RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
(Single Shareholder Company)

Annual Accounts and Management Report for 2020

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
BALANCE SHEET ON 31 DECEMBER 2020 AND 2019
(Figures expressed in euros)

ASSETS	Notes	2020	2019
NON-CURRENT ASSETS		**102,353,894**	**98,227,617**
Intangible fixed assets	**5**	**408,050**	**477,551**
Other intangible fixed assets		408,050	477,551
Tangible fixed assets	**6**	**1,810,720**	**2,111,599**
Plant and equipment and other tangible fixed assets		1,810,720	2,111,599
Property investments	**7**	**71,133,835**	**72,594,145**
Land		34,950,290	34,950,290
Construction		36,183,545	37,643,855
Long-term investments in group and associated companies		**27,956,000**	**22,006,500**
Equity instruments	9	956,000	6,000
Payables to companies	10 a) and 18	27,000,000	22,000,500
Long-term financial investments	**10 a)**	**115,216**	**107,749**
Other financial assets		115,216	107,749
Deferred tax assets	**14**	**930,073**	**930,073**
CURRENT ASSETS		**3,673,696**	**6,244,584**
Trade and other receivables		**1,431,186**	**1,664,398**
Receivables for sales and services	10 a)	339,970	243,994
Receivables from group companies	10 a)	443,217	
Sundry debtors	10 a)	642,492	889,416
Other receivables from public administrations	14	5,507	530,988
Short-term investments in group and associated companies	**10 a) and 18**	**172,664**	**143,790**
Other financial assets		172,664	143,790
Short-term financial investments	**10 a)**	**300**	**150**
Other financial assets		300	150
Cash and liquid equivalents	**11**	**2,069,546**	**4,436,246**
Liquid assets		2,069,546	4,436,246
TOTAL ASSETS		**106,027,590**	**104,472,201**

The accompanying notes 1 to 21 are an integral part of the balance sheet on 31 December 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI S.A.
BALANCE SHEET ON 31 DECEMBER 2020 AND 2019
(Figures expressed in euros)

NET ASSETS AND LIABILITIES	Notes	2020	2019
NET ASSETS		**27,707,337**	**26,440,433**
OWN FUNDS		**27,707,337**	**26,440,433**
Equity		**7,500,000**	**7,500,000**
Registered capital	**13**	7,500,000	7,500,000
Share issue premium		**3,500,000**	**3,500,000**
Reserves	13	**9,450,932**	**9,211,970**
Legal and statutory reserves		251,741	251,741
Other reserves		9,199,191	8,960,229
Financial results from previous years		**-5,771,536**	**-4,290,828**
Balance brought forward	**13**	171,995	171,995
Losses from previous years	**3**	-5,943,531	-4,462,823
Other contributions from shareholders		**15,000,000**	**12,000,000**
Results for the financial year		**-1,972,059**	**-1,480,709**
NON-CURRENT LIABILITIES		**76,975,949**	**75,539,554**
Long-term payables		**45,783,303**	**44,114,420**
Payables to credit institutions	10 b)	45,668,883	44,000,000
Other financial liabilities	10 b)	114,420	114,420
Long-term payables to group and associated companies	10 b) and 18	**31,192,646**	**31,425,134**
CURRENT LIABILITIES		**1,344,304**	**2,492,214**
Current liabilities		**773,429**	**797,373**
Other financial liabilities	**10 b)**	773,429	797,373
Short-term payables to group and associated companies	**10 b) and 18**	**285,784**	**1,059,577**
Trade and other payables		**285,091**	**635,264**
Suppliers	10 b)	8,109	8,109
Sundry accounts payable	10 b)	181,993	445,983
Staff (remuneration payable)	10 b)	2,314	2,314
Other payables to public administrations	14	92,676	178,858
TOTAL NET ASSETS AND LIABILITIES		**106,027,590**	**104,472,201**

The accompanying notes 1 to 21 are an integral part of the balance sheet on 31 December 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
PROFIT AND LOSS ACCOUNT FOR

YEARS ENDING 31 DECEMBER 2020 AND 2019

(Figures expressed in euros)

	Notes	2020	2019
ONGOING OPERATIONS			
Net turnover	**17 a)**	**3,621,632**	**4,502,864**
Provision of services		3,621,632	4,502,864
Staff costs		**-36,343**	**-38,927**
Wages, salaries and related costs		-27,627	29,606
Social security contributions		-8,716	9,321
Other operating expenses	**17 b)**	**-1,483,522**	**-2,231,247**
External services		-1,180,232	1,643,381
Taxes		-303,290	587,866
Depreciation of fixed assets	**17 c)**	**-2,151,163**	**-2,032,988**
Other operating profits and losses		**-8,638**	**122,313**
OPERATING INCOME		**-58,034**	**322,015**
Financial income	**17 d)**	**172,334**	**11,142**
On negotiable securities and other financial instruments		172,334	11,142
From third parties		172,334	11,142
Financial expenses	**17 d)**	**-2,086,359**	**-1,813,866**
Borrowings from group and associated companies	**18**	-841,111	876,723
Borrowings from third parties		-1,245,248	937,143
FINANCIAL RESULT		**-1,914,025**	**-1,802,724**
INCOME BEFORE TAX		**-1,972,059**	**-1,480,709**
Tax on profits			
INCOME FOR THE FINANCIAL YEAR FROM ONGOING OPERATIONS		**-1,972,059**	**-1,480,709**
DISCONTINUED OPERATIONS			
Results for the financial year from discontinued operations, net of taxes			
RESULTS FOR THE FINANCIAL YEAR	**3**	**-1,972,059**	**-1,480,709**

The accompanying notes 1 **to 21** are an integral part of the Profit and Loss Accounts for the years ending 31 December 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.

STATEMENT OF CHANGES IN NET EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 AND 2019

A) STATEMENT OF RECOGNISED REVENUE AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 AND 2019

	Notes	2020	2019
Profit and loss account result	3	-1,972,059	-1,480,709
Income and expenses attributed directly to net equity			
Total income and expenses attributed directly to net equity			
Transfers to the profit and loss account			
Total transfers to the profit and loss account			
TOTAL RECOGNISED REVENUE AND EXPENDITURE		-1,972,059	-1,480,709

The accompanying notes 1 to 21 are an integral part of the statement of recognised revenue and expenditure on 31 December 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
STATEMENT OF CHANGES IN NET EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

B) STATEMENT OF TOTAL CHANGES IN NET WORTH FOR THE FINANCIAL YEAR
ENDING 31 DECEMBER 2020 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 (figures expressed in euros)

	Registered capital	Share issue premium	Reserves	Results from previous years	Other contributions from shareholders (Note 3)	Results from financial year (Note 3)	TOTAL
BALANCE AT 31/12/2018 (*)	7,500,000	3,500,000	9,211,970	-3,009,757		-1,281,071	15,921,142
Total recognised income and expenses						-1,480,709	-1,480,709
Transactions with shareholders or owners							
Other transactions with shareholders or owners					12,000,000		12,000,000
Other changes in net equity				-1,281,071	12,000,000	1,281,071	12,000,000
FINAL BALANCE AT 31/12/2019	7,500,000	3,500,000	9,211,970	-4,290,828	12,000,000	-1,480,709	26,440,433
Total recognised income and expenditure						-1,972,059	-1,972,059
Transactions with shareholders or owners					3,000,000		3,000,000
Other transactions with shareholders or owners					3,000,000		3,000,000
Other changes in net equity			238,963	-1,480,709		1,480,709	238,963
FINAL BALANCE AT 31/12/2019	7,500,000	3,500,000	9,450,933	-5,771,537	15,000,000	-1,972,059	27,707,337

(*) Unaudited figures

The accompanying notes 1 to 21 are an integral part of the statement of changes in net equity on 31 December 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR

ENDING 31 DECEMBER 2019 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 (figures expressed in euros)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Results for the year before tax		**-1,972,059**	**-1,480,709**
From ongoing operations	3	-1,972,059	-1,480,709
Result adjustments		**4,065,188**	**3,835,712**
Depreciation of fixed assets	17 c)	2,151,163	2,032,988
Financial income	17 d)	-172,334	-11,142
Financial expenses	17 d)	2,086,359	1,813,866
Changes in working capital		**-117,111**	**-297,246**
Debtors and other receivables		233,212	-634,063
Other current assets		-150	-150
Creditors and other accounts payable		-350,173	336,967
Other current liabilities			
Other cash flows from operating activities		**-1,914,025**	**-1,802,724**
Interest payments		-2,086,359	-1,813,866
Interest collections		172,334	11,142
Cash flows from operating activities		**61,993**	**255,033**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment payments		**-327,940**	**-45,859,264**
Tangible fixed assets	**6**	-14,792	-312,636
Property investments	7	-305,681	-23,398,288
Other financial assets		-7,467	-141,840
Disinvestment payments		**-5,978,374**	**-22,006,500**
Group and associate companies	9, **10 a)**	-5,978,374	-22,006,500
Cash flows from investing activities		**-6,306,314**	**-45,859,264**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments for equity instruments		**3,238,963**	**12,000,000**
Shareholder contributions	**13**	3,238,963	12,000,000
Other changes in net equity			-
Collections and payments for financial liability instruments		**638,658**	**35,424,693**
Borrowings from credit institutions	**10 b)**	1,668,883	35,600,000
Borrowings from group and associated companies		-1,030,225	-74,148
Other financial liabilities			-101,159
Payments for dividends and remuneration of other net equity instruments			
Cash flows from financing activities		**3,877,621**	**47,424,693**
EFFECT OF FLUCTUATIONS IN EXCHANGE RATES			
NET INCREASE/DECREASE IN CASH OR LIQUID EQUIVALENTS		**-2,366,700**	**1,820,462**
Cash or cash equivalents at beginning of financial year	11	**4,436,246**	**2,615,784**
Cash or cash equivalents at the end of financial year	11	**2,069,546**	**4,436,246**

The accompanying notes 1 to 21 are an integral part of the cash flow statements for the financial years 2020 and 2019.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
Report for the financial year
ending 31 December 2020

I) Activity

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A. was incorporated on July 30, 2015, under the name RSR Diagonal 596 S.L. On September 13, 2018, the sole shareholder endorsed the transformation into a Public Limited Company, changing its name to RSR Diagonal 596, S.A.U.

