Orbis Properties SOCIMI, S.A. and its subsidiaries

Independent auditor's report
Consolidated annual accounts as of 31 December 2022
Consolidated directors' report

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

Independent auditor's report on the consolidated annual accounts

To the sole shareholder of Orbis Properties SOCIMI, S.A. (Unipersonal Company):

Opinion

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

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 4 of the notes to the consolidated annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

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

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

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

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja M-63.988, folio 75, tomo 3.805, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Risk of investment properties valuation	
As of December 31, 2022, the net book value of the investment properties amounts to EUR 231,437,969.95 according to the accompanying consolidated balance sheet. The Group values its investment properties at their acquisition cost less the corresponding accumulated depreciation and any impairment losses that they may have experienced, as provided in notes 5.4 and 7 of the accompanying notes to the consolidated annual accounts. To estimate the recoverable value of investment properties, the Group's management uses valuations carried out by an independent expert. As disclosed in the aforementioned note 7 of the accompanying notes to the consolidated annual accounts, in 2022 the Group has booked an impairment on its investment properties to the consolidated income statement for an amount of EUR 12,499,857.66. We consider the valuation of investment properties as the most relevant aspect of the audit due to the magnitude of this financial statement line and its significance in relation to the consolidated annual accounts taken as a whole, the importance of the judgements and estimates that the valuations entail and the existence, therefore, of an inherent risk associated with the valuation of investment properties.	Regarding the potential impairment losses, we have evaluated, as part of our audit procedures, the Group's policy for the impairment of its investment properties. We have obtained the valuations carried out by the independent expert hired by the Group's management, on which we have performed, among others, the following procedures: • Evaluation of the competence, capability and independence of the expert by obtaining confirmation and checking its recognized prestige. • Evaluation and analysis of the methodology used by the independent expert in the valuations performed. • Performance of selective tests to check the accuracy of the most relevant data provided by the Group's management to the valuation expert. • Evaluation of the main assumptions used in the valuations, contrasting the consistency of the estimations taking into account market conditions as of the valuation date. Additionally, we have evaluated the sufficiency of the related information disclosed in the consolidated annual accounts. The results of the procedures carried out have made it possible to reasonably achieve the audit objectives for which these procedures were designed, and we consider reasonable the valuation assessment on investment properties performed by the Group's management.

Other information: Consolidated management report

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

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the Parent company's directors for the consolidated annual accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

From the significant risks communicated with the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

José Manuel del Rio López (22875)

29 June 2023

ORBIS PROPERTIES SOCIMI, S.A. (Single-member Company)
and subsidiaries

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2022

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Expressed in euros)

ASSETS	Notes	31/12/2022	31/12/2021
A) NON-CURRENT ASSETS		**239,186,875.09**	**248,590,830.68**
I. Intangible assets.	**6**	**-**	**-**
Other intangible assets.		-	-
III. Investment properties.	**7**	**231,437,969.95**	**246,278,702.45**
V. Non-current financial investments.	**8**	**7,748,905.14**	**2,312,128.23**
Long-term derivatives.	8	6,166,118.30	839,954.48
Other financial assets.		1,582,786.84	1,472,173.75
B) CURRENT ASSETS		**22,298,239.93**	**13,076,848.06**
III. Trade and other receivables.		**2,552,022.54**	**1,092,937.00**
Trade receivables for sales and services.	8	26,331.97	116,009.14
Other receivables.	8	2,524,674.73	878,975.84
Other receivables from public authorities.	11	1,015.84	97,952.02
IV. Short-term financial investments		**3,462,427.96**	**-**
Short-term derivatives	8	3,462,427.96	-
V. Prepayments and accrued income.	**8**	**1,128,063.75**	**754,755.84**
VI. Cash and cash equivalents.	**8**	**15,155,725.68**	**11,229,155.22**
TOTAL ASSETS (A+B)		**261,485,115.02**	**261,667,678.74**

EQUITY AND LIABILITIES	Notes	31/12/2022	31/12/2021
A) EQUITY		**44,890,116.44**	**49,773,286.20**
A-1) Shareholders' equity.		**34,808,571.11**	**48,684,267.75**
I. Capital.	10	**5,000,000.00**	**5,000,000.00**
Issued capital.		5,000,000.00	5,000,000.00
III. Reserves and profit/loss from previous periods.	10	**(29,178,309.72)**	**(25,395,966.93)**
V. Other shareholders' contributions.	10	**73,915,509.40**	**72,049,539.00**
VI. Profit/loss for the year attributed to the Parent Company.	10	**(14,928,628.57)**	**(2,969,304.32)**
A-2) Adjustments due to changes in value.		**10,081,545.33**	**1,089,018.45**
II. Other adjustments due to changes in value	9.3 and 10	10,081,545.33	1,089,018.45
B) NON-CURRENT LIABILITIES		**189,731,141.51**	**192,817,434.41**
II. Long-term payables.		**145,711,549.34**	**148,797,842.24**
Bank borrowings.	9	142,399,614.35	145,472,922.44
Derivatives.	9	-	654,237.47
Other financial liabilities.	8 and 9	3,311,934.99	2,670,682.33
III. Payables to group companies and long-term associates.	**9 and 14**	**44,019,592.17**	**44,019,592.17**
C) CURRENT LIABILITIES		**26,863,857.07**	**19,076,958.13**
III. Short-term payables.		**4,298,535.00**	**1,544,911.83**
Bank borrowings.	9	4,298,535.00	580,236.49
Derivatives.	9	-	929,237.51
Other financial liabilities.	9	-	35,437.83
IV. Short-term payables to Group companies and associates.	**9 and 14**	**16,615,765.26**	**12,954,653.29**
V. Trade and other payables.		**5,949,556.81**	**4,577,393.01**
Payable to suppliers.	9	5,398,385.60	4,168,983.28
Other payables.	9	53,633.03	52,526.53
Other accounts payable to public authorities.	11	497,538.18	355,883.20
TOTAL EQUITY AND LIABILITIES (A+B+C)		**261,485,115.02**	**261,667,678.74**

The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

A) CONTINUING OPERATIONS	Notes	1 January to 31 December 2022	1 January to 31 December 2021
Net revenue.	13, 1	**16,365,754.73**	**12,760,211.50**
Services rendered.		16,365,754.73	12,760,211.50
Other operating income.		**-**	**1,546.72**
None-core and other current management income.		-	1,546.72
Other operating expenses.		**(10,142,986.52)**	**(8,752,364.08)**
Losses on, impairment of and changes in allowances for trade operations.		(2,781.78)	(225,869.62)
Other current management expenses.	13, 2	(10,140,204.74)	(8,526,494.46)
Depreciation of fixed assets.	6, 7	**(2,904,354.76)**	**(2,851,240.91)**
Impairment and profit/loss from disposal of fixed assets.		**(12,345,273.40)**	**1,517,614.36**
Impairment and losses.	7	(12,499,857.66)	1,517,614.36
Profit(loss) and other.	7	154,584.26	9,234.06
A.1) PROFIT/LOSS FROM OPERATIONS		**(9,026,859.95)**	**2,685,001.65**
Finance income.		**-**	**-**
Finance costs.	13	**(5.841.444,67)**	**(5,653,428.51)**
Fair value variation in financial instruments.	13	**(60,274.69)**	**-**
Trade portfolio and others.		(60,274.69)	-
Exchange rate differences.	13	**(49.26)**	**(877.46)**
A.2) FINANCIAL PROFIT(LOSS)		**(5,901,768.62)**	**(5,654,305.97)**
A.3) PROFIT(LOSS) BEFORE TAX		**(14,928,628.57)**	**(2,969,304.32)**
Income tax	12	-	-
A.4) PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(14,928,628.57)**	**(2,969,304.32)**
A.5) CONSOLIDATED PROFIT/LOSS FOR THE YEAR		**(14,928,628.57)**	**(2,969,304.32)**
Profit/loss attributed to the Parent Company	10	**(14,928,628.57)**	**(2,969,304.32)**
Profit/loss attributed to external shareholders		**-**	**-**

