376 thousand euros, respectively, at 31 December 2021).

These loans are subject to compliance with certain financial ratios, which are common in the sector in which the Group operates and are calculated annually at the end of the year.

13. 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:

Market	Percentaje	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
		Thousand euros	
Domestic	100%	4,100	2,894
	100%	4,100	2,894

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

The net turnover figure breaks down as follows:

	Thousand euros	
	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
Revenue		
Rents	2,811	2,528
Reinvoicing of costs	453	366
Other revenue	836	-
	4,100	2,894

The lease agreements signed by the Group companies are in normal market conditions in terms of their duration, early 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 will take effect in the third quarter of 2022. Additionally, it should be noted that as of 30 June 2022, a new contract for the lease of said area has already been formalized.

b) Personnel costs

	Thousand euros	
	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
Wages, salaries and associated costs	(2,881)	(1,836)
Welfare charges:		
- Other welfare charges	(158)	(108)
	(3,039)	(1,944)

Under the heading “Wages, salaries and associated costs” is booked the amount related to the incentive plan approved by the shareholders (Note 17).

There have been no compensation for dismissals at 30 June 2022 neither 2021.

Under the heading of wages, salaries and associated costs, a bonus expense accrual of 600 thousand euros as of June 30, 2022 is recorded (600 thousand euros as of June 30, 2021).

The average number of employees in the various companies comprising the Group during the six-month period ended at 30 June 2022 is 14 people.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

The breakdown of the average number of employees at 30 June 2022 and 2021 by category is as follows:

Categories	30 June 2022	30 June 2021
Management	8	8
Employees with degrees	4	3
Administrative personnel and others	2	2
	14	13

The gender distribution at 30 June 2022 is as follows:

Grades	30 June 2022		
	Men	Women	Total
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	1	2	3
	9	6	15

At 30 June 2021, Company personnel broken down by gender were as follows:

Grades	30 June 2021		
	Men	Women	Total
Management	6	2	8
Employees with degrees	2	1	3
Administrative personnel and others	2	2	4
	10	5	15

c) External services

The following table gives a breakdown of the external services:

	Thousand euros	
	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
External services directly attributable to real estate assets	(734)	(680)
Other external services	(845)	(760)
	(1,579)	(1,440)

d) Financial expenses

Financial expenses accrued in the six-month period ended at 30 June 2022 are associated with the financing obtained (Note 12).

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

14. INCOME TAX AND TAX POSITION

The expense for income tax is recognized based on Management's estimate of the expected weighted average tax rate for the entire financial year. The estimated annual average tax rate for the six-month period ended at 31 June 2022 is 0%, according to Act 11/2009, of October 26, and the amendments incorporated to it by Act 16/2012, of December 27, and by Act 11/2021, of June 30, by which the SOCIMIs are regulated.

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.

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 balance sheet or the income statement for the six-month period ended at 30 June 2022.

At 30 June 2022 and 31 December 2021, the amounts receivable and the amounts payable by the Company in respect of the Public Authorities broke down as follows:

	<u>At 30 June 2022</u>	<u>Thousand euros At 31 December 2021</u>
Accounts receivable		
Receivables from Spanish Tax Authorities (VAT)	2,281	4,152
	2,281	4,152
Payment commitments		
Payables to Spanish Tax Authorities (withholdings collected)	(358)	(89)
Payables to Social Security Bodies	(22)	(21)
	(380)	(110)

15. FINANCIAL HEDGING DERIVATIVES

	Covered principal	Maturity	Thousand euros			
			30 June 2022			
			Non-current		Current	
		Asset (*)	Liability	Asset	Liability	
Interest rate swap	22,700	2026	1,037	-	-	-
Interest rate swap	21,626	2024	219	-	-	-
			1,256	-	-	-

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

	Covered principal	Maturity	Thousand euros			
			31 December 2021			
			Non-current		Current	
			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 12). Changes in fair value of the interest rate swap are registered in "Adjustments for changes in value" inside Equity.

16. PROVISIONS AND CONTINGENCIES

Contingent liabilities

Neither at 30 June 2022 nor 31 December 2021 has the Company any contingent liabilities.

17. BOARD OF DIRECTORS AND OTHER PAYMENTS

Remuneration of members of the Board of Directors

During the period between 1 January 2022 and 30 June 2022, the remuneration of the members of the Board of Directors of the Company has amounted to:

	Thousand euros	
	Six-month period ended at 30 June 2022	Six-month period ended at 30 June 2021
	Remuneration of executive directors	1,176
Allowance of executive directors	-	-
Allowance of non-executive directors	212	213
	1,388	882

In addition, during the period ended 30 June 2022, the dominant company has paid the amount of 36 thousand euros in premiums for liability insurance covering the members of the Board of Directors of the dominant company for the exercise of its office (33 thousand euros in 2021).