Its registered office is at Calle General Arrando, 1-3 dcha. in Madrid, where it conducts its activities.

On September 13, 2018, a deed of merger by absorption was executed between RSR Diagonal 596 S.A.U., Verrox XXI, S.L.U., and PDG 115 Apartaments Turistics S.L.U., through the absorption of the latter two by the former, with dissolution without liquidation of the absorbed companies and the transfer en bloc of their respective assets and liabilities to the absorbing company, as universal successor.

The merger transaction has benefited from the tax neutrality regime established in Chapter VII of Title VII of Law 27/2014, of 27 November, on Corporate Tax. For this purpose, in order to obtain the tax benefits established therein and in accordance with the aforementioned regulations, the mandatory notification has been given to the Tax Authorities in the form and within the deadlines established in the regulations.

The data relating to this merger were included in the annual accounts for the year ending 13 September 2018.

On September 14, 2018, the sole shareholder endorsed the application of the special SOCIMI for the fiscal year ending September 13, 2018, and successive, requesting on September 28, 2018 that the Tax Authorities apply the special tax regime in accordance with the provisions of Law 11/2009, of October 26, in the wording given by Law 16/2012, of December 27, regulating SOCIMI ("SOCIMI Law").

For this reason, on September 14, 2018, the name of the company was changed to RSR Diagonal 596 SOCEVII S.A.U. and finally, on October 25, 2018, the name was once again changed to the current one.

Two changes were made during the financial year in 2018. After these modifications, the fiscal year now coincides with the natural year.

The corporate purpose was modified on September 14, 2018 and, in accordance with its articles of association, namely:

a) the acquisition and development of urban real estate for lease.

b) the holding of shares in the capital of Listed Real Estate Investment Companies (SOCIMI) or in the capital of other entities not resident in Spanish territory which have the same corporate purpose as those companies and which are subject to a regime similar to that established for SOCIMIs in terms of the mandatory, legal or statutory policy of profit distribution.

c) the holding of shares in the capital of other entities, whether resident or not in Spanish territory, whose main corporate purpose is the acquisition of urban real estate for leasing and which are subject to the same regime established for SOCIMIs as regards the mandatory, legal or statutory policy of profit distribution and which meet the investment requirements for these companies.

(d) the holding of shares or units in Collective Real Estate Investment Institutions regulated by Law 35/2003, of 4 November, on Collective Investment Institutions, or such regulation as may replace it in the future.

In addition, the Company may carry on other ancillary activities, which are understood to be those, taken as a whole, whose income represents less than 20% of the Company's income in each tax period or those which may be considered ancillary in accordance with the law applicable at any given time.

The activities included in the corporate purpose may be conducted, in whole or in part, indirectly, through participation in other companies with an identical or analogous purpose.

The Company and its direct controlling company belong to a group whose parent company is domiciled in Luxembourg. The controlling company of the group has not prepared consolidated annual accounts as it is exempt from this obligation under current legislation.

The following is a list of the main elements defining the SOCIMI regime to which the Company is subject.

<u>SOCIMI regime</u>

The Company is regulated by Law 11/2009, of October 26, amended by Law 16/2012, of December 27, which regulates Listed Investment Companies in the Real Estate Market.

The main characteristics that define the SOCIMI regime and that must be fulfilled for the correct application of the regime are the following:

I. Obligation of corporate purpose

Their main corporate purpose must be the holding of urban real estate for lease, the holding of shares in other SOCIMIs or companies with a similar corporate purpose and with the same dividend distribution system, as well as in Collective Investment Institutions.

2. Investment obligation

- They must invest at least 80% of their assets in real estate for the purpose of leasing, in land for the development of real estate to be used with this objective, provided that the development starts within three years of its acquisition, and in shares in the capital of other entities with a corporate purpose similar to that of SOCEVII.

The value of the assets shall be determined on the basis of the average quarterly balances for the financial year, with the option of substituting the book value for the market value of the items on the balance sheets, which would be applied to all the balance sheets for the financial year. To this effect, money or credit rights arising from the transfer of such property or holdings in the same or previous financial years shall not be taken into account, provided that, in the latter case, the reinvestment period referred to in Article 6 of this Law has not elapsed.

This percentage shall be calculated on the basis of consolidated financial statements in the event that the company belongs to a group under the criteria set out in Article 42 of the Code of Commerce, irrespective of residence and the legal obligation to prepare consolidated annual accounts. This group shall be composed exclusively of SOCIMIs and the other entities referred to in Article 2.1 of the aforementioned law.

- In addition, 80% of its income in the tax period must come from: (i) leasing of real estate; and (ii) dividends from shares. This percentage shall be calculated on the basis of the consolidated profit and loss account of the group to which it belongs.

Properties must be leased for at least three years (for the purposes of calculation, up to one year of the period for which it has been offered for lease may be added).

The time limit shall be computed as follows:

a) In the case of properties which were part of the company's assets prior to availing of this regime, from the starting date of the first tax period in which the special tax system established under this Law is applied, provided that on that date the property was leased or offered for lease. Otherwise, the following provisions shall apply:

b) In the case of real estate promoted or subsequently acquired by the company, from the date on which it was first leased or offered for lease.

c) In the case of shares or participating interests in entities referred to in Article 2.1 of this Law, they must be held as part of the assets of the company for at least three years from their acquisition or, as the case may be, from the beginning of the first tax period in which the special tax regime provided for in this Law applies.

3. Obligation to trade on a regulated market.

SOCIMIs must be admitted to trading on a regulated market in Spain or in any other country where there is an exchange of tax information. The shares must be registered. The Company has been listed on the Euronext secondary market since September 3, 2020.

4. Obligation to distribute profits. The Company shall distribute them as dividends, once the trading requirements have been met:

- 100% of the profits from dividends or profit participations distributed by the entities referred to in Article 2.1 of Law 11/2009.

- At least 50% of the profits derived from the transfer of properties and shares or holdings referred to in Article 2.1 of Law 11/2009, made after the period for minimum holding has elapsed, concerning the compliance with the main corporate purpose. The remainder of these profits must be reinvested in other real estate or shares complying with said purpose within three years of the date of transfer.

- At least 80% of the remaining profits obtained. In the event that the distribution of dividends is charged to reserves deriving from profits of a financial year in which the special tax regime has been applied, the distribution must be made in the previously described manner.

5. Information obligation

SOCIMIs must include in their annual accounts report the information required by the tax regulations governing the special regime of the SOCIMI.

6. Minimum capital. The minimum share capital is set at EUR 5 million.

The special tax regime may be applied under the terms set out in Article 8 of the Law, even if the legal requirements are not met, provided that the statutory requirements have been fulfilled within two years of the date of adhering to said regime.

Failure to comply with any of the above conditions will mean that the Company will be taxed under the general corporate income tax system, starting from the tax period in which the non-compliance is detected, unless this is remedied in the following fiscal year. In addition, the Company will be obliged to pay, together with the tax liability for that tax period, the difference between the tax liability resulting from applying the general system and the tax liability resulting from applying the special tax regime in previous tax periods, without prejudice to interests due for late payment, surcharges and penalties, when applicable.

The corporate income tax rate for SOCIMIs is 0%. Nevertheless, in the event that the dividends distributed by the SOCIMI to its shareholders with holdings of more than 5% are exempt or taxed at a rate of less than 10%, the SOCIMI will be subject to a special tax of 19%, which will be treated as a corporate tax liability, on the amount of the dividend distributed to said shareholders. If applicable, this special tax must be paid by the SOCIMI within two months from the date of distribution of the dividend.

The functional currency of the Company is the euro.

The Company is a sole proprietorship, which complies with all the obligations established under mercantile law.

2) Basis of presentation of the annual accounts

a) True and fair view

The annual accounts, comprising the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes 1 to 21, have been prepared on the basis of the accounting records and, in particular, in accordance with the statutory provisions specifically applicable to accounting:

- Code of commerce and other mercantile laws.

– General Accounting Plan passed by Royal Decree 1514/2007, of 16 November 2007, and its amendments passed by Royal Decree 1159/2010, of 17 September, and by Royal Decree 602/2016, of 2 December, and the sectoral adaptation for real estate companies.

– Law 11/2009, of 26 October 2009, amended by Law 16/2012, of 27 December, which regulates Listed Real Estate Investment Companies (SOCIMI).

- The mandatory rules passed by the Instituto de Contabilidad y Auditoría de Cuentas (Accounting and Auditing Institute) in development of the General Accounting Plan and its complementary rules.

In order to give a true and fair view of the assets and liabilities, financial situation, profit or loss and cash flows.

Unless otherwise stated, all figures presented in this report are expressed in euros.

The annual accounts prepared on July 26, 2021 by the Board of Directors will be submitted for approval by the Sole Shareholder, and it is expected that they will be approved unamended. The accounts for the year ending December 31, 2019 were approved by the Sole Shareholder on July 3, 2020.

b) Accounting principles

The annual accounts have been prepared in accordance with statutory accounting principles. All accounting principles, of significant effect, remain applicable.

c) Critical aspects of evaluating and estimating uncertainty

In preparing the accompanying annual accounts, estimates made by the Company's Board of Directors have been used to value some of the assets, liabilities, income, expenses and commitments recorded therein. Basically, these estimates relate to the following:

The useful life of tangible and intangible assets and property investments (Notes 5, 6, 7).

The assessment of possible impairment losses on property investments (Note 4 e).

These estimates have been made on the basis of the best information available up to the date of preparation of these financial statements, and there are no events that could cause these estimates to change. Future events not known at the date of preparation of these estimates could lead to changes (upwards or downwards), which would, if necessary, be made prospectively.

d) Comparison of information

No changes have been made to the structure of the balance sheet, the profit and loss account, the cash flow statement and the statement of changes in net equity compared to the previous year.

- There are no reasons preventing the comparison of the annual accounts of this financial year with those of the preceding one, nor can they affect future financial years.

e) Grouping of items

Certain items on the balance sheet and profit and loss account are presented in groups to facilitate their understanding, although, to the extent that this may be significant, the disaggregated information has been included in the corresponding notes in the report.

f) Classification of current and non-current items.