The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

A. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2022

		Notes	1 January to 31 December 2022	1 January to 31 December 2021
A)	**CONSOLIDATED PROFIT (LOSS) FOR THE YEAR**	**10**	**(14,928,628.57)**	**(2,969,304.32)**
Income and expense recognised directly in equity				
II. From cash flow hedging.			8,992,526.88	1,089,018.45
B)	**TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (I+II+III+IV+V+VI)**	**8 and 10.6**	**8,992,526.88**	**1,089,018.45**
Transfers to consolidated income statement				
C)	**TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT (VII+VIII+IX+X+XI)**		**-**	**-**
TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSES (A + B + C)			**(5,936,101.69)**	**(1,880,285.87)**
Total income and expense attributed to the parent company			(5,936,101.69)	(1,880,285.87)
Total income and expense attributed to external partners			-	-

The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.

ORBIS PROPERTIES SOCIMI, S.A. (Single-member Company) and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

B. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital (Note 10.1)	Reserves and losses from previous years (Note 10.2 and 10.3)	Other shareholder contributions (Note 10.4)	Profit(loss) for the year attributed to the parent company (Note 10.5)	Adjustments for changes in value (Note 10.6)	Total
A.	**BALANCE AT END OF 2020**	**5,000,000.00**	**(17,600,012.39)**	**72,049,539.00**	**(8,139,644.18)**	**-**	**51,309,882.43**
II	Adjustments due to errors 2020	-	343,689.64	-	-	-	343,689.64
B.	**ADJUSTED BALANCE AT BEGINNING OF 2021**	**5,000,000.00**	**(17,256,322.75)**	**72,049,539.00**	**(8,139,644.18)**	**-**	**51,653,572.07**
I.	Total consolidated recognised income and expense.	-	-	-	(2,969,304.32)	1,089,018.45	(1,880,285.87)
II	Other changes in equity.	-	(8,139,644.18)	-	8,139,644.18		-
C.	**BALANCE AT END OF 2021**	**5,000,000.00**	**(25,395,966.93)**	**72,049,539.00**	**(2,969,304.32)**	**1,089,018.45**	**49,773,286.20**
I.	Adjustments due to errors 2021	-	1.052.931,93	-	-	-	1.052.931,93
D.	**ADJUSTED BALANCE AT BEGINNING OF 2022**	**5,000,000.00**	**(24.343.035,00)**	**72,049,539.00**	**(2,969,304.32)**	**1,089,018.45**	**50.826.218,13**
I.	**Total consolidated recognised income and expense.**	**-**	**-**	**-**	**(14,928,628.57)**	**8,992,526.88**	**(5,936,101.69)**
II	**Transactions with equity holders or owners.**	**-**	**(1,865,970.40)**	**1,865,970.40**	**-**	**-**	**-**
3.	Distribution of dividends (-) and contributions (+)	-	(1,865,970.40)	1,865,970.40	-	-	-
III	**Other changes in equity.**	**-**	**(2,969,304.32)**	**-**	**2,969,304.32**	**-**	**-**
E.	**BALANCE AT END OF 2022**	**5,000,000.00**	**(29,178,309.72)**	**73,915,509.40**	**(14,928,628.57)**	**10,081,545.33**	**44,890,116.44**

The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

	Notes	1 January to 31 December 2022	1 January to 31 December 2021
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the year before tax.		**(14.928.628,57)**	**(2,969,304.32)**
Profit/loss adjustments.		**21.305.981,35**	**7,213,802.14**
Depreciation of fixed assets	6 and 7	2.904.354,76	2,851,240.91
Valuation adjustments for impairment	7	12.499.857,66	(1,291,744.74)
Gains (losses) on derecognition and disposal of non-current assets	7 and 13	-	-
Finance income	13	-	
Finance costs	13	5.841.444,67	5,653,428.51
Exchange rate differences	13	49,26	877.46
Fair value variation in financial instruments	13	60.275,00	-
Changes in working capital.		**4.444.332,17**	**2,026,542.43**
Trade and other receivables		(1.459.134,80)	327,093.46
Other current assets		(373.307,91)	(269,004.37)
Trade and other payables		1.372.163,49	1,968,453.34
Other current assets and liabilities		4.904.611,39	-
Other cash flows from operating activities.		**(3.366.645,58)**	**(4,041,310.01)**
Interest payments	9 and 14	(3,366,645,58)	(3,126,845.33)
Interest received		-	-
Corporation tax payments	11	-	(914,464.68)
Other cash flows from operating activities.		**7.455.039,37**	**2,229,730.24**
B) CASH FLOWS FROM INVESTMENTS			
Payments for investments.		**(543,417.41)**	**(1,698,361.00)**
Investment properties.	7	(543,417.41)	(1,698,361.00)
Other financial assets.		-	-
Proceeds from divestments		**-**	**240,557.99**
Investment properties.		-	-
Other financial assets		-	240,557.99
Other cash flows from investments.		**(543,417.41)**	**(1,457,803.01)**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Maturity dates and payments for equity instruments.		**-**	**-**
a) Issue of equity instruments	10	-	-
Proceeds and payments relating to financial liability instruments.		**(2.985.051,50)**	**(1,325,718.85)**
a) Issue			
Payables to group companies	9 and 14	1.865.970,40	1,691,655.59
Other borrowings		(813.038,47)	382,625.56
b) Repayment and depreciation of			
Bank borrowings	9	(3.073.308,09)	(3,400,000.00)
Other borrowings		(964.675,34)	-
Cash flows from financing activities.		**(2.985.051,50)**	**(1,325,718.85)**
D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**-**	**-**
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**3,926,570.46**	**(553,791.62)**
Cash and cash equivalents at beginning of year.		11,229,155.22	11,782,946.84
Cash and cash equivalents at end of year.		15,155,725.68	11,229,155.22

The Company's Consolidated Financial Statements, which form a single unit, comprise this Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the accompanying 22 Notes to the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

1. GENERAL INFORMATION ON THE COMPANY

The company Orbis Properties SOCIMI, S.A. (Single-member Company) (formerly, Newsoms Invest, S.L.) (hereinafter, the "Company" or the "Parent Company") was incorporated as a limited liability company in Spain for an indefinite term on 5 July 2018 before the notary public of Madrid, Francisco Javier Piera Rodríguez, under number 2,939 of his register. The Company is registered with the Commercial Registry of Madrid in volume 37,755, folio 196 and page M-672592. It holds Tax ID number B88149810. Its registered office is at C/Príncipe de Vergara 112, 28002, Madrid.