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022 (Thousand euros)

The members of the dominant Company's Board of Directors do not have pension funds or similar obligations for their benefit. During the periods ended at 30 June 2022 and 2021, there are no Senior Management personnel who do not belong to the dominant Company's Board of Directors.

The other non executive members of the dominant Company's Board of Directors have not received shares or share options during the six-month period ended at 30 June 2022 and six-month period ended at 30 June 2021, nor have exercised options or have options pending to exercise.

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 and note 2.17 of the Annual Accounts for the financial year ended at 31 December 2021). Said plan, which is in force, is calculated 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 in accordance with the schedule described in note 11.b of these Consolidated Financial Statements.

18. RELATED-PARTY TRANSACTIONS

As of 30 June 2022, there are no pending balances with group companies and related parties. As of 31 December 2021, there were no pending balances with group companies and related parties. During the six-month periods ended at 30 June 2022 and 30 June 2021 there have been no transactions with related parties.

19. 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 Act.

Not applicable.

- b) Reserves arising from years in which the tax regime established in this Act 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 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%, 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

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022

(Thousand euros)

- 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.

Property	Location	Date acquired	Segment
María de Molina	Calle María de Molina, on the corner with Calle Príncipe 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 Vergara, Madrid	28 February 2019	Offices
Nave Guadalix	Barranco Hondo, San Agustín de Guadalix	12 April 2019	Logistic
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	Chamartín district	27 October 2020	Offices
Pradillo, 56	Chamartín district	28 September 2021	Offices
Pradillo, 58	Chamartín district	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 referred to in Article 3.1 of the SOCIMI Act are the 80% of ones listed in the table above.

- 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

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

**NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022
(Thousand euros)**

20. SUBSEQUENT EVENTS

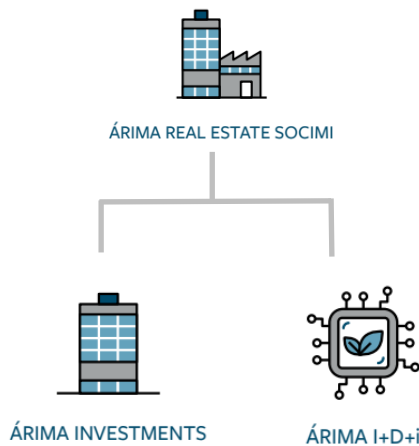
From 30 June 2022 to the date on which these interim consolidated financial statements were authorised for issue, there were no significant events to disclose.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022

1. ORGANIZATION STRUCTURE AND FUNCTIONING

Árma Real Estate SOCIMI, S.A. (hereinafter Árma, 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 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.

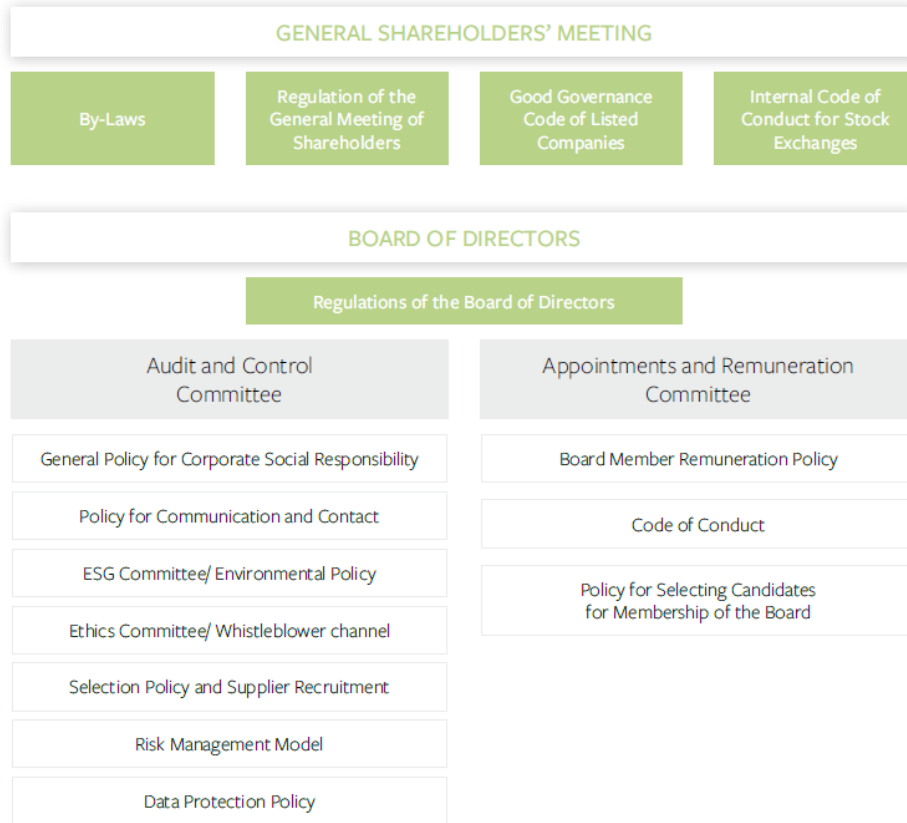
Árma is built on the proven experience of the members of its management team who bring, on average, two decades in the real estate sector and several years of experience working together on different projects. Their deep knowledge of the sector together with corporate values such as transparency, excellence, sustainable profitability and tangible revaluation make Árma 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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