Assets and liabilities are presented in the balance sheet classified as current and non-current. With this in mind, assets and liabilities are classified as current when they are linked to the Company's normal operating cycle and are expected to be sold, consumed, realised or settled in the course of that cycle, are different to non-current items and their maturity, disposal or realisation is expected to take place within a maximum period of one year; they are held for the purpose of* trading or are considered to be cash and liquid equivalents whose use is not restricted for a period of more than one year. Otherwise, they are classified as non-current assets and liabilities.

g) Changes in accounting criteria

No changes have been made to accounting criteria.

h) Correction of errors

In preparing the accompanying financial statements, no material errors were detected that would have involved the restatement of the amounts included in the financial statements for 2020 and 2019.

i) Relative importance

In determining the information to be detailed in this report about the different items in the financial statements or other records, the Company, in accordance with the Marco Conceptual del Plan General de Contabilidad (Framework of the Spanish General Accounting Plan), has taken into account their relative importance in relation to the financial statements for the year 2020.

j) Going concern

As a result of the net assets exceeding two thirds of the share capital on 31 December 2020, as well as the expected future results, the directors have prepared these financial statements on a going concern basis.

3) Distribution of profits

The proposed distribution of profits for the financial year 2020 that the Board of Directors submits to the approval of the Sole Shareholder is as follows:

Distribution basis	
Profit and loss (loss)	(1,972,059)
Total	(1,972,059)
Applicable	
To losses from previous financial years	(1,972,059)
Total	(1,972,059)

Pursuant to article 6 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, the Company is obliged to distribute dividends to its shareholders from the profit obtained in the financial year once the corresponding mercantile obligations have been fulfilled. This distribution must be agreed within six months following the end of the financial year in the following manner:

a) 100% of the profits from dividends or participation in the profit distributed by the entities referred to in Article 2.1 of Law 11/2009.

b) At least 50% of the profits derived from the transfer of properties and shares or holdings referred to in Article 2.1 of Law 11/2009, which were realised after the minimum holding period elapsed, concerning the compliance with the main corporate purpose. The remainder of these profits must be reinvested in other real estate or shares complying with said purpose within three years of the date of transfer. Failing this, such profits shall be distributed in full together with the profits, if any, arising from the financial year in which the reinvestment period ends. In the event that the assets subject to reinvestment are transferred before the holding period set out in Article 3.3 of this Law, those profits shall be distributed in full together with any profits arising in the financial year in which they are transferred.

The obligation to distribute profits does not extend to the part of these profits attributable to financial years in which the Company was not taxed under the special tax regime established in this Law.

c) At least 80% of the remaining profits.

The dividend shall be paid within the month following the date of the distribution agreement. As the Company has not made any profit, no dividends have been distributed.

4) Rules for recording and valuation:

The main recording and valuation rules used for the preparation of the annual accounts are as follows:

a) Intangible fixed assets

As a general rule, intangible fixed assets are recorded provided that they comply with the identifiability criterion and is initially valued at acquisition price or cost of production, subsequently reduced by the corresponding accumulated depreciation and, where applicable, any impairment losses incurred. In particular, the following criteria apply:

a.1) Transfer rights

They are initially recorded at acquisition cost and amortised on a straight-line basis over 10 years, which is the estimated period over which they will contribute to revenue, except when the duration of the contract is shorter, in which case they are amortised over that period.

b) Tangible fixed assets

Property, plant and equipment are stated at price of acquisition or cost of production, where appropriate, increased by the revaluations made in compliance with the various legal provisions, the most recent of which corresponds to Royal Decree-Law 7/1996, of 7 June, less accumulated depreciation and any impairment losses incurred.

In addition, financial expenses accrued during the construction period that are directly attributable to the acquisition or manufacture of the asset are included, provided that a period of time of more than one year is required until they are in a useable condition.

Indirect taxes on tangible fixed assets are only included in the price of acquisition or cost of production when they are not directly recoverable from the tax authorities.

The initial estimate of the present value of the obligations assumed as a result of dismantling or removal and other obligations associated with the asset, such as the costs of renovating the site on which it is located, is included as an increase in the value of property, plant and equipment, provided that these obligations give rise to a record of provisions.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity, efficiency, or the extension of the useful life of assets are accounted for as an increased cost of the assets. Upkeep and maintenance expenses are charged to the profit and loss account in the financial year in which they are incurred.

Works executed by the Company on its own fixed assets are based on the cost price of raw materials and other consumables, the costs directly attributable to those assets, as well as a reasonable proportion of indirect costs.

The Company depreciates its property, plant and equipment on a straight-line basis. The years of useful life applied are as follows:

Item	Years of useful life
Tooling	4
Other facilities	10
Furniture	10
Data processing equipment	4
Other intangible fixed assets	10

c) Impairment of fixed assets as part of the non-financial assets

An impairment loss occurs on an item of property, plant and equipment or intangible assets when its book value exceeds its recoverable value, which is taken to be the highest amount within a reasonable valuation less sale costs and its value in use.

For these purposes, at least at the end of the financial year, the Company assesses through the so-called "impairment test" whether there are indications that any tangible or intangible fixed assets, with an indefinite useful life, or, where appropriate, a cash-generating unit may be impaired, in which case its recoverable amount is estimated by making the corresponding valuation adjustments.

The impairment calculations of property, plant and equipment are carried out individually. Nonetheless, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of fixed assets belongs is calculated.

d) Property investments

This section includes the values of land, buildings and other constructions that are maintained, either to rent them, or to obtain a capital gain on their sale as a result of the increases that may occur in the future in their respective market prices.

These assets are initially valued at their acquisition price and, subsequently, are reduced by the corresponding accumulated depreciation and impairment losses, if any, as described in note 4 e).

Upkeep and maintenance expenses of the different items part of the property investment are recorded in the profit and loss account in the financial year in which they are incurred. Conversely, amounts invested in improvements that contribute to increasing the capacity or efficiency or extending the useful life of such assets are recorded as an increase in the cost of the assets.

The Company depreciates investment property using the straight-line method, applying annual depreciation rates calculated on the basis of the years of estimated useful life of the respective assets, as follows (average):

	Percentage of Depreciation
Construction	3%

Profits or losses are recognised when the sale of assets takes place and title has been transferred to the buyer, which is the point at which the rights and obligations inherent to the assets are transferred. Income from lease is assigned to the financial results on an accruals basis.

Lease expenses are recognised on an accrual basis by charging to the income statement all maintenance, management and depreciation costs of leased assets.

The Company periodically determines the fair value of investment property items taking as reference values the valuations carried out by independent experts.

e) Impairment losses on investment property

Each financial year, the Company assesses the possible existence of impairment losses that could lead to a reduction in the book value of its property investments. An impairment loss is considered to exist when the recoverable amount is less than the book value.

Recoverable amounts are calculated for each cash-generating unit and said amount is determined as the highest amount of a fair valuation less sale costs and value in use.

The procedure implemented by the Company's management for conducting this test is as follows:

The recoverable amount of each investment property is determined by an independent expert and any resulting impairment loss is recorded in the profit and loss account under "Impairment and gains or losses on disposal of fixed assets".

The recoverable amount is determined as the highest amount of a fair valuation less sale costs and value in use. On 31 December 2020, the Company commissioned the independent expert Knight Frank España S.A.U. to value its assets in order to determine the fair values of its investment property.

These valuations were based on the market lease value (which consists of capitalising the net rents of each property and updating the future flows).

For the calculation of the fair value, discount rates acceptable to a potential investor and in line with those applied by the market for properties of similar characteristics and locations have been used. These valuations have been conducted in accordance with the Valuation and Appraisal Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain.

The methodology used to calculate the market value of real estate assets consists of preparing 5–10 year projections of the income and expenses of each asset that will be updated at the end of each year, using a market discount rate. The residual amount at the end of the last year is calculated by applying an "exit yield" or "cap rate" to the net income projections for the following year. The market values thus obtained are analysed by calculating and studying the yield capitalisation implicit in those values. The projections are intended to reflect the Company's best estimate, as reviewed by the valuator, of the future income and expenses of the real estate assets. Both the rate of return and the discount rate are defined according to local real estate and institutional market conditions, and the fairness of the market value thus obtained is tested in terms of initial profit.

The main assumptions used in the calculation of the fair value of the real estate assets by the rating company have been an equivalent capitalisation rate (equivalent yield) of between 4.5% and 5.75% for buildings and between 3% and 3.25% for premises.

If an impairment loss subsequently reverses, the book value of the asset is increased up to the limit of the original value for which said asset was recorded prior to the recognition of the impairment value.

f) Leases and other operations of a similar nature

The Company records as finance leases those operations for which the lessor substantially transfers to the lessee the risks and benefits inherent to the ownership of the asset that is the object of the contract, recording the remainder as operating leases. All of the contracts held by the Company are operating leases.

f.1) In operating leases where the Company acts as lessor

When assets are rented under finance leases, the present value of the lease payments discounted at the contract's implicit interest rate is recognised as a receivable. The difference between the gross amount receivable and the present value of that amount corresponding to unearned interest is charged to the profit and loss account for the period in which the interest accrues, in accordance with the method of effective interest rate.

When assets are rented under an operating lease, the asset is included in the balance sheet according to its nature. Lease income is recognised on a straight-line basis over the lease term.

f.2) In operating leases where the Company acts as lessee

Leases in which the lessor retains a significant part of the risks and benefits derived from ownership are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to the profit and loss account for the year in which they accrue on a straight-line basis during the lease term.

g) Financial instruments

g.1) Financial assets

The financial assets owned by the Company are classified, for the purposes of their valuation, in the following categories:

g.I.1) Loans and receivables

These correspond to loans for commercial or non-commercial transactions arising from the sale of goods, the delivery of cash or the provision of services, the collection of which are of a fixed or determinable amount and which are not traded in an active market.

They are initially recorded at the fair value of the consideration given plus directly attributable transaction costs. They are subsequently valued at amortised cost, with accrued interests recorded in the income statement on the basis of their effective interest rate.

Notwithstanding the foregoing, trade receivables maturing within a period not exceeding one year which do not have a contractual interest rate are initially valued at their nominal value, provided that the effect of not updating the cash flows is insignificant, in which case they will continue to be subsequently valued at said amount, unless they have been impaired.

Valuation adjustments for impairment are recorded on the basis of the difference between their book value and the present value at the end of the financial year of the estimated future cash flows to be generated, discounted at the effective interest rate calculated at the time of initial recognition. These corrections are recorded in the profit and loss account.

g. 1.2) Investments in the equity of group, associated and multi-group companies

Group companies are considered to be those related to the Company under its control and associates are those over which the Company exercises significant influence. In addition, the multi-group category includes companies over which, by virtue of an agreement, joint control is exercised with one or more shareholders. These investments are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs.