On incorporation, the shareholders of the Company, TMF PARTICIPATIONS HOLDING (SPAIN), S.L. and TMF SOCIEDAD DE PARTICIPACIÓN, S.L., contributed 3,000.00 euros.

On 7 August 2018, the Company was acquired by EPISO 4 REBOUND HOLDING, S.À.R.L., incorporated and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 1 Allée Scheffer, L-2520, city of Luxembourg, under number B226628. Said company holds National Tax ID number N0186570H.

On 7 August 2018, the Company was declared a single-member company, which was registered in the Commercial Registry of Madrid on 29 August 2018.

On 19 September 2018, the Sole Shareholder decided to subject the Parent Company and its subsidiaries (see Note 3) to the regime regulated by Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI"), with effect from the incorporation of each company.

On 19 September 2018, the Sole Shareholder of the Company decided to amend the business purpose of the Company, so that it would henceforth have the following wording:

- Acquisition and development of urban-based immovable assets for lease.

- Holding equity interests in listed investment companies on the real-estate market (“SOCIMI”) or in entities that have not been incorporated in Spanish territory but that have the same corporate purpose as them and that are subject to a similar system as that established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution.

- Holding equity interests in other companies, whether residents or otherwise in Spanish territory, whose main corporate purpose is to acquire urban-based immovable assets for lease and who are subject to the system established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution and who meet the investment requisites under Article 3 of the Law on SOCIMI.

- Holding shares or equity interests of Collective Real-estate Investment Institutions regulated under Law 35/2003 of 4 November on Collective Investment Institutions or any legislation that replaces it in the future.

- Undertaking other non-core activities to those referred to above, which shall be understood to be activities whose income represents, in total, less than 20 per cent of the Company's income in each tax period and those considered as such under the applicable law in force.

- The activities comprising the corporate purpose may be carried out indirectly, either totally or partially, by holding interests in other Companies with the same or similar purpose.

By means of a public deed dated 19 September 2018, executed before the notary public of Madrid, Francisco Javier Piera Rodríguez, under number 4,041 in his register, the Parent Company changed its dividend distribution regime in order to adapt its dividend distribution policy to the requirements of Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies (SOCIMI).

The State Tax Administration Authority was notified of this in a letter dated 28 September 2018.

On 3 April 2020, by virtue of public instrument number 1372 as entered in the register of notary public Antonio de la Esperanza Rodríguez, in accordance with the resolution by the Sole Shareholder dated 26 March 2020, the share capital of the Parent Company was increased by 4,997,000.00 euros through the issuance of 4,997,000 new share units with a par value of 1 euro each, consecutively numbered from 3,001 to 5,000,000, which are fully subscribed and paid against reserves (other shareholders' contributions) for the purpose of complying with the terms of the SOCIMI regime (Note 2).

On 3 April 2020, in accordance with the decision of the Sole Shareholder of the Parent Company, dated 26 March 2020, the Company was also transformed into a public limited company, thus converting its equity interests into shares and changing its name, through a public instrument executed before notary public Antonio de la Esperanza Rodríguez, under register number 1373. Consequently, the Company's name was changed from Newsoms Invest, S.L. to Orbis Properties SOCIMI, S.A., having obtained the mandatory independent expert's report issued on 26 March 2020.

At 31 December 2021, the Parent Company was managed by a Board of Directors, consisting of the following members (hereinafter, the current "Board of Directors"):

Chairman	*Mr Yves Barthels*
Director	*Ms Anne-Julie Bellaize*
Director	*Mr Jean-Philippe Jean Jacques Blangy*

The Parent Company files its separate financial statements with the Commercial Registry of Madrid, and, together with its subsidiaries, they form the group ORBIS PROPERTIES (hereinafter, the "Group").

The Group ORBIS PROPERTIES and subsidiaries was created on 7 August 2018 as a result of the acquisition on that date by the Parent Company of the subsidiaries indicated in Note 3.

The Parent Company, through its sole shareholder, EPISO 4 Rebound Holding S.à.r.l., belongs to the group EPISO 4 Luxembourg Holding S.à.r.l., a company based in Luxembourg. The Luxembourg company, in turn, belongs to a group of investors called European Property Investors Special Opportunities 4 LP, located in the United Kingdom.

The currency commonly used in the main markets in which Orbis Properties Group operates is the euro, which is, consequently, its functional currency. All the sums included in these notes are stated in euros, unless otherwise expressly indicated.

The Group's business is mainly concentrated in the real-estate sector, specifically in the acquisition and development of urban property for lease. The development activity includes the refurbishment of buildings under the terms established in Law 37/1992 of 28 December on Value Added Tax. The business of the Company and its subsidiaries covers only Spanish territory.

In line with the disclosures made in Note 18, and given the business activity of the companies in the Group, they do not have any environmental liabilities, expenses, assets, provisions or contingencies that may be significant with respect to their net worth, financial position and results. Therefore, no specific breakdowns relating to environmental issues are included in these notes.

At 31 December 2022 and 2021, ORBIS PROPERTIES SOCIMI, S.A. was listed on the Euronext, Paris, under ISIN ES0105490009, having been admitted to trading on 30 July 2020.

2. SOCIMI REGIME

The Parent Company and its five subsidiaries are regulated by Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, which regulates Listed Real-Estate Market Investment Companies ("LSOCIMI"). These companies have a special tax regime and they have to comply, among others, with the following obligations:

1. Corporate purpose obligation: Their main corporate purpose must entail the equity interests of urban real estate for lease or the owning of shares in other SOCIMI or companies with a similar corporate purpose and with the same dividend distribution regime, as well as Collective Investment Institutions.

2. Investment obligation:
   - They must invest 80% of the assets in real estate intended for lease, in land for the development of real estate that is to be used for this purpose, provided that the development begins within three years of its acquisition, and in shares in the capital of other entities with a corporate purpose similar to that of SOCIMI.

   - This percentage will be calculated on the consolidated balance sheet if the Company is the parent of a group, pursuant to the criteria established in Article 42 of the Code of Commerce, regardless of the residency and the obligation to prepare consolidated financial statements. Said group will be composed exclusively of SOCIMI and the rest of the entities referred to in Section 1 of Article 2 of Law 11/2009.

   - The option exists to replace the book value of the assets with their market value or to calculate the cash flow/credit rights arising from the transfer of these assets, provided that the maximum reinvestment periods established are exceeded.

   - In addition, 80% of its income must come from income corresponding to (i) the leasing of real estate; and (ii) dividends from equity interests. This percentage will be calculated on the consolidated balance sheet if the Company is the parent of a group, pursuant to the criteria established in Article 42 of the Code of Commerce, regardless of the residency and the obligation to prepare consolidated financial statements. Said group will be composed exclusively of SOCIMI and the rest of the entities referred to in Section 1 of Article 2 of Law 11/2009.