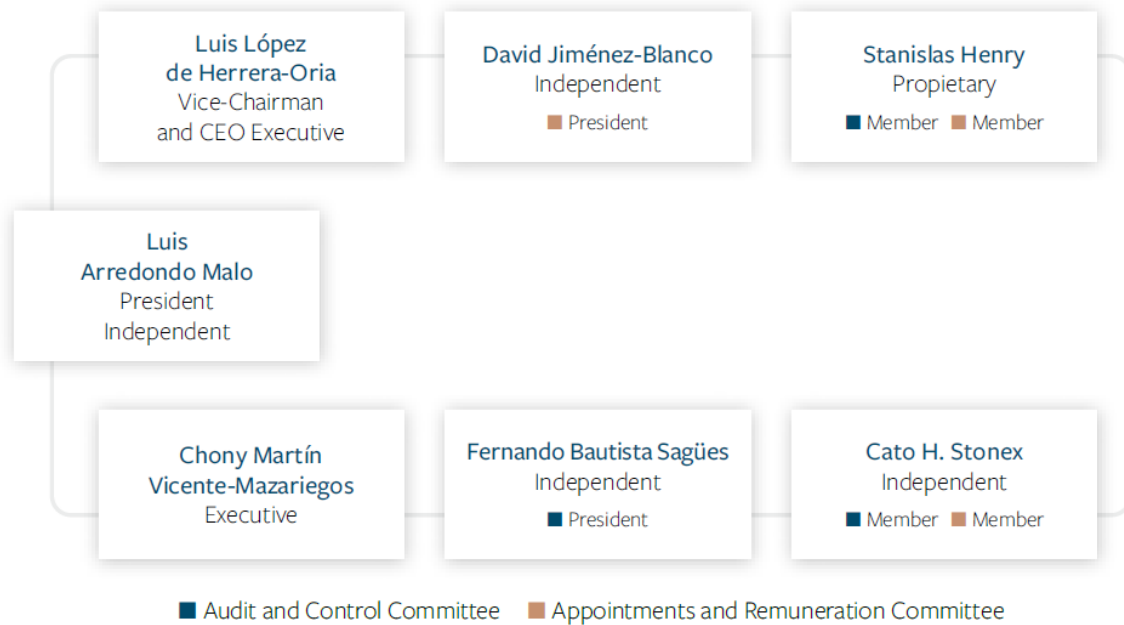
The General Shareholders' Meeting is the Company's highest decision-making body. Its designated powers include the appointment of directors, the approval of the remuneration policy and the distribution of dividends, all of which are set forth in the Regulations of the General Shareholders' Meeting.

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.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



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 resulted in a positive consolidated result of 22,548 thousand euros in the six-month period ended at 30 June 2022.

Árима 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.

Árима 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 June 30, 2022, the Group has 5 refurbishments in progress, which will allow significant increases in value and income in the contracts to be signed once the work is completed.