They are subsequently measured at cost less any accumulated impairment losses. These value adjustments are calculated as the difference between the book value and the recoverable amount, the latter being the highest amount of a fair valuation less sales costs and the present value of the expected future cash flows of the investment. Unless there is more proof of the recoverable amount, the net equity of the investee is taken into account, adjusted for unrealised capital gains existing at the valuation date.

In the event that the investee company participates in another, the net equity derived from the consolidated annual accounts will be taken into account.

Changes in value due to impairment losses and, where applicable, their reversal are recorded as an expense or income in the profit and loss account.

g.2) Financial liabilities

A financial liability is recognised in the balance sheet when the Company becomes a party bound by the contract or legal transaction in accordance with its provisions.

Debits and items payable arising from the purchase of goods and services in the ordinary course of business or from non-trading transactions are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs.

Notwithstanding the above, trade payables maturing within one year and which do not have a contractual interest rate are initially calculated at nominal value, provided that the effect of not discounting cash flows is insignificant.

Debits and items payable are subsequently valued at their amortised cost, using the effective interest rate. Those which, in accordance with the previous paragraph, are initially valued at their nominal value, continue to be valued at that amount.

g.3) Bonds posted and received

The difference between the fair value of the bonds posted and received and the amount paid or collected is treated as a prepayment or collection for the operating lease or service provision, which is charged to the income statement during the period of the lease or during the period in which the service is rendered.

In the case of short-term guarantees, cash flow discounting is not used as its effect is not significant.

g.4) Cash and other equivalent liquid assets

This item includes cash on hand, bank current accounts and temporary deposits and acquisition of assets that meet all of the following requirements:

- They are convertible to cash.
- At the time of acquisition, their maturity was no more than three months.
- They are not subject to a significant risk of change in value.
- They form part of the Company's normal cash management policy.

(h) Income tax

General regime

Revenue or expenses on income tax are calculated as the sum of the current tax expense or income plus the deferred tax expense or income.

The current tax is the amount resulting from the application of the tax rate to the tax base for the financial year. Tax credits and other tax benefits in the tax rate, excluding tax withholdings and pre-payments, as well as tax loss carryforwards from previous financial years and effectively applied during the fiscal year, will result in a lower amount of current tax.

For its part, the income or expense due to deferred tax relates to the recognition and cancellation of deferred tax assets for temporary deductible differences, for the right to offset tax losses in subsequent financial years and for tax credits and other pending unused tax benefits to be applied and deferred tax liabilities for temporary taxable differences.

Deferred tax assets and liabilities are measured at the anticipated tax rates at the time of reversal.
Deferred tax liabilities are recognised for all temporary taxable differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

In accordance with the principle of prudence, deferred tax assets are only recognised to the extent that it is probable that future profits will be obtained, allowing its application. Notwithstanding the above, deferred tax assets are not recognised when they correspond to temporary deductible differences arising from the initial recognition of assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

Both current and deferred tax income or expense are recorded in the profit and loss account. Nevertheless, current and deferred tax assets and liabilities that relate to a transaction or event recognised directly in a net equity item are recognised with a charge or credit to that item.

At the end of each accounting period, the deferred taxes recorded are reviewed to ensure that they are still valid and corrections are made accordingly. Likewise, recognised and previously unrecognised deferred tax assets are valuated, and recognised assets are deregistered if their recovery is no longer probable, or by recording any similar asset not previously recorded, to the extent that it will probably recover its value giving rise to future taxable profits.

SOCIMI regime

On September 14, 2018, the Company notified its local tax office of the State Tax Administration Agency of its decision to avail of the special tax regime for SOCIMIs.

Pursuant to Law 11/2009, of 26 October, which regulates Listed Real Estate Investment Companies (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario), entities that meet the requirements defined in the regulations and opt for the application of the special tax regime provided for in said Law will be taxed at a rate of 0% for corporate income tax purposes.

Should there be tax loss carryforwards, Article 26 of Law 27/2014, of 27 November, on Corporate Income Tax shall not apply.

Likewise, the system of deductions and tax credits established in Chapters II, III and IV of the aforementioned regulation shall not apply. In all other matters not provided for in the SOCIMI Law, the provisions of Law 27/2014, on Corporate Income Tax shall be applicable on a supplementary basis.

The entity shall be subject to a special tax of 19% on the full amount of the dividends or shares in profits distributed to shareholders whose holding in the company's share capital is 5% or more, when such dividends are exempt or taxed at a rate of less than 10% at the corporate headquarters. Said tax will be considered a Corporation Tax rate.

Failure to comply with the requirement of long-term permanence of real estate as referred to in Article 3.3 of the Law will imply, in the case of real estate, the taxation of all income generated by such property in all tax periods in which this special tax regime would have been applicable, in accordance with the general regime and the general corporate income tax rate.

(i) Related party transactions

Transactions between related parties, irrespective of the terms of the relationship, are subject to general accountancy rules. Consequently, as a general rule, transacted items are recorded from the initial moment at fair value. If the agreed price of a transaction differs from its fair value, the difference is recorded on the basis of the economic reality of the transaction. Subsequent valuation is conducted in accordance with the provisions of the corresponding regulations.

(j) Income and expenditure

Income and expenses are allocated on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

<u>Provision of services</u>

The Company provides leasing services. Revenue from property rentals is recognised on a straight-line basis over the term of the lease.

When the Company offers incentives to its tenants, the cost of the incentives is recognised over the lease term on a straight-line basis as a reduction of rental income. The costs related to each lease payment are recognised as an expense.

5) Intangible fixed assets

The balances and fluctuations in gross values, accumulated depreciation and valuation adjustments over the financial years are as follows:

	Other intangible fixed assets	Total
Gross values		
Balance at 31/12/2018	695,000	695,000
Incomings		
Outgoings, disposals or reductions		
Balance at 31/12/2019	695,000	695,000
Incomings		
Outgoings, disposals or reductions		
Balance at 31/12/2020	695,000	695,000
Accumulated depreciation		
Balance at 31/12/2018	(147,949)	(147,949)
Provision for amortisation	(69,501)	(69,501)
Outgoings, disposals or reductions		
Balance at 31/12/2019	(217,450)	(217,450)
Provision for amortisation	(69,5011)	(69,501)
Outgoings, disposals or reductions		
Balance at 31/12/2020	(286,951)	(286,951)
Valuation adjustments		
Balance at 31/12/2018		
Incomings		
Outgoings, disposals or reductions		
Balance at 31/12/2019		
Incomings		
Outgoings, disposals or reductions		
Balance at 31/12/2020		
Net book value at 31/12/2019	477,551	477,551
Net book value at 31/12/2020	408,050	408,050

The intangible fixed asset corresponds to the licence of the hostel in the building on Paseo de Gracia, Barcelona (Note 7).

6) Tangible fixed assets

The balances and fluctuations in gross values, accumulated depreciation and valuation adjustments over the financial years 2020 and 2019 are as follows:

Gross values		
Balance at 31/12/2018	2,752,383	2.752,383
Incomings	312,636	312,.636
Outgoings, disposals or reductions		
Balance at 31/12/2019	3,065,019	3,065,019
Incomings	14,792	14,792
Outgoings, disposals or reductions		
Balance at 31/12/2020	3,079,811	3,079,811
Accumulated depreciation		
Balance at 31/12/2018	(646,329)	(646,329)
Provision for amortisation	(307,091)	(307,091)
Outgoings, disposals or reductions		
Balance at 31/12/2019	(953,419)	(953,419)
Provision for amortisation	(315,671)	(315,671)
Outgoings, disposals or reductions	-	
Balance at 31/12/2020	(1,269,091)	(1,269,091)
Valuation adjustments		
Balance at 31/12/2018		
Incomings	-	
Outgoings, disposals or reductions		
Balance at 31/12/2019		
Incomings		
Outgoings, disposals or reductions		
Balance at 31/12/2020		
Net book value at 31/12/2019	2,111,599	2,111,599
Net book value at 31/12/2020	1,810,720	1,810,720

The additions in 2020 are due to the replacement of the exterior woodwork of the building situated at Diagonal 596, Barcelona.
The additions in 2019 were basically due to the acquisition of furnishings corresponding to the purchase of the building located at C/Martinez Cubells 5, Valencia, which was made during 2019 (Note 7).

There are no fully depreciated assets.

The Company has taken out insurance policies to cover the possible risks to which the various fixed assets are subject, as well as the possible claims that may arise while conducting its business activity, on the understanding that such policies sufficiently cover the risks to which they are subject.

7) Property investments

he balances and fluctuations of gross values, accumulated depreciation and valuation adjustments over the financial years 2020 and 2019 are as follows:

	Land	Construction	Total
Gross values			
Balance at 31/12/2018	27,379,840	27,757,715	55,137,555
Incomings	7,570,450	15,827,838	23,398,288
Outgoings, disposals or reductions			
Balance at 31/12/2019	34,950,290	43,585,553	78,535,843
Incomings		305,681	305,681
Outgoings, disposals or reductions			
Balance at 31/12/2020	34,950,290	43,891,234	78,841,524
Accumulated depreciation			
Balance at 31/12/2018		(4,285,301)	(4,285,301)
Provision for amortisation		(1,656,397)	(1,656,397)
Outgoings, disposals or reductions			
Balance at 31/12/2019		(5,941,698)	(5,941,698)
Provision for amortisation		(1,765,991)	(1,765,991)
Outgoings, disposals or reductions			
Balance at 31/12/2020		(7,707,689)	(7,707,689)
Valuation adjustments			
Balance at 31/12/2018			
Incomings			
Outgoings, disposals or reductions			
Balance at 31/12/2019			
Incomings	-		
Outgoings, disposals or reductions			
Balance at 31/12/2020			
Net book value at 31/12/2019	34,950,290	37,643,855	72,594,145
Net book value at 31/12/2020	34,950,290	36,183,545	71,133,835

The investment properties included in this section are intended to be held for rental purposes and are as follows:

a) Ronda Sant Pere 32, Barcelona
The property comprises a building leased to a hotel operator and two commercial premises. As of 31 December 2020, one of them is not leased, but it will be leased to the operator in 2022 **with an increase** in the rental instalments.

b) Diagonal 596, Barcelona
The property comprises a building leased to a hotel operator and a commercial premises that is also leased.

c) Paseo de Gracia 115, Barcelona
The property comprises sixteen tourist dwellings, an apartment, a hostel and two commercial premises. The tourist dwellings and the hostel are leased to a company and the apartment is leased to a private individual. As of December 31, 2020, the premises are also leased.