   - The real estate must remain leased for at least three years (up to one year of the period offered for lease may be added to the calculation). The equity interests must remain in the assets for at least three years.

3. Business obligation in the regulated market or multilateral trading system. The shares of SOCIMI must be admitted to trading on a Spanish regulated market or in a Spanish multilateral trading system or in any corresponding to another EU or EEA Member State, or on a regulated

market in any country or territory with which there is an effective, uninterrupted exchange of tax information throughout the tax period. Shares must be registered.

4. Profit distribution obligation. Companies must distribute as dividends, once the business requisites have been met:
   - 100% of the profits from dividends or equity interests in profits distributed by the entities referred to in Section 1 of Article 2 of Law 11/2009.
   - At least 50% of the profits derived from the transfer of real estate and shares or equity interests referred to in Section 1 of Article 2 of Law 11/2009, carried out once the minimum holding periods have elapsed, in order to comply with its main corporate purpose. The rest of these profits must be reinvested in other real estate or equity interests relating to this purpose within three years from the date of transfer.
   - At least 80% of the rest of the profits obtained. When dividends are distributed from reserves arising from the profits of a reporting period in which the special tax regime has been applied, they must be distributed in the manner described above.

5. Information obligation: the SOCIMI must include in the notes to their financial statements the information required by the tax regulations governing the special regime for SOCIMI (see Note 12).

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

The option to apply the special tax regime under the terms set out in Article 8 of the Law may be exercised even if the requirements set out in the Law are not met, provided they are met within two years from the date of applying the regime.

Failure to comply with any of the conditions above would result in Orbis Properties Group being subject to the general Corporation Tax regime as from the tax period in which such non-compliance is declared, unless it is rectified in the following period. In addition, Orbis Properties Group would be obliged to pay, together with the amount due for that tax period, the difference between the amount due for the tax resulting from the application of the general regime and the amount paid resulting from the application of the special tax regime in previous tax periods, without prejudice to any late-payment interest, surcharges and penalties that may be applicable.

The Corporate tax rate for SOCIMI was set at 0%. However, when the dividends that the SOCIMI distributes to its shareholders with an equity interest percentage of over 5%, are exempt or taxed at a rate lower than 10%, the SOCIMI will be subject to a special tax of 19%, which will be considered as a tax on the amount of the dividend distributed to the shareholders. If applicable, this special tax must be paid by the SOCIMI within two months from the date of the dividend distribution.

On 30 June 2021, the reform of the SOCIMI regime was passed, introducing the obligation to levy a 15% tax on the undistributed profits of Listed Real-Estate Market Investment Companies.

3. SUBSIDIARIES AND CHANGE IN THE SCOPE OF CONSOLIDATION

Subsidiaries are all entities, including special-purpose entities, over which the Group has or may have direct or indirect control, understood as the power to direct the financial and operating policies of a business in order to obtain financial benefits from their activities. When assessing whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

(Expressed in euros)

At 31 December 2022 and 31 December 2021, the subsidiaries included in the scope of consolidation, consolidated under the global integration method, and unaudited, were as follows:

31/12/2022					
Name	**Activity**	**Country**	**% in the Direct Share Capital**	**Direct voting right**	**Equity**
Orbis Cristalia 2&3, S.L.U.	(*)	Spain	100%	100%	11,657,462
Orbis Cristalia 5&6, S.L.U.	(*)	Spain	100%	100%	11,161,004
Orbis Foxa 29, S.L.U.	(*)	Spain	100%	100%	9,354,541
Orbis Jilt 6&14, S.L.U.	(*)	Spain	100%	100%	9,461,739
Orbis de la Vega, S.L.U.	(*)	Spain	100%	100%	3,760,391

31/12/2021					
Name	**Activity**	**Country**	**% in the Direct Share Capital**	**Direct voting right**	**Equity**
Orbis Cristalia 2&3, S.L.U.	(*)	Spain	100%	100%	16,632,215
Orbis Cristalia 5&6, S.L.U.	(*)	Spain	100%	100%	11,689,516
Orbis Foxa 29, S.L.U.	(*)	Spain	100%	100%	8,574,981
Orbis Jilt 6&14, S.L.U.	(*)	Spain	100%	100%	8,956,012
Orbis de la Vega, S.L.U.	(*)	Spain	100%	100%	4,129,551

(*) The main activity is the leasing of office buildings located in the Community of Madrid.

The registration data and address of the subsidiary companies are as follows:

- The company, ORBIS CRISTALIA 2&3, S.L.U., was incorporated as a limited company in Spain under the name Hartville Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Commercial Registry of Madrid in volume 37,983, folio 40 and page 676.294. Its Tax ID number is B88149729.

- The company, ORBIS CRISTALIA 5&6, S.L.U., was incorporated as a limited company in Spain under the name Peacham Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Commercial Registry of Madrid in volume 37,983, folio 70 and page 676.297. It holds Tax ID number B88149703.

- The company, ORBIS FOXA 29, S.L.U., was incorporated as a limited company in Spain under the name Stonewall Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered with the Commercial Register of Madrid under volume 37,904, folio 160, page M-674999. It holds Tax ID number B88150735.

- The company, ORBIS JILT 6&14, S.L.U., was incorporated as a limited company in Spain under the name Saltville Invest, S.L., for an indefinite term on 5 July 2018, with registered office currently at Principe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Commercial Registry of Madrid in volume 37,983, folio 50, Section 8, Page 676295. It holds Tax ID number B88149745.

- The company ORBIS DE LA VEGA, S.L.U. was incorporated as a limited company in Spain under the name Greybull Invest, S.L.U., for an indefinite term on 5 July 2018, with registered office currently at Príncipe de Vergara 112, planta primera, 28002 Madrid. The Company is registered in the Commercial Registry of Madrid in volume 37983, folio 60 and page 676296. It holds Tax ID number B88149794.

The main corporate purpose of the subsidiary companies is:

a. Acquisition and development of urban-based immovable assets for lease.

b. Holding equity interests in listed investment companies on the real-estate market ("SOCIMI") or in entities that have not been incorporated in Spanish territory but that have the same corporate purpose as them and that are subject to a similar system as that established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution.

c. Holding equity interests in other companies, whether residents or otherwise in Spanish territory, whose main corporate purpose is to acquire urban-based immovable assets for lease and who are subject to the system established for SOCIMI as regards the compulsory, legal and statutory policy of profit distribution and who meet the investment requisites under Article 3 of the Law on SOCIMI.

d. Holding shares or equity interests of Collective Real-estate Investment Institutions regulated under Law 35/2003 of 4 November on Collective Investment Institutions or any legislation that replaces it in the future.

e. Undertaking other non-core activities to those referred to above, which shall be understood to be activities whose income represents, in total, less than 20 per cent of the Company's income in each tax period and those considered as such under the applicable law in force.

The activities comprising the corporate purpose may be carried out indirectly, either totally or partially, by holding interests in other Companies with the same or similar purpose.