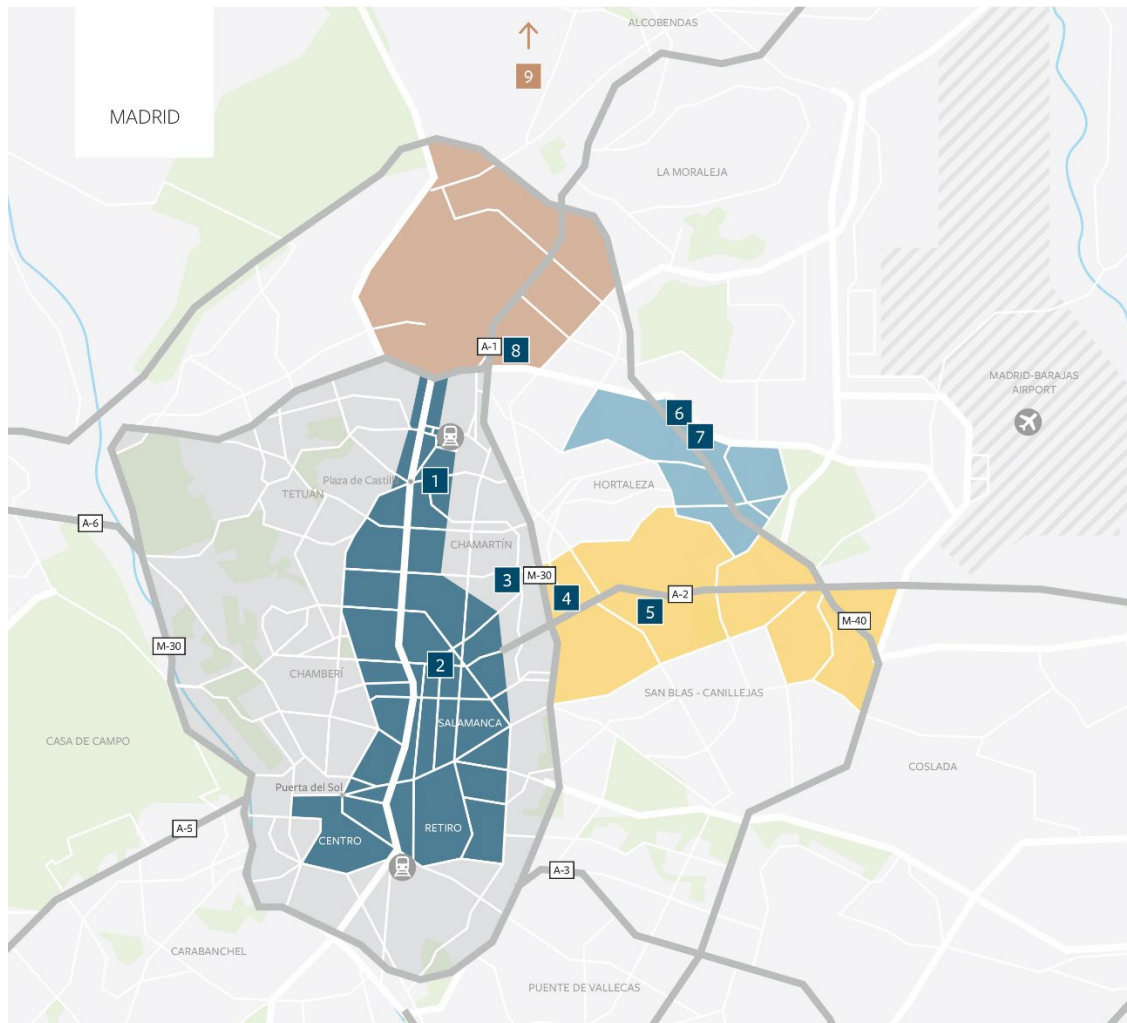
In February 2022 Russia launched a military offensive in Ukraine. As of June 30, 2022, the actual consequences for the world economy and the duration of the war are still uncertain. The Parent Company's directors have reviewed the possible impacts, without detecting significant risks for Árима.

Árима's portfolio continues its growth, and its value amounts to €381.6M as of June 30, 2021. The revaluation of the portfolio reflects disciplined investment, focused on healthy buildings, sustainable refurbishment and projects whose philosophy fits perfectly with what the post-COVID world demands, as well as the good progress of refurbishments, with deliveries expected throughout the second semester of 2022, 2023, 2024.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022

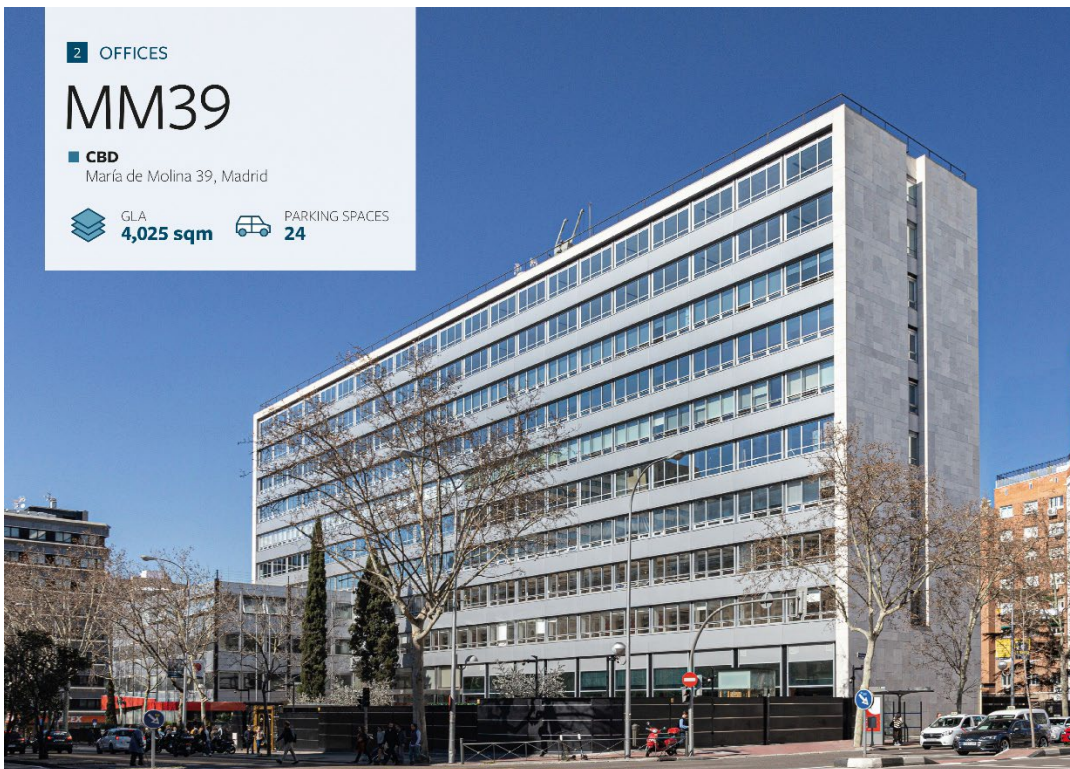
The Group's portfolio totals more than 99,000 leasable sqm and 1,283 parking spaces. The properties are in line with the listed company's investment model. They make up a balanced portfolio of rental assets and buildings with great potential for revaluation for the SOCIMI's shareholders, always seeking 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:

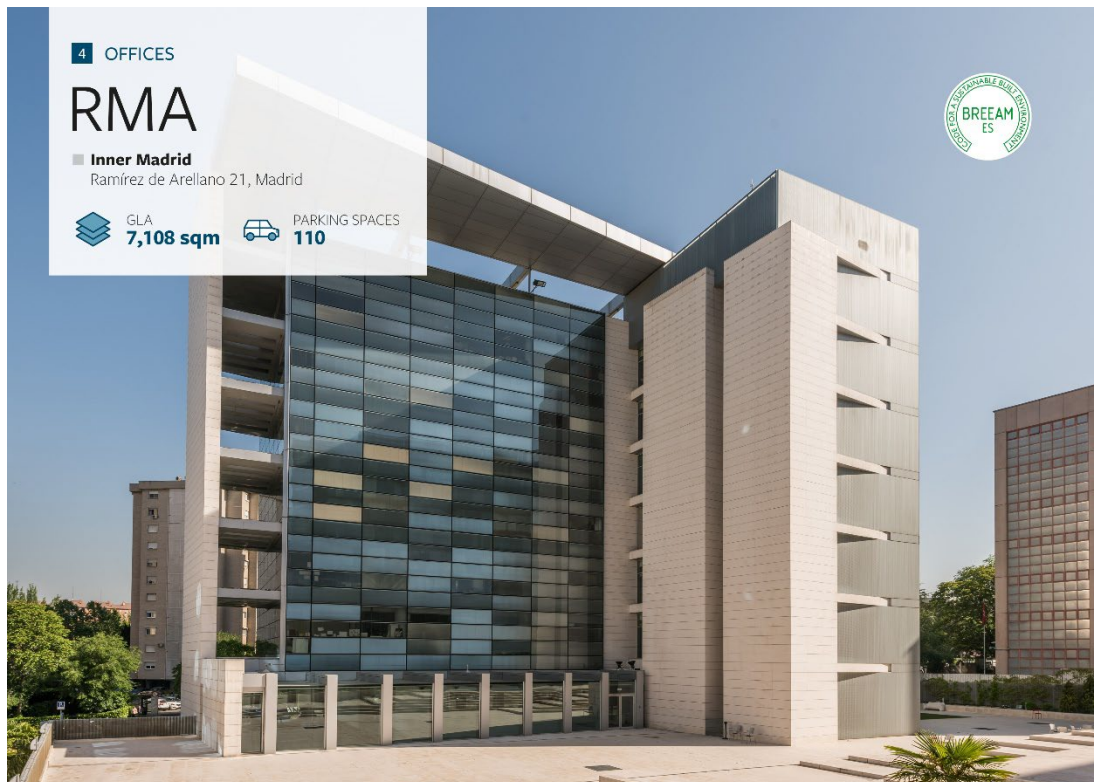
ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