On December 31, 2020, **the activity licence for housing 403a had not yet been obtained.**

d) Martínez Cubells 5, Valencia

This property was acquired on March 25, 2019. Its purchase value was 23,000,000 euros.

The building is leased to a hotel operator, and the Company has a lease agreement for the parking lot and subleases it to the hotel operator.

Additions in the financial year ending on December 31, 2020, correspond to improvements and refurbishments for a value of 305,681 euros.

As of December 31, 2020, and December 31, 2019, all property investments are pledged as security for mortgage debts. On December 31, 2020, the nominal amount outstanding is 44,000,000 euros (Note 10 b).

During the financial year 2020, loans amounting to 1,500,000 and 500,000 euros have been received, but they are not secured by mortgages.

The fair value of property investments on December 31, 2020, calculated on the basis of the RICS valuations carried out by Knight Frank España, S.A.U., amounts to 114.05 million euros.

In the financial years 2020 and 2019, revenues from rental income obtained from property investments amounted to 3,621,633 Euros and 4,502,864 Euros, respectively.

In addition, operating expenses for all related items amounted to 1,404,495 Euros and 2,231,247 euros, respectively.

At the end of the financial year on December 31, 2020 and 2019, the Company did not have any contractual obligation for the acquisition, construction or improvement of its property investments, nor did it hold property investments outside the national territory.

At the end of the financial year on December 31, 2020 and 2019, the Company had no property investments that were fully amortised.

The Company has taken out insurance policies to cover the possible risks to which the various investment property items are subject, as well as the possible claims that may arise while conducting its business activity, on the understanding that such policies sufficiently cover the risks to which they are subject.

8) Leases and other transactions of a similar nature

a. 1. Operating leases

The Company has leased the property investments described in note 7 under operating leases maturing between 2024 and 2036.

The minimum future lease instalments for operating leases agreed with the lessees, in accordance with the valid current leases, are as follows:

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
Report for the financial year

	Outstanding instalments	
	Balance at 31/12/2020	Balance at 31/12/2019
Less than one year	4,795,934	4,765,634
Between one and five years	22,879,672	22,879,672
More than five years	28,178,063	32,423,997
	55,853,669	60,069,303

As lessee, at the end of 2020, the Company has contracted with the lessors the following minimum lease payments, in accordance with the valid current contracts, without taking into account passed on common expenses, future **CPI** increases, or future updates of contractually agreed rents (in euros).

	Outstanding instalments	
	2020	2019
Less than one year	67,200	67,200
Between one and five years	295,200	315,600
More than five years	421,200	468,000
	783,600	850,800

In the year ending December 31, 2020, expenses arising from lease agreements entered into by the Company as lessee amounted to 67,282 euros (55,500 euros in the year ending December 31, 2019).

The amount of operating lease and sublease payments recognised respectively as expense and income are as follows:

	2020	2019
Sublease payments	46,882	35,100
	46,882	35,100

9) Equity instruments in group, multi-group and associated companies

The most significant information related to group, multi-group and associated companies is as follows:

On 31/12/2020

Denomination Address: Activity:	Book value of the Participation	% participation Direct	% participation Indirect	% voting rights Direct	% voting rights Indirect	Share capital	Reserves	Other equity items	Results Working capital	Results Net	Dividends received
RSRP Singular Assets Portugal Unipessoal	6,000	100		100		6,000			(137,224)	(310,636)	
RSRP CEDOFEITA SA	950,000	100		100		50,000		900,000	(67,592)	(67,592)	
	956,000					56,000					

On December 31, 2020, the Company has interests in the following companies:

RSRP Singular Assets Portugal Unipessoal Lda: 100% participation in the capital of the company that was incorporated in 2019.

The Portuguese company is engaged in the acquisition and development of urban real estate for lease and is not listed on the stock exchange. Its registered office is at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto.

RSRP CEDOFEITA, S.A.: 100% participation in the capital of the company that was incorporated in 2020 and a contribution to other equity items amounting to 900,000 euros.

The Portuguese company is engaged in the operation and management of hotels, tourist establishments, real estate and similar assets, as well as the promotion, organisation of events and consultancy in hotel, tourist, real estate and similar matters. Its registered office is at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto.

The possible indication of impairment losses through the ownership interest in RSRP Singular Assets Portugal Unipessoal Lda is covered by the unrealised capital gains not recorded in its balance sheet, which were generated by the assets owned by this company.

10) Financial instruments

a. l Financial assets

The book value of each of the categories of financial instruments established in the accounting and measurement rules for “Financial instruments”, except for investments in the equity of group, multi-group and associated companies, is as follows:

	Long-term financial investments			
	Loans, derivatives and others		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Categories:				
Loans to group companies (Note 18)	27,000,000	22,000,500	27,000,000	22,000,500
Other long-term financial assets	115,216	107,749	115,216	107,749
	27,115,216	22,108,249	27,115,216	22,108,249

	Loans, derivatives and others		Total	
	31/12/2020	31/12/2019	31/1212020	31/12/2019
Categories:				
Trade and other accounts receivable	1,425,679	1,133,410	1,425,679	1,133,410
Short-term loans to group companies (Note 18)	172,664	143,790	172,664	143,790
Short-term financial investments (Note 18)	300	150	300	150
	1,598,643	1277,350	1,598,643	1,277,350

This section does not include debts with public administrations, the itemisation of which is included in note 14.

a. 1.1. Trade and other accounts receivable

Details of financial assets classified in this category on December 31, 2020 and 2019 are as follows:

Heading	31/12/2020	31/12/2019
Customers for sales and services	783,187	243,994
Sundry debtors	642,492	889,416
Total	1,425,679	1,133,410

443,216 euros are included under trade receivables for sales and services provided to group companies (Note 18).

1.2. Classification by maturities

Details of maturity of the different long-term financial assets, with fixed or determinable maturity, at the end of the financial year 2020 are as follows:

	2021	2022	2023	2024	Remainder	Total
Loans to group companies	1,110,000	920,000	990,000	990,000	22,990,000	27,000,000
Other long-term financial assets	26,796				88,420	115,216
	1,136,796	920,000	990,000	990,000	23,078,420	27,115,216

Loans to group companies correspond to three loans of 14,000, 8,000 and 5,000 thousand euros, respectively, to the investee in Portugal RSRP Singular Assets Portugal Unipessoal Lda. (Note 18).

b.2. Financial liabilities

The book value of each financial instrument category established in the accounting and measurement rules for "Financial instruments" is as follows:

	Long and short-term financial investments			
	Loans, derivatives and others		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Categories:				
Long-term financial assets				
Long-term debts	45,783,303	44,114,420	45,783,303	44,114,420
Debts with credit institutions	45,668,883	44,000,000	45,668,883	44,000,000
Other financial liabilities	114,420	114,420	114,420	114,420
Long-term payables to group and associated companies (Note 18)	31,192,646	31,425,134	31,192,646	31,425,134
	76,975,949	75,539,554	76,975,949	75,539,554
Short-term financial liabilities				
Short-term debts	926,037	797,373	926,037	797,373
Short-term payables to group and associated companies (Note 18)	133,176	1,059,577	133,176	1059,577
Trade and other payables	192,415	456,406	192,415	456,406
	1,251,628	2,313,356	1,251,628	2,313,356

b.21. Debts with credit institutions

The Company has granted four loans with a total balance of 45,668,883 euros with amortisation pending at the end of 2020, which is secured by mortgages on property investments (Note 7). Two loans are secured by mortgages and the other two are ICO credit guarantee lines.

- Ronda Sant Pere 32, Barcelona
- Avenida Diagonal 596, Barcelona
- Paseo de Gracia 115, Barcelona
- Carrer de Martínez Cubells 5, Valencia.

The detail of debts with credit institutions is as follows:

On October 23, 2018, the Company entered into a financing agreement with Banco Santander for an amount of 30,000,000 euros, the purpose of which was the cancellation of the debt held by the Company as of the date of signing, to finance the acquisition of new real estate assets intended for hotels, resorts, tourist apartments, residential apartments or for any other use, amenable to use for rental purposes, in Spain or Portugal, which are secured by the mortgage on the real estate.

This loan is secured by a mortgage on the following property investments (Note 7):

- Ronda Sant Pere 32, Barcelona
- Avenida Diagonal 596, Barcelona
- Paseo de Gracia 115, Barcelona

The loan is granted in two tranches:
Tranche A:
5,400,000 euros delivered on the date of signature.
Tranche B:
24,600,000 euros received on the following dates: 2,900,000 euros on March 23, 2019; 12,000,000 euros on April 23, 2019; and 9,700,000 euros on October 23, 2019.

The nominal annual interest rate is fixed at 2.70%, it has a grace period of 30 months (October 23, 2021) and amortisation will be made in 11 semi-annual instalments.

The loan matures on October 23, 2026.

On July 22, 2019, the Company signed a financing agreement with Banco Santander for an amount of 14,000,000 euros, the purpose of which is the acquisition by the Company or its Portuguese subsidiary, of a hotel complex, tourist apartments, residential apartments or for any other use, amenable to use for lease, in Spain or Portugal, which are secured by the mortgage on the real estate.

This loan is secured by a mortgage on the following property investments:

- Carrer de Martínez Cubells 5, Valencia.

The annual nominal interest rate is fixed at 2.6%, it has a grace period until April 22, 2021, and amortisation will be made in 11 semi-annual instalments.

The loan matures on October 22, 2029.

The effective period of the loans is subject to compliance with certain ratios, which, according to the criteria of the Company's Board of Directors, were met on December 31, 2020.

On June 23, 2020, the Company signed an ICO financing contract with the Banco Santander for an amount of 1,500,000 euros, whose purpose is to obtain liquidity to mitigate the economic effects of Covid-19 due to the agreed rental discounts, maintaining an adequate balance in account that makes it possible to comply with the obligations acquired previously.