The Parent Company acquired 100% control of the subsidiaries through a share sale deed as detailed below, for a total of 15,000 euros:

- Orbis Cristalia 2&3, S.L.U., acquired on 7 August 2018 under the name of Hartville Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under register number 3624.

- Orbis Cristalia 5&6, S.L.U., acquired on 7 August 2018 under the name of Peacham Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under register number 3628.

- Orbis Foxa 29, S.L.U, acquired on 7 August 2018 under the name of Stonewall Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under register number 3636.

- Orbis JILT6&14, S.L.U., acquired on 7 August 2018 under the name of Saltville Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under register number 3632.

- Orbis de la Vega, S.L.U acquired on 7 August 2018 under the name of Greybull Invest, S.L., by virtue of a deed executed before the notary public, Francisco Javier Piera Rodríguez, under register number 3620.

These consolidated financial statements have been prepared taking into account the impact of the business combination in relation to the acquisition of control over the subsidiaries.

As in the case of the Parent Company, all the subsidiaries end their reporting period on 31 December and they are included in the consolidation.

The cases in which these companies are consolidated correspond to the situations provided for in Article 2 of the Rules for the Preparation of Consolidated Financial Statements ("NOFCAC"), which are indicated below:

1. When the Parent Company is, as regards another company (subsidiary), in any of the following situations:

a) The Parent Company holds the majority of voting rights.

b) The Parent Company has the power to appoint or dismiss the majority of the members of the governing body.

c) The Parent Company may dispose of the majority of voting rights by virtue of agreements entered into with other shareholders.

d) The Parent Company has appointed with its votes the majority of the members of the governing body, who hold their position at the time the consolidated financial statements are to be drawn up and during the two immediately preceding reporting periods. This circumstance is presumed when the majority of the members of the administrative body of the acquired company are members of the governing body or senior executives of the Parent Company or of another acquired by it.

2. When a Parent Company holds half or less of the voting rights, even when it barely owns or does not own an interest in another company, or when the management power has not been made explicit (special purpose entities), but it participates in the risks and profits of the entity, or has the capacity to participate in the operating and financial decisions of the entity.

4. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. FAIR PRESENTATION

These consolidated financial statements were prepared based on the accounting records of ORBIS PROPERTIES SOCIMI, S.A. and its consolidated companies, and include the necessary adjustments and reclassifications to be consistent with the accounting criteria established by the Group in terms of time and measurement.

These consolidated financial statements were prepared in accordance with current business legislation, contained in the Code of Commerce reformed in accordance with Law 16/2007 of 4 July on the reform and adaptation of business accounting legislation for international harmonisation based on European Union regulations, Royal Decree 1514/2007 of 20 November, approving the National Chart of Accounts, and Royal Decree 1159/2010 of 17 September, approving the rules for the preparation of consolidated financial statements and subsequent amendments thereto, the most recent of which is Royal Decree 1/2021 of 12 January, in all respects not contrary to the provisions of the aforementioned business reform, in order to give a true and fair view of the Group's equity, financial position and results, and accurately reflect the cash flows included in the consolidated statement of cash flows. These consolidated financial statements are presented in thousands of euros, except where stated otherwise.

4.2. NON-OBLIGATORY ACCOUNTING PRINCIPLES APPLIED

All obligatory accounting principles were applied.

4.3. KEY ISSUES IN RELATION TO THE MEASUREMENT AND ESTIMATION OF UNCERTAINTY

The preparation of these consolidated financial statements requires the application of relevant accounting estimates and the undertaking of judgments, estimates and assumptions in the process of applying the Group's accounting policies. In this regard, a summary is provided below of the aspects that have entailed a greater degree of judgement or complexity, or in which significant assumptions and estimates were made in preparing the consolidated financial statements.

Although these estimates were based on the best information available at 2022 year-end, future events might make it necessary to modify these estimates (upwards or downwards) in the coming reporting periods. Changes in accounting estimates would be applied prospectively.

At the date of preparation of these consolidated financial statements, the Parent Company's Board of Directors was not aware of the existence of any uncertainties relating to events or conditions that might cast significant doubt on the possibility of the Group continuing to operate normally.

The key assumptions about the future, as well as other relevant data on the estimation of uncertainty at 31 December 2022, which are associated with a high risk of significant changes in the value of assets or liabilities in the coming periods, are as follows:

Impairment losses on investment property (see Note 5.3 and 7).

The valuation of non-current assets, other than financial assets, requires estimates to be made in order to determine their fair value, for the purpose of assessing possible impairment, particularly of investment property. In order to determine this fair value, the Group engaged an independent expert to evaluate the investment property on the basis of an estimate of the expected future cash flows of these assets and using an appropriate discount rate to calculate their current value (see Note 7).

Income tax - SOCIMI regime (see Notes 2 and 12).

As from 28 September 2018, the Group has been subject to the regime established by Law 11/2009 of 26 October, as amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies (SOCIMI), which in practice means that, subject to compliance with certain requirements (see Note 2), the companies comprising the Group are subject to a tax rate in relation to Corporation Tax of 0%. The Board of Directors of the Parent Company monitors compliance with the requirements established in the legislation in order to safeguard the tax benefits established. In this regard, the Board of Directors considered that these requirements were met within the established terms and deadlines, thus not recording any profit/loss on account of Corporation Tax.

No income subject to the general 25% Corporation Tax regime has been recognised in financial year 2022 and there are no related expenditure allowances.

As disclosed in Note 12, due to the sale of a real estate asset in 2020 before the 3-year lease term set out in Law 11/2009, the Group recognised a debt payable to Public Authorities at the general 25% rate, resulting in an expense allowance for Corporation Tax of 914,464.68 euros in that year.

4.4. COMPARATIVE INFORMATION

The information contained in these consolidated financial statements is presented in comparison with the figures from 2021, except as indicated in Note 4.7.

4.5. GOING CONCERN PRINCIPLE

At 31 December 2022, the Group had 14,928,628.57 euros in losses (losses of 2,969,304.32 euros in 2021), mainly arising from the impairment of investment properties and the finance costs related to loans granted by its Sole Shareholder and financial institutions (Notes 9 and 14). In addition, at 31 December 2022 the Group had negative working capital amounting to 4,565,617.14 euros (negative working capital of 6,000,110.07 at 31 December 2021). This is mainly due to the interest that accrued on the loans granted by related parties (Note 14).

The Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations. It should also be noted that the Group had positive equity at both 31 December 2022 and 31 December 2021 and has a reduced structure, helping to mitigate risk.

As a result of the foregoing, the Parent Company's directors assessed the potential short- and medium-term impact of the aforementioned factors on the Group's business and forecasts, using various sensitivity analyses, and considered that at the date of preparation of these consolidated financial statements, the Group's ability to continue operating was not affected and, therefore, they were prepared on a going concern basis.

4.6 GROUPING OF ITEMS

Certain items in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement are grouped together for better understanding, even though such information, when significant, has been itemised in the corresponding notes to the consolidated financial statements.

4.7 CORRECTION OF ERRORS

An error in the results from 2021 was corrected, amounting to 1,052,931.93 euros recognised in reserves and losses from previous periods. This error was not significant.