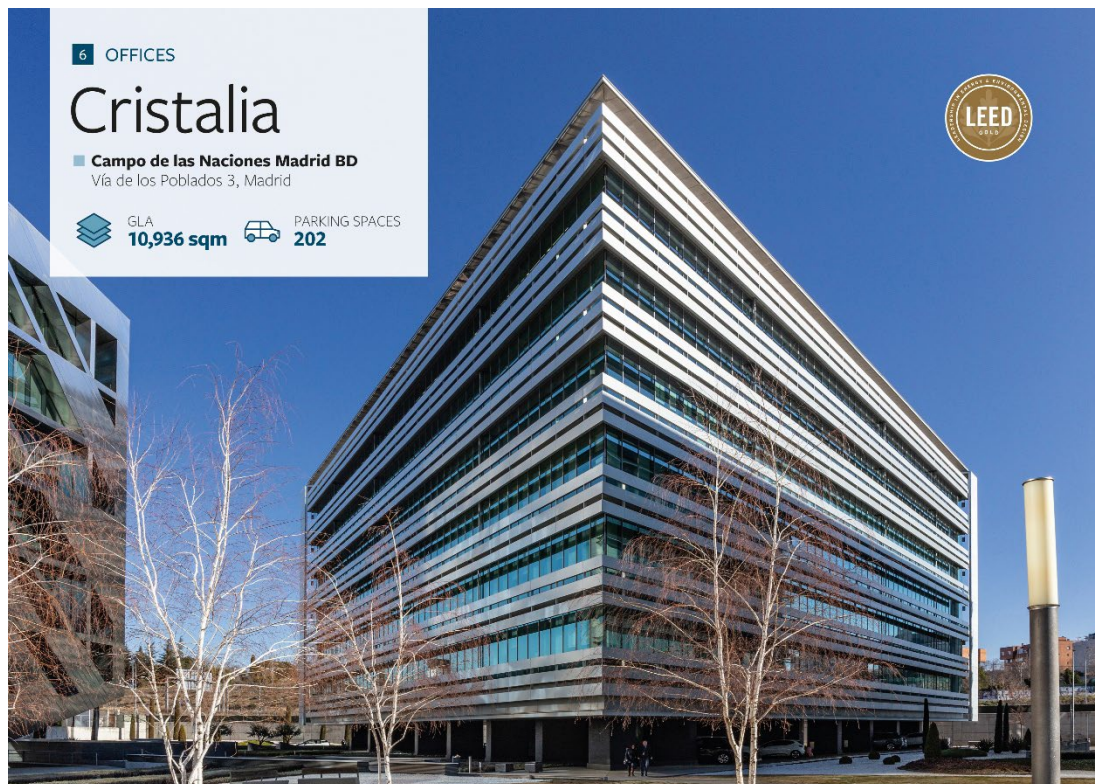
ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022



The revenue derived from the lease of real estate assets amounted to 4,100 thousand euros during the first six months of financial year 2022 (30 June 2021: 2,894 thousand euros). EBITDA - earnings before interest, taxes, depreciation and amortisation - amounted to 23,204 thousand euros.

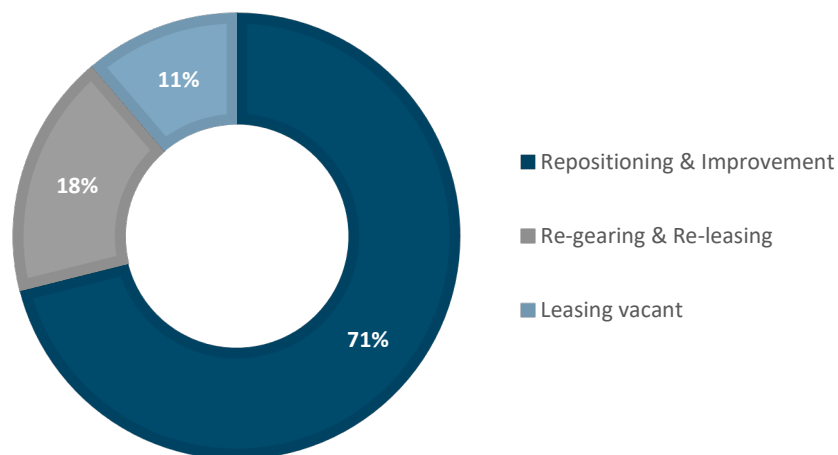
The market value of the Group's assets at 30 June 2022 amounts to 381,600 thousand euros (31 December 2021: 343,600 thousand euros) representing an increase on a like-for-like basis of 11% compared to December 31, 2021.

The following chart breaks down the current portfolio, grouping the value according to the different active management strategies. With this approach, the Group achieves maximum performance, with a balanced portfolio combining income assets with repositioning projects with high appreciation potential.

Value Creation	GAV (€m)	GAV (%)
Repositioning and Improvement	271.200	71,1%
Re-gearing and re-leasing	67.500	17,7%
Leasing vacant	42.900	11,2%
Total	381,600	100%

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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	
	31/12/2021	31/12/2020
NAV	345,674	325,665
Effect of options, convertibles bonds and other interest	-	-
Diluted NAV	345,674	325,665
Excluded:		
Fair value of financial instruments	1.256	(700)
Intangible assets	253	218
EPRA NTA	344,165	326,147
Number of issued shares (without treasury shares)	26,996,945	27,503,309
EPRA NAV per share (euros)	12.8	11.9

During fiscal 2021, the Net Tangible Asset grew by 8%, as a result of successful portfolio management and strategic acquisitions during the year.