This loan is not collateralised.

The annual nominal interest rate is fixed at 2.75%, it has a grace period until June 23, 2022, and amortisation will be made in monthly instalments.

The loan matures on June 23, 2025.

On October 29, 2020, the Company signed an ICO financing agreement with Banco Santander for 500,000 euros, the purpose of which is the construction of a swimming pool at the Hotel Gala (Barcelona).

This loan is not collateralised.

The annual nominal interest rate is fixed at 3%, it has a grace period until October 30, 2021, and the amortisation will be made in monthly instalments.

The loan matures on October 30, 2025.

On April 1, 2019, the Company cancelled 3,000,000 euros corresponding to a financing contract signed in previous years.

b.2.2. Other long-term financial liabilities

This section includes guarantees and deposits received.

b.2.3. Short-term debts

In this section, on December 31, 2020 and 2019, 406,250 euros are included as a guarantee retained for the seller's compliance with certain milestones related to the purchase of the property located at Ronda Sant Pere 32, Barcelona.

In addition, a balance of 152,608 euros with associated companies and another one of 133,176 euros with group companies are recorded on December 31, 2020 (Note 18).

b.2.4. Trade and other accounts payable

Details on the balance sheet in the "Trade and other payables" section are as follows:

Heading	31/12/2020	31/12/2019
Suppliers	8,109	8,109
Sundry creditors	181,993	445,983
Personnel (outstanding salaries)	2,314	2,314
Total	192,416	456,406

This itemisation does not include balances with public administrations, details of which are provided in note 14.

For the purposes of the second additional provision of Law 31/2014, of December 3, which amends the Spanish Corporation Law, and in accordance with the resolution of February 29, 2016, by the Spanish Accounting and Auditing Institute, details of the average payment period to suppliers, ratio of paid up transactions, ratio of transactions with payment outstanding, total payments made and total outstanding payments are included below:

	2020	2019
	Days	Days
Average period for supplier payment	21.10	4.07
Ratio of paid up transactions	14.70	1.89
Ratio of transactions with payment outstanding	158.00	130.13

	2020	2019
	Amount	Amount
Total payments made	2,377,433	26,190,096
Total outstanding payments	111,074	454,902
Total	**2,488,507**	**26,644,998**

a.2.4. Classification by maturities

Details of maturity of the different long-term financial liabilities, with fixed or determinable maturity, at the end of 2020 are as follows:

	2022	2023	2024	2025	Remainder	Total
Long-term debt						
Payable to credit institutions	1,504,705	1,738,512	1,752,712	1,765,801	38.907.153	45,668,883
Other financial liabilities					114,420	114,420
Long-term debt with group companies (Note 18).	27,176	27,176	12,080,924	19,030,194	27,176	31,192,646
	1,531,881	1,765,688	13,833,636	20,795,995	39,048,749	76,975,949

Details of maturity of the different long-term financial liabilities, with fixed or determinable maturity, at the end of 2019 are as follows:

	2021	2022	2023	2024	Remainder	Total
Long-term debt						
Payable to credit institutions	510,000	1,020,000	1,240,000	1,240,000	39,990,000	44,000,000
Other financial liabilities					114,420	114,420
Long-term debt with group companies (Note 18).	49,728	49,728	49,728	49,728	31,226.222	31,425,134
	559,728	1,069,728	1,289,728	1,289,728	71,330,642	75,539,554

11) Cash and liquid equivalents

	31/12/2020	31/12/2019
Liquid assets	2,069,546	4,436,246
Other liquid equivalents		
	2,069,546	4,436,246

There is a restriction to the funds available derived from financing contracts (Note 10 b). The Company is required to deposit an amount equivalent to six months of debt service in the interest period prior to each amortisation instalment. On December 31, 2020, the limitation of funds available amounts to 587,000 euros (586,998 euros on December 31, 2019).

12) Information on the nature and level of risk arising from financial instruments

a) Qualitative information

The Company's financial risk management is assumed by the Company Management, which has established the necessary mechanisms to control exposure to fluctuations in interest and exchange rates, as well as credit and liquidity risks.

The activity with financial instruments exposes the Company to credit, market and liquidity risk.

b. Quantitative information

b.1. Credit risk

Credit risk is the risk that the counterparty to the financial instrument may cause a financial loss to the Company if it defaults on an obligation. The book value of financial assets represents the maximum level of exposure to credit risk.

The maximum exposure to credit risk on December 31 was as follows:

	2020	2019
Long-term investments in group and associated companies	27,000,000	22,000,500
Long-term financial investments	115,216	107,749
Trade and other accounts receivable	1,425,679	1,133,410
Short-term investments in group and associated companies	330	143,790
Short-term financial investments	172,634	150
Cash and other liquid equivalents	2,069,546	4,436,246
	30,783,105	27,821,845

Details of "Trade and other receivables" by date of past-due amounts on December 31 are as follows:

	2020	2019
Not matured	189,498	124,006
Overdue, but not doubtful		
30 days or less	50,264	
Between 30 and 60 days	45,829	9,644
Between 60 and 90 days	4,235	
Between 90 and 120 days		2,939
More than 120 days	1,135,853	996,822
	1,425,679	1,133,410
Doubtful		
Impairment adjustments		
Total	1,425,679	1,133,410

b.2 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates or equity instrument prices, will affect the income or value of the financial instruments held. The aim of market risk management is to manage and control the Company's market risk exposures within reasonable parameters while optimising profitability.

<u>Exchange rate risk</u>

The Company operates at international level in Portugal; therefore, it is not exposed to foreign exchange risk on currency transactions.

<u>Interest rate risk</u>

The Company's policy consists of minimising exposure to interest rate risk in long-term financing. As indicated in note 10 b), loans obtained from credit institutions are at fixed interest rates and loans from group companies are at variable interest rates (Note 18); thus, the Company is exposed to interest rate risk in cash flows. The directors consider that the risk to which the Company is exposed in this regard is minimal.

b.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The policy of the company is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations at the time of maturity, both under normal conditions and in strained situations, without incurring unacceptable losses or jeopardising the reputation of the Company.

The Company conducts prudent liquidity risk management based on ensuring the availability of cash through financing agreements with credit institutions and group companies, which allow the Company to implement its business plans and operations with stable and secured sources of financing.

Details of the contractual maturities of financial liabilities are explained in note 10 b).

b.4. Other risks

The emergence of COVID-19 in China in January 2020 and its global spread, including Spain, has led to the viral outbreak being classified as a pandemic by the World Health Organisation since March 11, 2020. The financial markets and different sectors of the economy are suffering a slowdown due to this pandemic. The Company's Board of Directors have evaluated this situation and the consequences it could have on the Company's business and liquidity. The main risks are detailed below:

(i) Operational risk

At the date of preparation of the present financial statements, the Directors do not expect a significant decrease in the valuation of their assets. With respect to income from lease agreements with the lessees, the Company has been able to reach agreements and, thus, to guarantee income from the lessees for this and subsequent financial years.

(ii) Liquidity risk

The Directors have performed an analysis of the current and future situation to ensure the Company's liquidity. The different negotiations carried out by the Company with the lessees have allowed a stable flow of income that is sufficient to cover short-term obligations.

The Directors are making significant efforts to control expenses, thus guaranteeing liquidity in future years.

(iii) Valuation risk

The Company's external valuators have issued their valuation on the basis of a "material uncertainty", in accordance with the VPS3 and VPGA10 regulations of RICS Valuation – Global Standards. Consequently, a lower degree of certainty and a higher degree of attention should be attributed to the valuation.

The Board of Directors have conducted a sensitivity analysis on these valuations, considering additional scenarios that take into account this material uncertainty, in order to ensure that possible fluctuations in the market value of the property investments would not have a significant impact on the balance sheet and income statement for the financial year.

With respect to the preparation of these financial statements, the Board of Directors, after assessing them, concluded that the Company's financial resources allow the application of the going concern principle.

Finally, it should be noted that the Directors are constantly monitoring the evolution of the situation in order to successfully deal with any possible impacts, both financial and non-financial, that may arise.

13) Own funds

a) Share capital

Share capital amounts to 7,500,000 euros, represented by 7,500,000 shares, with a nominal value of 1 euro each, all of the same class, fully subscribed and paid up, conferring the same rights to their holders.

On December 31, 2020 and 2019, the Sole Shareholder is RSR ESTATE HOTEL COVADONGA SARL (Luxembourg).

b) Reserves

Legal reserve:

In accordance with the Spanish Corporation Law, the Company must allocate 10% of the profit for the year to the legal reserve until it reaches 20% of the capital stock.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the aforementioned purpose, this reserve may only be used to offset losses, provided that there are not sufficient other reserves available for this purpose.

In accordance with Law 11/2009, which regulates Listed Real Estate Investment Companies (SOCIMI), the legal reserve of companies that have opted for the application of the special tax regime established in this Law may not exceed 20% of the share capital. The statutes of these companies shall not establish any unavailable reserves other than the previously mentioned.

On December 31, 2020, and December 31, 2019, the Company's legal reserve was not fully constituted. The amount of the legal reserve on December 31, 2020, amounts to 251,741 euros (251,741 euros at the end of 2019).

Voluntary reserves:

Voluntary reserves on December 31, 2020, amounted to 9,212,515 euros, increasing by 238,962 euros compared to the previous year due to audit adjustments for the amortised cost of long-term debt.

Merger reserves:

As a result of the merger by absorption described in note 1, merger reserves amounting to 8,357,521 euros were recorded.

e) Shareholders' contributions

In the minutes of October 13, 2020, it is recorded that the sole shareholder authorised a cash contribution of 1,000,000 euros by means of a transfer made on October 14, 2020.

In the minutes of January 24, 2020, it is recorded that the sole shareholder endorsed a cash contribution of 2,000,000 euros by means of a transfer made on October 14, 2020.

In the minutes of March 8, 2019, it is stated that the Sole Shareholder approved a loan to the Company of 4,000,000 euros, which was transferred on the same day. As stated in the same minutes, the Company agreed to convert this loan to a cash contribution.

In the minutes of December 11, 2019, it is recorded that the Sole Shareholder agreed to make two monetary contributions to the Company's own funds: one for 4,000,000 euros transferred on September 11, 2019, and another one for 4,000,000 euros transferred on December 9, 2019.