5. ACCOUNTING CRITERIA

The main recording and measurement regulations used by the Group in preparing its consolidated financial statements for 2022, in accordance with the regulatory framework on applicable financial information, were as follows:

5.1 Acquisition of control

Subsidiary companies are those over which the Company, directly or indirectly through subsidiary companies, exercises control, as provided for in Article 42 of the Code of Commerce. Note 3 includes certain information on the subsidiaries included in the Group's consolidation, as well as changes in the scope of consolidation during the reporting period.

The acquisition of control of a subsidiary by the Parent Company (or another Group company) is regarded as a business combination, which is recorded under the acquisition method. This method requires the acquirer to record, on the acquisition date, the identifiable assets acquired and liabilities assumed in a business combination and, where appropriate, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

The cost of acquisition is determined as the sum of the fair values, on the acquisition date, of the assets transferred, liabilities incurred or assumed, and the equity instruments issued by the acquirer, as well as the fair value of any contingent consideration that depends on future events or on the fulfilment of certain conditions, which should be recorded as an asset, liability or equity according to its nature.

The expenses relating to the issue of the equity instruments or financial liabilities delivered are not part of the cost of the business combination and are recorded in accordance with the rules applicable to financial instruments (Note 5.5). Fees paid to legal advisors or other professionals involved in the business combination are recorded as expenses as incurred. Furthermore, expenses generated internally for these items or expenses that the acquiree would have incurred, are not included in the business combination costs.

Excess, on the acquisition date, of the cost of the business combination over the proportionate share of the value of the identifiable assets acquired, less the liability assumed representing the equity interest in the acquiree, is recognised as goodwill. In the exceptional event that this amount were to exceed the cost of the business combination, the excess would be recognised in the consolidated income statement as income.

5.2 Consolidation method

The assets, liabilities, income, expenses, cash flows and other items in the separate financial statements of the Group companies are included in the fully consolidated financial statements. This method has been applied according to the following criteria:

a) Time standardisation

The consolidated financial statements are established on the same date as the Parent Company's separate financial statements.

The subsidiaries have established the same end date and period as the Parent Company and, therefore, there is no need for a time standardisation.

b) Valuation standardisation

The assets and liabilities, income and expenses, and other items in the separate financial statements of the subsidiaries have been valuated using uniform methods. Assets, liabilities, income and expenses that were not valuated on a uniform basis with respect to those applied on consolidation were revalued, with the necessary adjustments being made, solely for consolidation purposes.

c) Aggregation

The different items in the previously standardised separate financial statements are aggregated according to their nature.

d) Elimination of investment-equity

The book values representing the subsidiary's equity instruments held directly or indirectly by the Parent Company are offset by the proportional part of the subsidiary's equity items attributable to these holdings, generally on the basis of the values resulting from application of the acquisition method described above.

On consolidations subsequent to the reporting period in which control was acquired, the excess or shortfall in the equity of the subsidiary from the date of acquisition that is attributable to the Parent Company is presented in the consolidated balance sheet under the headings of reserves or adjustments for changes in value, depending on their nature. The part attributable to external shareholders is recorded under the heading "External shareholders".

e) External shareholder participation

The valuation of external shareholders is made on the basis of their effective participation in the subsidiary's equity, after incorporating the abovementioned adjustments. Goodwill is not attributed to external shareholders. The excess between the losses attributable to the external shareholders of a subsidiary and their proportional share of the equity is attributed to the latter, even if this involves a debit balance under this item.

At 31 December 2022 and 2021, the Group had no external shareholders as the subsidiaries are wholly owned by the Parent Company.

f) Intra-group item eliminations

Receivables and payables, income and expenses and cash flows between Group companies are eliminated in full. Furthermore, all the results produced by internal operations are eliminated and deferred until they are realised against third parties outside the Group.

g) Goodwill and business combinations

The acquisition of control of a subsidiary by the Parent Company is regarded as a business combination, which is recorded under the acquisition method. In subsequent consolidations, the investment-equity of subsidiaries will be eliminated generally based on the values resulting from applying the purchase method of accounting described below on the date of control.

Business combinations are accounted for using the acquisition method, whereby the date of acquisition is determined and the cost of the combination is calculated, and the identifiable assets acquired and liabilities assumed are recognised at their fair value on that date.

The goodwill or negative difference of the combination is determined by the difference between the fair values of the recorded assets acquired and liabilities assumed, and the cost of the combination, all referring to the date of acquisition.

The cost of the combination is determined by the aggregation of:

- The acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity instruments issued.

- The fair value of any contingent consideration that depends on future events or the fulfilment of predetermined conditions.

The expenses related to the issue of equity instruments or financial liabilities given in exchange for the elements acquired do not form part of the combination cost.

Likewise, as from 1 January 2010, neither the fees paid to legal advisors or other professionals who were involved in the combination, nor the expenses internally incurred on such account form part of the combination cost. Those sums are allocated directly to the consolidated income statement.

h) Modification of the equity interest without loss of control

Once control over a subsidiary has been obtained, subsequent transactions that give rise to a change in the Parent Company's equity interest in the subsidiary, without a loss of control over the subsidiary, are treated in the consolidated financial statements as an equity transaction, and the following rules apply:

a) The amount of goodwill or negative difference recognised, as well as other assets and liabilities recognised, remains unchanged;

b) The profit or loss that would have been recognised in the separate financial statements is eliminated in consolidation with the corresponding adjustment to the reserves of the company whose equity interest is reduced;

c) The amounts of "adjustments for changes in value" and "grants, donations and legacies" are adjusted to reflect the Group companies' equity interests in the capital of the subsidiary;

d) The interest of external shareholders in the subsidiary's equity is shown on the basis of the percentage of ownership that non-Group third parties hold in the subsidiary, after the transaction has been carried out, which includes the percentage of ownership of goodwill recognised in the consolidated statements associated with the change that has occurred;

e) The necessary adjustment resulting from points (a), (b) and (c) above shall be allocated to reserves.

In 2022 and 2021, there were no changes in the equity of the subsidiaries (see Note 3).

i) Loss of control

When control of a subsidiary is lost, the following rules are observed:

- The profit or loss recognised in the separate financial statements is adjusted for consolidation purposes;

- If the subsidiary is classified as a multi-group or associated company, it is consolidated and the equity method is applied initially, taking into account for the purposes of the initial valuation the fair value of the investment retained at that date;

- The interest in the subsidiary's equity that is retained after the loss of control and that is not included in the scope of consolidation is measured in accordance with the criteria applicable to financial assets (see Note 5.5), taking as the initial measurement the fair value on the date on which it ceases to be included in the scope of consolidation.

- An adjustment is recognised in the consolidated income statement to show the interests of external shareholders in the income and expenses generated by the subsidiary in the reporting period until the date of loss of control, and in the transfer to the income statement of the income and expenses recognised directly in equity.

In 2022 and 2021, no loss of control over investee companies took place (see Note 3).

5.3. Intangible Assets – Computer software

Licences for IT programs acquired from third parties are capitalised according to the expense arising from their acquisition and preparation for using the specific program. These expenses are amortised over their estimated useful lives.