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4. EVOLUTION OF THE SHARES

The share price at June 30, 2022 was 8,30 euros per share. The share price at December 31, 2021 was €9.18 per share.

5. TREASURY SHARES

At June 30, 2022, the Company holds shares representing 5.04% of the dominant Company's share capital and totalling 1,432,431 shares (at 31 December 2021 they represented 3.26% and totalled 926,067 shares). The average cost of treasury shares was EUR 8.82 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, thus reducing the value of the Group equity on 30 June 2021 by EUR 12,638 thousand euros (at 31 December 2021 by EUR 8,163 thousand euros).

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

	30 June 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	506,364	4,475	347,554	3,081
Reductions	-	-	-	-
At the end of the period/year	1,432,431	12,638	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 from the companies referred to in Article 2.1 of this Act.

¹ Data rebased for graphical representation (base at 01.01.2021 = Árima's share price)

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- 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	
	30/06/2022	30/06/2021
Result of the period - Spanish GAAP	(2,223)	(2,005)
Adjustments:		
(I) Consolidation	69	(12)
(II) Revaluation of investment property	980	950
Result for period - IFRS	23,722	8,151

7. THE TEAM

Árma 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 Árma'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.

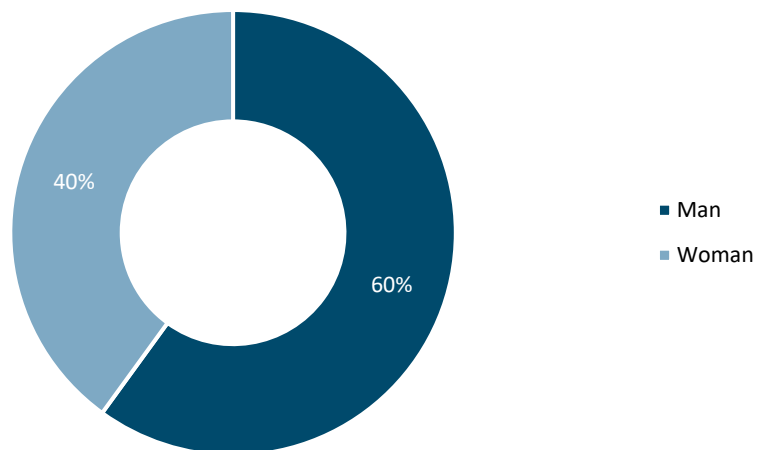
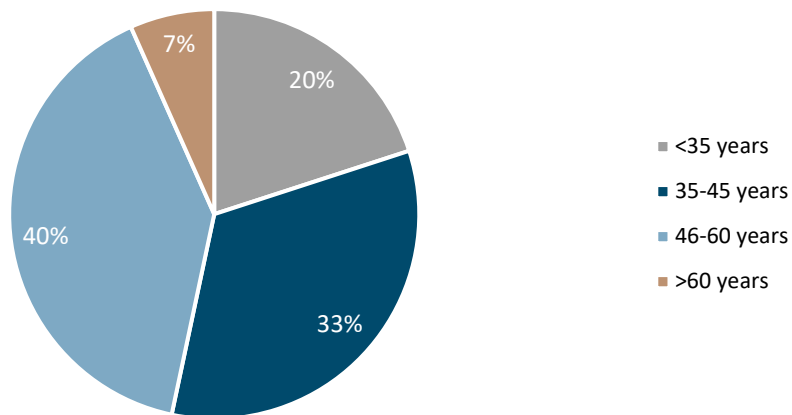
In Árma we always work with the focus on the interests of the Company and its relevant groups. The goal is to create value for shareholders, offer the best quality spaces for tenants and ensure the construction of a sustainable and technologically advanced environment.

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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.

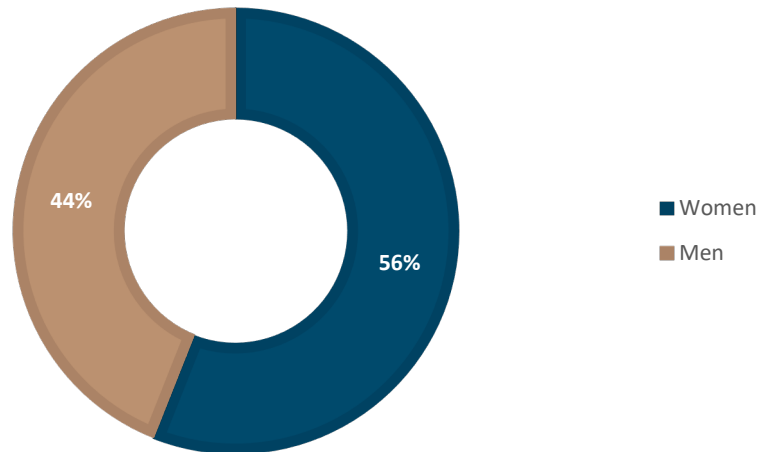
For Árima, the key to the success of any project is people. To continue promoting best practices and ensure the best welfare of our team and their professional development, the Company relies on its Employee Engagement Plan. One of the main pillars of the program is inclusion and diversity.