14) Tax status

The fiscal balances with public administrations on December 31, 2020, and December 31, 2019, are as follows:

	Debt balances		Credit balances	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
VAT	5,507	4,252	86,706	162,365
Personal income tax withholdings			5,129	16,637
Social Security			841	(144)
Tax withholdings, e.g., previous years	-	526,737	-	-
	5,507	530,989	92,676	178,858

Itemisation of income tax expense/(income) for the financial years 2020 and 2019 is as follows:

	2020		
	Profit and loss account		
	Increases	Decreases	Total
Balance of income and expenses for the year			(1,972,059)
Corporate income tax			
Balance of income and expenses for the year before taxes			**(1,972,059)**
Permanent differences	8,650		8,650
Temporary differences	914,024	2,266	911,758
Previous taxable income			**(1,051,651)**

	2019		
	Profit and loss account		
	Increases	Decreases	Total
Balance of income and expenses for the financial year			(1,480,709)
Corporate tax			-
Balance of income and expenses for the year before taxes			(1,480,709)
Permanent differences	6,661		6,661
Temporary differences		2,266	(2,266)
Previous taxable income			(1,476,314)

According to current legal provisions, tax settlements cannot be considered final until they have been inspected by the tax authorities or the statute of limitations period, currently set at four years, has elapsed. In the opinion of the Company's Board of Directors and its tax advisors, there are no significant tax contingencies that could arise, in the event of an inspection, from possible different interpretations of the tax regulations applicable to the transactions carried out by the Company.

The Company is subject to the special regime provided for in Law 11/2009, of October 26, for SOCIMIs. The Board of Directors and the Company's tax advisors consider that the Company meets all the minimum requirements for the application of this special tax regime in the current financial year. In accordance with the special tax regime for SOCIMIs, the income derived from its business activities that meets the requirements is exempt.

The tax loss carryforwards are as follows:

	Tax loss carryforwards	
	31/12/2020	31/12/2019
2015	1,016,970	1,016,970
2016	735,373	735,373
2017	975,587	975,587
01/01/2018 – 13/09/2018	972,870	972,870
14/09/2018 – 31/12/2018	913,278	913,278
2019	1,476,314	1,476,314
2020	1,051,651	
	7,142,043	6,090,392

In the deferred tax assets section of the balance sheet, the Company has recorded all taxable income generated until its incorporation in the SOCIMI regime, on September 14, 2018, which amounts to 3,700,800 euros.

<u>Requirements for SOCIMI status. Law 11/2009, as amended by Law 16/2012</u>

a) Reserves from financial years prior to the application of the tax regime established in Law 11/2009, as amended by Law 16/2012.

The reserves generated prior to the application of the SOCIMI regime amounted to 9,211,970 euros.

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

As no distributable profits have been generated since the taxation under the special SOCIMI regime, the reserves generated under the SOCIMI regime are currently zero.

c) Dividends distributed charged to profits of each financial year in the tax regime established in this Law has been applied, differentiating the part coming from income subject to the tax rate of 0% or 19%, with respect to those that, if applicable, have been taxed at the general tax rate.

No dividends have been distributed against reserves generated under the SOCIMI regime.

d) In the case of distribution of dividends charged to reserves, designation of the financial year which the applied reserve corresponds to and if they have been taxed at 0%, 19% or the general rate.

No dividends have been distributed against reserves generated under the SOCIMI regime, neither have dividends been charged to reserves generated under the general regime.

e) Date of dividend distribution agreement referred to in c) and d) above. No dividend distribution agreement has been reached.

1) Date of acquisition of properties intended for leasing and of shares in the capital of entities referred to in Article 2.1 of this Law.

The properties are as follows:
Ronda Sant Pere 32 (Barcelona) acquired August 8, 2014
Avenida Diagonal 596 (Barcelona) acquired September 30, 2015
Paseo de Gracia 115 (Barcelona) acquired October 27, 2015
Martinez Cubells 5 (Valencia) acquired March 25, 2019

g) Identification of assets accounted for within the 80% referred to in Article 3.1 of Law 11/2009

100% of the Company's property investments consist of urban real estate for lease.

100% stake in RSRP Singular Assets Portugal Unipessoal Lda incorporated on June 30, 2019, with registered office at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto. The Company owns a building for hotel use under construction in the city of Oporto (Portugal) (See note 9).

h) Reserves from financial years in which the special tax regime established in this Law has been applicable and which have been availed of in the tax period, other than for distribution or to offset losses, identifying the financial year from which the reserves originate.

There has been no income generated under the SOCIMI regime.

15) Environmental information

In carrying out its projects and investments, the Company gives priority to their environmental impact.

16) Revenues and expenses

a) Net turnover

The itemisation of revenues is as follows:

	2020	2019
Rental income	3,621,633	4,502,864
	3,621,633	4,502,864

All leased properties are located in Spain.

b) Other operating expenses

Itemisation of other operating expenses is as follows:

	2020	2019
Leases	67282	55,500
Repairs	28,755	139,234
Professional Services	822,700	1,136,573
Transport	902	3,071
Insurance premiums	64,268	64,225
Banking services	27,574	7,985
Supplies	971	1,424
Other services	167,780	235,369
Taxes	303,290	587,866
	1,483,522	2,231,247

c) Amortisation of fixed assets

The details of amortisation are as follows:

	2020	2019
Intangible assets (Note 5)	69,500	69,500
Property, plant and equipment (Note 6)	315,672	307,091
Real estate investments (Note 7)	1,765,991	1,656,397
	2,151,163	2,032,988

d) Financial results

The details of the financial results are as follows:

	2020	2019
Financial revenues		
Group companies (Note 18)	172,334	
Others		11,142
	172,334	11,142
Financial expenses		
Group companies (Note 18)	841,111	876,723
Credit institutions	1,193,271	882,673
Others	51,977	54,470
	2,086,359	1,813,866

17) Operations with associated parties

During the year, transactions were conducted with the following related parties:

Company	Type of relationship
RSR Estate Hotel Covandonga SARL (Luxembourg)	Controlling company
RSRP Singular Assets Portugal Unipessoal Lda	Group company
RSR Estate Spain, SARL	Group company
RSR Estate PDG 115, SARL	Group company
RSRP Cedofeita, S. A.	Group company

Details of the operations with group, multi-group and associated companies for the years 2020 and 2019 are as follows:

	2020 Income/(expense)	
Heading	Interest charged	Income Interest
Controlling company	479,613	
Other group companies	361,498	172,334
Total group and associated companies	841,111	172,334

	2019 Income/(expense)	
Heading	Interest charged	Income Interest
Controlling company	495,814	
Other group companies	380,909	
Total Group and associated companies	876,723	

	Services received	
	2020	2019
Caler Advisory and Asset Management, S.L. (*)	608,750	894,535

(*) Company directly or indirectly owned by one of the Company Directors.

The services received correspond to corporate management fees and real estate assets.

Details of balances with associated parties are as follows:

:

On 31/12/2020

	Controlling company	Other	Total
Assets			
Long-term investments:			
Equity instruments (Note 9)		956,000	956,000
Credits to companies		27,000,000	27,000,000
Short-term investments:			
Equity instruments			
Trade and other receivables (Note 10a)			
Credits to companies (Note 10 a)		443,216	443,216
Interest on credits (Note 10 a)		172,334	172,334
Liabilities			
Long-term debts to group companies (Note 10 b)	-17,803,020	-13,389,626	-31,192,646
Short-term debts:			
Other short-term debts (Note 10 b)		-152,608	-152,608
Debts to group companies (Note 10 b)		-133,176	-133,176

On 31/12/2019

	Controlling company	Other companies 2111O	Total
Assets			
Long-term investments:			
Equity instruments (Note 9)		6,000	6,000
Loans to companies		22,000,500	22,000,500
Short-term investments:			
Equity instruments	-		
Loans to companies		143,790	143,790
Liabilities			
Long-term debts with group companies	-17,753,292	-13,671,842	-31,425,134
Short-term debts:			
Other short-term debts		-152,608	-152,608
Long-term debts with group	-545,542	-514,035	-1,059,577

The long-term loans with the investee company RSRP Singular Assets Portugal unipessoal LDA correspond to two contracts with the following characteristics:

A credit of 8,000,000 euros signed on December 9, 2019, with a maturity of 10 years, a grace period of one year and an interest rate of Euribor (one year) plus a differential of 3%.

Credit of 14,000,000 euros was signed on July 26, 2019, with a maturity of 10 years, a grace period of one year and an interest rate of 2.6% with no interest accrual in the first year.

A credit of 5,000,000 Euros signed on December 05, 2020, with a maturity of 11 years, a grace period of one year and an interest rate of 2.7% with no accrual of interest the first year.

The debts with group companies correspond to the following loans:

A loan of 15,003,020 euros agreed with RSR Estate Hotel Covadonga, SARL on September 24, 2015 with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%.

A loan of 2,800,000 euros agreed with RSR Estate Hotel Covadonga, SARL on May 28, 2015, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%.

- A loan of 1,200,000 euros agreed with RSR Estate Spain, SARL on May 28, 2015, with a 10-year maturity and an interest rate of Euribor (one year) plus a differential of 3%.

A loan of 12.000.000 euros formalised with RSR Estate Spain, SARL on May 1, 2014, with a 10-year maturity and an interest rate of Euribor (one year) plus a spread of 3%.

A loan of 531,570 euros agreed with RSR Estate PDG 115, SARL on January 1, 2016, with a 10-year maturity and an interest rate of Euribor (one year) plus a differential of 3%. It has partial capital amortisations of 1/9 per year and a grace period of one year.

The Board of Directors is responsible for making decisions affecting the economic and strategic policies of the Company.

No advance payments or loans were made to the Board of Directors during the financial year ending December 31, 2020 and 2019.

The Company's Board of Directors and the persons related to them referred to in article 231 of the Consolidated Text of the Spanish Corporation Law have not reported any situations of direct or indirect conflict, which could affect the interests of the Company.

18) Other information

The average number of people employed over the financial years is as follows:

Professional category	2020	2019
Administrative staff	**1**	1
		1

The number of administrators and people employed at the end of the financial years, distributed by professional categories, is as follows:

	On 31/12/2020		On 31/12/2019	
Professional category	Men	Women	Men	Women
Administrators	2	1	2	1
Administrative staff				
	3	**1**	**3**	

During the financial year 2020, there is no direct remuneration accrued in favour of the administrators. Likewise, the Company has received different services from a company in which one of the administrators is involved (see note 18).