Expenses related to the maintenance of IT programs are recognised as such when said maintenance occurs. Costs directly related to the production of unique, identifiable IT programs controlled by the Group that are likely to generate profits that exceed the costs for more than one year are recognised as intangible assets. Direct costs include expenses for the employees that develop the IT programs and an appropriate percentage of overhead expenses.

IT program development costs recognised as assets are amortised over their estimated useful lives.

5.4. Investment Property

Investment property comprises owned office buildings that are held for long-term lease purposes and are not occupied by the Group.

The elements included in this section shall be initially valued using their cost, as it is either the acquisition price or production cost.

The acquisition price includes, in addition to the amount invoiced by the seller after deduction of any discount or reduction in price, all additional and directly-related expenses incurred up until they are put into operation.

These investment property items are subsequently valued at their acquisition price, minus accumulated depreciation and, where appropriate, the cumulative amount of any recognised valuation adjustment for impairments.

Finance costs directly related to the construction of investment properties with a term of more than one year were capitalised as part of the cost until the asset was put into operation.

Repairs that do not extend the useful life and maintenance costs are allocated to the income statement in the reporting period in which they occur. The costs of expansion or improvement leading to an increase in production capacity or to a lengthening of the useful life of the assets are included in the assets as an increase in their value, and the book value of any items replaced is written off.

Investment property is depreciated on the basis of its cost and is calculated by the straight-line method on the basis of the estimated useful life of the various assets, which is as follows.

Elements	Years of useful life
Buildings	30-50

At each year-end the Group reviews the residual values, useful lives and depreciation methods of investment property and, if appropriate, adjusts them prospectively.

Deterioration of the value of investment property

The Group regularly assesses whether there are indications that any non-current asset or, as the case may be, any cash-generating unit may be impaired. If there are indications, their recoverable amounts are estimated.

The recoverable amount is the higher of the fair value less cost to sell and the value in use. An impairment loss occurs when the book value is greater than the recoverable amount. Value in use is the present net worth of expected future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset.

Valuation adjustments due to impairment and the reversal thereof are allocated to the consolidated income statement. Valuation adjustments due to impairment are reversed when the circumstances giving rise to them cease to exist, except for those corresponding to goodwill. The reversal of impairment is limited to the book value of the asset that would have appeared if the corresponding impairment had not been previously recognised.

Orbis Properties Group makes appropriate provisions for the depreciation of investment property when the recoverable value is less than the amortised cost. The Parent Company's directors considered, for the purpose of determining recoverable amount, the valuations performed by independent third-party experts. These valuations have been made on the basis of the following assumptions:

a) The valuation basis used by the independent valuator is the market value, which has been carried out in accordance with RICS Valuations - Global Standards, which are included in the Red Book "RICS Valuations" (Royal Institute Chartered Surveyors). The VPS-4 definition is as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

b) The valuation methodology applied by the independent third-party expert was based on individual valuations of each property. In order to value the properties, the method of discounting flow income or capitalising income was applied, making the corresponding adjustments in view of the situation of each asset.

c) The estimated returns ("yield") depend on the type and age of the properties and their location.

5.5. Leases

Finance leases

Contracts are classified as financial leases whenever their economic terms substantially transfer all the risks and rewards of ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases. Orbis Properties Group did not have any finance lease either at 31 December 2022 or 31 December 2021.

Operating lease when the Group is a lessor

Investment property is leased to third parties. These leases are classified as operating leases.

Assets leased out under operating leases are included in the consolidated balance sheet according to their nature. Income from operating leases is recognised in the consolidated income statement on a straight-line basis over the estimated term of the lease. The direct costs attributable to the agreement are included as an increase in the value of the leased asset and are recognised as an expense over the term of the agreement, applying the same criterion used for the recognition of lease income.

A payment made on entering into or acquiring a lease recorded as an operating lease represents advance lease payments that are amortised over the lease period in accordance with the profit pattern shown.

5.6. Financial instruments

Financial instruments are now classified according to the management or business model for dealing with financial assets and the contract terms of the cash flows arising therefrom.

Financial assets are classified into the following general categories:

Financial assets

- Financial assets carried at amortised cost

This category includes any financial assets, including those admitted to trading on an organised market, in which the Company maintains the investment for the purpose of receiving cash flows from the performance of the agreement, and the contractual terms of the financial asset give rise, on specified dates, to cash flows which exclusively take the form of principal and interest collected on the amount of the outstanding principal.

Contractual cash flows that are solely collections of principal and interest on the amount of outstanding principal are inherent to an agreement that has the nature of a common or ordinary loan, regardless of whether the transaction is agreed upon at a zero-interest rate or below the market rate.

Trade receivables and non-trade receivables are included in this category:

a) Trade receivables are financial assets that arise from sales of goods and the provision of services in the normal course of the Company’s business with deferred collections, and

b) Non-trade receivables are any financial assets which, not having commercial substance, are not equity instruments or derivatives and have fixed or determinable returns arising from loan transactions or lines of credit granted by the company.

Initial recognition

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence otherwise, is the transaction price and is equal to the fair value of the consideration given plus the directly attributable transaction costs.

However, trade receivables maturing in no more than one year and not bearing an explicit interest rate set by contract, and any loans to staff, dividends receivable and capital calls on equity instruments expected to be received in the short term are measured at their nominal value as long as the effect of not updating the cash flows is not deemed to be significant.

Subsequent valuation

The financial assets included in this category are measured at amortised cost. Accrued interest is recognised in the income statement, using the effective interest rate method.

However, receivables maturing in less than one year which, in accordance with the provisions of the previous paragraph, are initially measured at their nominal value, continue to be carried at this amount unless they are impaired.

When contractual cash flows of a financial asset are modified due to financial difficulties experienced by the issuer, the company shall determine whether it is appropriate to recognise an impairment loss.

Impairment

Valuation adjustments shall be made as necessary, at least at the end of the reporting period and whenever there is objective evidence that the fair value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, has become impaired as a result of one or more events that have occurred since initial recognition that have led to a reduction of or a delay in receiving the estimated future cash flows, which could be caused by the insolvency of the debtor.

In general, impairment losses on these financial assets shall be measured as the difference between their carrying amount and the present value of the future cash flows including, if necessary, those arising from the execution of collateral or personal guarantees, that they are expected to generate, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets tied to floating interest rates, the effective interest rate prevailing at the end of the reporting period based on the contractual conditions is used.

Impairment losses, as well as their reversal when the amount of such loss decreases due to a subsequent event, shall be recognised respectively as expenditure or income in the income statement. The limit of any reversal of impairment losses is the carrying amount of the asset that would be recognised at the date of reversal had no impairment loss been recognised.

- **Financial liabilities at fair value with changes in the income statement**

This category includes all financial assets except for those that it is convenient to classify in any of the remaining categories. It shall be mandatory for this category to include financial assets held for trading.

In respect of equity instruments that are not held for trading or valued at cost, the company may choose, at the time of their initial recognition, irrevocably to present the subsequent changes to the fair value directly in net equity.

In any event, the company may, at the time of initial recognition, irrevocably measure a financial asset at fair value with changes posted to profit or loss if such a practice eliminates or significantly reduces measurement inconsistency or accounting mismatch.