During the first six months of fiscal 2022, the Company has endeavored to compile and present sustainability metrics related to the team covering the year 2021. These include team training hours, which amounted to 22 hours per person. All employees receive training on ESG issues and have the flexibility to combine training with the working day.

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In addition, the Company calculates the salary gap once a year, which currently stands at -1.6%, confirming that there is no gender-based pay gap in Árima.

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.

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- 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 30 June 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).

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The Group's objective is to establish systematic and preventative procedures, aligned with renowned international risk management standards (COSO² 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 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.

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.

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Additionally, following the emergence and worldwide spread of the COVID-19 coronavirus pandemic, Spanish economic activity, like all major economies, contracted significantly due to restrictions on mobility and one of the strictest lockdowns affecting all sectors. The last few months have seen the beginning of a recovery and some regions, such as Madrid, are growing faster than the national average. This has improved the outlook and allowed us to approach the future with a renewed spirit.

From a financial point of view, Árima has a solid balance sheet to overcome this challenging period, with a reduced leverage (28% LTV) and a cash position and equivalents of EUR 75 million at 30 June 2022, which translates into a positive working capital of EUR 68 million and a net debt amount (positive) of EUR 32 million at that date. In addition, 95% of the debt service facing the dominant Company will take place in 2025 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. TECHNOLOGY, SUSTAINABILITY & HEALTH

Árima is positioned at the forefront of quality in its buildings, creating sustainable and innovative, attractive and healthy spaces, inspiring creativity and talent retention.

The Group continues to focus on innovation as a driving force to achieve efficient asset management and offer cutting-edge solutions to tenants. During the year Árima has consolidated its relationship with companies such as Wallbox, to electrify a large part of the parking spaces. The Company expects to have **195 electrified parking spaces** in the future to reach the goal of electrifying 75% of the portfolio. Facilitating and promoting electric mobility in the assets is part of the strategy to provide the assets with the highest levels of sustainability, wellness, health and technology in order to generate the greatest wellbeing for its tenants and to create avant-garde and attractive workspaces, which favour the retention of labour talent and set a trend in the design of office spaces in the future.

Árima is committed to obtaining the certifications that guarantee the highest standards of sustainability and health safety in the portfolio. Thus, 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. To achieve this, the Company places emphasis on ensuring the best indoor air quality in its assets. Seventy-four percent of the portfolio has air purification systems, many installed as part of our collaboration with Aire Limpio. These systems account for more than **170,000 kWh** of energy savings.

Part of Árima's commitment is to comply with the demands of the market and relevant stakeholders in terms of implementing the right ESG initiatives and transparency in the reporting of non-financial information. Therefore, the Company has identified a series of Corporate Governance, environmental management and social impact objectives covering all areas of the Company at corporate and portfolio level in order to be able to keep track.

In line with the Company's commitment to sustainability, Árima has made an effort during the first six months of fiscal year 2022 to measure the carbon footprint of its reforms in order to quantify the Company's impact on the environment. It has been possible to calculate the carbon footprint savings of the Botanic project thanks to a collaboration with Construcía. It was found that the refurbishment of the asset **saved 2,977 tons of CO2 equivalent**. This is equivalent to planting 6,000 trees or to 1,000 new cars not being on the road for a year.

The Company continues to work on those areas where it has more room for improvement, such as the Local Community Engagement Program, data monitoring and waste management, with a view to sustainability certifications in the coming years.



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**CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED
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13. SUBSEQUENT EVENTS

From 30 June 2022 to the date of preparation of these condensed consolidated interim financial statements there have been no material subsequent events requiring disclosure.



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2022

The Board of Directors of the company Árima Real Estate SOCIMI, S.A. on 27 July 2022 proceeds to prepare the condensed consolidated interim financial statements for the six-month period ended at 30 June 2022.

D. Luis María Arredondo Malo
President

D. Luis Alfonso López de Herrera-Oria
Vice-President and Board Member

D. David Jiménez-Blanco Carrillo de Albornoz
Board Member

D. Cato Henning Stonex
Board Member

D. Fernando Bautista Sagüés
Board Member

D. Stanislas Henry
Board Member

Dña. 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 condensed interim consolidated financial statements and consolidated interim management report for the period of six months ended at 30 June 2022 at the 27 July 2022 session, all directors have signed this document and stamped their signature on this last page, to which I bear witness, in Madrid, on 27 July 2022. I also certify that these condensed interim consolidated financial statements are the same as those approved by that Board of Directors, and I am authorized to view all pages of these Condensed Consolidated Interim Statements on their behalf.

D. Iván Azinovic Gamo