There is no senior management as these functions are assumed by the administrators.

19) Audit fees

The fees accrued during the financial years 2020 and 2019 by PricewaterhouseCoopers Auditors S.L. for account auditing services amounted to 28,500 and 28,500 euros, respectively. During these financial years, no fees were accrued for services other than the audit provided by the auditor's network.

20) Subsequent events

At the date of preparation of these financial statements, there have been no events affecting the Company’s financial and equity position.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
Management report financial year 2020

1. EVOLUTION OF THE BUSINESS AND SITUATION OF THE COMPANY

The Company RSR SINGULAR ASSETS EUROPE SOCIMI, S.A. was incorporated on July 30, 2015, under the name RSR Diagonal 596 S.L. On September 13, 2018, the sole shareholder approved its transformation into a Limited Company, changing its name to RSR Diagonal 596, S.A.U.

On September 13, 2018, a deed of merger by absorption was executed between RSR Diagonal 596 S.A.U., Verrox XXI, S.L.U., and PDG 115 Apartaments Turistics S.L.U. through the absorption of the latter two by the former, with dissolution without liquidation of the absorbed companies and the transfer en bloc of their respective assets in favour of the absorbing company, as universal successor.

The information relating to this merger was included in the financial statements for the year ending September 13, 2018.

On September 14, 2018, the sole shareholder endorsed the application to the special SOCIMI regime for the fiscal year ending September 13, 2018 and subsequent years. On September 28, 2018, application of the special taxation regime was requested from the tax authorities, in accordance with the provisions of Law 11/2009, of October 26, 2009, as amended by Law 16/2012, of December 27, 2012, regulating SOCIMI ("SOCIIVII Law").

To this purpose, on September 14, 2018, the company's name was changed to RSR Diagonal 596 SOCIMI S.A.U., and finally, on October 25, 2018, the name was changed once more to the current one.

During the financial year 2019, the company participated with 100% of share capital in the incorporation of a company in Portugal (RSRP SINGULAR ASSETS PORTUGAL, UNIP. LDA), which is engaged in the acquisition and development of urban real estate for lease and is not listed.

During the financial year 2020, the company participated with 100% of its share capital in the incorporation of a company in Portugal (RSRP Cedofeita, S. A.), which is dedicated to the operation and management of hotel and tourist establishments, real estate assets and similar, as well as the promotion, organisation of events and consulting services in hotel, tourist, real estate and similar matters.

On December 31, 2020, the company has real estate investments amounting to a net value of 114,050 thousand euros, which consist of 4 properties for lease purposes, currently being rented mainly to hotel operators.

During the financial year 2020, the company signed financing contracts for a total amount of 2,000 thousand euros with Banco Santander, which are ICO guarantee lines maturing in 2025.

In addition, during the financial year 2020, there have been contributions of funds from shareholders for a total amount of 3,000 thousand euros.

2. AVERAGE PAYMENT PERIOD

For the purposes of the stipulations of the second additional provision of Law 31/2014, of December 3, which amends the Spanish Corporation Law and in accordance with the Resolution of February 29, 2016, of the Spanish Accounting and Auditing Institute, details of the average payment period to suppliers, ratio of transactions paid, ratio of transactions pending payment, total payments made and total outstanding payments are included below:

	2020	2019
	Days	Days
Average supplier payment period	21.10	4.07
Ratio of paid transactions	14.70	1.89
Ratio of transactions with payment outstanding	158.00	130.11

	2020	2019
	Amount	Amount
Total payments made	2,377,433	26,190,096
Total outstanding payments	111,074	454,902
Total	2,488,507	26,644,998

The Company's Administrators are working to comply with the law regarding the ratio of outstanding transactions.

3. MAIN RISKS AND UNCERTAINTIES FACING THE COMPANY

a) Qualitative information

Financial risk control is assumed directly by the Company Management, which has established the necessary mechanisms to control exposure to fluctuations in interest rates and exchange rates, as well as credit and liquidity risks.

The use of financial instruments exposes the Company to credit, market and liquidity risks.

b) Quantitative information

b.l. Credit risk

Credit risk is the risk that the counterparty to the financial instrument may cause a financial loss to the Company if it defaults on an obligation. The book value of financial assets represents the maximum level of exposure to credit risk.

The maximum exposure to credit risk on December 31 was as follows:

	2020	2019
Long-term investments in group and associated companies	27,000,000	22,000,500
Long-term financial investments	115,216	107,749
Trade and other accounts receivable	1,425,679	1,133,410
Short-term investments in group and associated companies	172,664	143,790
Short-term financial investments	300	150
Cash and other liquid equivalents	2,069,546	4,436,246
	30,783,105	27,821,845

Details of "Trade debtors and other receivables" by date due on December 31 is as follows:

	2020	2019
Not matured	189,498	124,006
Overdue, but not doubtful		
Overdue by 30 days	50,264	
Between 30 and 60 days	45,829	9,644
Between 60 and 90 days	4,235	
Between 90 and 120 days		2,939
More than 120 days	1,135,853	996,822
	1,425,679	1,133,410
Doubtful		
Impairment adjustments		
Total	1,425,679	1,133,410

b.2 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates or equity instruments prices, will affect the income or value of the financial instruments held. The aim of market risk management is to manage and control the Company's market risk exposure within fair parameters while optimising profitability.

Exchange rate risk

The Company operates at international level in Portugal; therefore, it is not exposed to foreign exchange risk on currency transactions.

Interest rate risk

The Company's policy consists of minimising exposure to interest rate risk in long-term financing. As indicated in note 10 b), loans obtained from credit institutions are at fixed interest rates and loans from group companies are at variable interest rates (Note 18); therefore, the Company is exposed to interest rate risk in cash flows.

b.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The policy of the company is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations at the time of maturity, both under normal conditions and in strained situations, without incurring unacceptable losses or jeopardising the reputation of the Company.

The Company conducts prudent liquidity risk management based on ensuring the availability of cash through financing agreements with credit institutions and group companies, which allow the Company to implement its business plans and operations with stable and secured sources of financing.

Details of the contractual maturities of financial liabilities are explained in note 10 b).

The emergence of COVID-19 in China in January 2020 and its global spread, including Spain, has led to the viral outbreak being classified as a pandemic by the World Health Organisation since March 11, 2020. The financial markets and different sectors of the economy are suffering a slowdown due to this pandemic.

Company’s Management and Administrators have assessed this situation and the consequences it could have on the Company’s business and liquidity. The main risks are detailed below:

(i) Operational risk

At the date of preparation of these financial statements, the directors do not expect a significant decrease in the valuation of their assets. With respect to income from lease agreements with the lessees, the Company has been able to reach agreements and, thus, guarantee income from the lessees for this and subsequent financial years.

(ii) Liquidity risk

The Administrators have performed an analysis of the current and future situation to ensure the Company’s liquidity. The different negotiations entered into by the Company with the lessees allow it a stable flow of income that is sufficient to cover short-term obligations.

The Administrators are doing their utmost to control expenses, thus guaranteeing liquidity in future years.

(iii) Valuation risk

The Company's external valuators have issued their valuation on the basis of a "material uncertainty", in accordance with the VPS3 and VPGA10 regulations of RICS Valuation – Global Standards. Consequently, a lower degree of certainty and a higher degree of attention should be attributed to valuation.

4. FORESEEABLE EVOLUTION OF THE COMPANY

In the financial year 2020, the objective of stability of the Spanish assets was achieved, as all assets located in Spain (4 assets in the portfolio) were fully operational at the end of the year.

The expected turnover target for 2020, which was set at 4.8 thousand euros, would have been achieved under normal circumstances. The pandemic generated by COVID-19 affected the tourism sector, which had to close its hotels by government decree for a few months, and subsequently they have been open with less business than they were accustomed to. Therefore, rent reduction agreements were reached with the operators. Thus, the 2020 turnover decreased by 26% over the initial estimate, which is considerably lower than the turnover of the rest of the sector, thanks to the quality and location of the assets together with fixed rent contracts and solvent operators.

The SOCIMI has not been particularly affected due to the type of assets and also the solvency of the operators and the policy of business prudence with which the company is managed. Thanks to this conservative management, the company is sound and enjoys good financial health and solvency. All these factors have been decisive when it came to dealing with the pandemic without affecting the financial results too much.

The portfolio internationalisation process was initiated with the acquisition of an asset in Portugal, which completed its refurbishing process at the end of 2020 and is now fully operational. This asset will also help to maintain the particular aesthetics of the location, since all the particularities of the historic building have been respected.

This positive trend has been maintained with both tenants and external advisers, maximising the work carried out for the SOCIMI.

By 2021, the company expects to achieve a rent reduction of only 11%, while being able to deliver on the approved Business Plan, manage investments and continue its growth strategy based on high-value, low-risk assets. We hope the tourism sector will return to normal in the second half of the year.

New investments will be made to ensure profitability and meet the criteria of profit maximisation, business stability and uniqueness of the assets: swimming pool in Hotel Gala (increasing the value of the asset and the income obtained) and purchase of a new hotel in Portugal (a unique and exclusive asset that will be transformed into Hotel Palacio through a complete restoration).

The Company Directors have conducted a sensitivity analysis on these assessments, considering additional scenarios that take into account this material uncertainty, in order to ensure that possible fluctuations in the market value of the property investments would not have a significant impact on the balance sheet and income statement for the financial year.

With respect to the preparation of these financial statements, the Company Directors, after assessing them, concluded that the Company's financial resources allow the application of the going concern principle.

Finally, it should be noted that the Administrators are constantly monitoring the evolution of the situation in order to successfully deal with any possible impacts, both financial and non-financial, that may occur.

5. EVENTS AFTER CLOSURE

At the date of preparation of these financial statements, there have been no events affecting the Company's financial and equity position.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities were carried out during the financial years 2020 and 2019.

7. OWN SHARES

The Company does not hold any of its own shares.

8. INFORMATION ON THE ENVIRONMENT

Given the activity carried out by the Company, no work related to the protection and improvement of the environment has been required or performed during the fiscal years 2020 and 2019. Likewise, at the end of 2020 and 2019, the Company has no environmental contingencies, no legal claims, and no income and expenses under this heading.