- Initial recognition: They are valued at their fair value. Directly attributable transaction costs are recognised in the income statement for the reporting period.
- Subsequent measurement: Fair value with changes in the income statement.
- Impairment: They are not impaired since they are always valued at their fair value and value variations are charged to the profit/(loss) from the year.

- **Fair value financial assets with changes in equity**

A financial asset is included in this category when the contractual terms of the financial asset give rise, on specified dates, to cash flows which exclusively take the form of principal and interest collected on the amount of the outstanding principal, and is neither held for trading nor suitable for classification in the category of amortised cost financial assets. This category also includes investments in equity instruments for which, since they should have been included in the category of financial assets at fair value with changes in profit and loss, the irrevocable option of classifying them in this category has been exercised.

- Initial recognition: Fair value, which, in the absence of evidence to the contrary, is the transaction price equating to the fair value of the consideration given plus the directly attributable transaction costs.
- Subsequent measurement: Fair value, without deducting such transaction costs as might be incurred in their disposal. Changes in fair value are recognised directly in the net equity until the financial asset is transferred or impaired; this is the time when the recognised amount is charged to the income statement.
- Impairment: At least at the end of the reporting period, the required valuation adjustments are made where there is objective evidence that the value of a financial asset has been impaired as a result of one or more events that occur after its initial recognition, and cause: - delay in future estimated cash flows; or - failure to recover asset carrying amount evidenced, for instance, by a persistent or significant decrease in its fair value.

  The valuation adjustment due to the impairment of the value of these financial assets is the difference between its cost or amortised cost less, as applicable, any valuation adjustment due to impairment previously recognised in the income statement and the fair value at the time of the valuation. Accumulated losses recognised in the net equity due to a reduction in the fair value, whenever there is objective evidence that the value of the asset has been impaired, are recognised in the income statement.

  If the fair value increases in subsequent financial years, the valuation adjustment recognised in previous years is reversed and charged to the income statement of the year in question. However, if the fair value of an equity instrument increases, the valuation adjustment recognised in previous years shall not be reversed and charged to the income statement. Instead, the fair value increase is recognised directly in net equity.

- **Re-classification of financial assets**

Whenever the company changes the manner in which it manages its financial assets in order to generate cash flows, it shall re-classify all affected assets in accordance with the criteria established under the previous sections of this standard. Re-classification does not represent derecognition. It reflects a change in valuation criteria.

Re-classification make take the following forms:

- Amortised cost financial assets re-classified in the fair value financial assets category with changes in the income statement, and vice versa.
- Amortised cost financial assets re-classified in the fair value financial assets category with changes in net equity, and vice versa.
- Fair value financial assets with changes in the income statement re-classified in the fair value financial assets category with changes in net equity, and vice versa.
- Equity instrument investments valued at cost re-classified in the fair value financial assets category with changes in the income statement, and vice versa.

- **Interest and dividends received on financial assets**

Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement. Interest of financial assets valued at amortised cost is recognised by the effective interest rate method and the income from dividends arising from investments in equity instruments are recognised as and when the Company is entitled to collect them.

Financial assets are initially recognised separately, based on their maturity, the amount of the accrued explicit interest which is unmatured on that date, and the amount of the dividends declared by the competent body on the acquisition date.

Moreover, if the distributed dividends undoubtedly come from profit/(loss) generated prior to the date of acquisition, because the distributed amounts are greater than the profits generated by the investee since acquisition, they will not be recognised as income and will reduce the carrying amount of the investment.

The judgement about whether the investee has generated profits is based exclusively on the profits recognised in the individual income statement as of the acquisition date, unless the distribution charged to these profits should undoubtedly be classified as an investment recovery from the perspective of the entity in receipt of the dividend.

- Derecognition of financial assets

The Group writes off its financial assets upon expiration or when the rights on cash flows of said financial assets are transferred together with substantial risks and benefits inherent to said property. In the specific case of receivables, this is deemed to occur generally when the default and delinquency risks have been transferred.

When a financial asset is de-recognised, the difference between the consideration received, net of the attributable transaction costs, and the carrying amount, plus any accumulated amount recognised directly in equity, determines the gain or loss on de-recognition of the financial asset, which is part of the profit/(loss) from the year in which this occurs.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which all the risks and rewards of ownership are substantially retained.

- Cash and cash equivalents

This section of the attached balance sheet records cash, demand deposits and other short-term, highly liquid investments with a maturity within three months that are readily convertible into cash and that are subject to any risks of changes in value.

Financial liabilities

The financial liabilities are classified for valuation purposes in the following categories:

- Financial liabilities at amortised cost

This category includes all financial liabilities unless they must be measured at fair value through profit or loss. In general, trade payables and non-trade payables are included in this category.

Participation loans that have the characteristics of an ordinary or common loan are also included in this category, even if the transaction is arranged at an interest-free or below market rate.

- Initial recognition: They are initially measured at fair value, which, in the absence of evidence to the contrary, is the transaction price which equates to the fair value of the consideration received, adjusted by directly attributable transaction costs. However, debits from trade operations due in less than one year, where there is no contractual interest rate, as well as disbursements required by third parties on equity instruments, the amount of which is expected to be paid in the short term, may be measured at their nominal value when the effect of not discounting the cash flows is not significant.
- Subsequent recognition: at amortised cost. The accrued interest is recognised in the income statements, using the effective interest rate method. However, debits due in less than one year which, in accordance with the provisions of the previous paragraph, are initially measured at their nominal value, will continue to be carried at this amount.

- **Financial liabilities at fair value with changes in the income statement**

This category includes financial liabilities that meet any of the following criteria:

a) Liabilities held for trading;
b) Liabilities which have been recognised by the entity, from the point of initial recognition, and irrevocably, at their fair value with changes to the income statement, provided that the recognition fulfils the objective set out in the accounting standards.
c) Optionally and irrevocably, this category may include all hybrid financial liabilities subject to the requirements of the PGC.

Initial recognition: Fair value, which, in the absence of evidence to the contrary, is the transaction price which equates to the fair value of the consideration received. Directly attributable transaction costs are recognised in the income statement for the reporting period.

Subsequent measurement: Fair value with changes in the income statement.

- Derecognition of financial liabilities

The Company will derecognise a financial liability, or part thereof, when the obligation terminates; i.e., when it has been fulfilled, cancelled or expired.

- Fair value

The fair value is the amount for which an asset may be exchanged or a liability settled between interested and duly informed parties of an arm's length transaction.

In general, when valuing financial instruments measured at their fair value, the Group calculates this in reference to a reliable market value, the price listed on an active market being deemed the benchmark of this fair value. For any instruments for which there is no active market, the fair value is obtained, where appropriate, through the application of valuation models and techniques.

The carrying amount of trade payables and receivables is assumed to be near their fair value.

- Financial derivatives and hedge accounting

Financial derivatives are valued, both initially and in subsequent valuations, by their fair value. The method to recognise any resulting profit or loss depends on whether or not the derivative has been designated as a hedging instrument, and, as applicable, the kind of hedging instrument. The Group designates certain derivatives as:

a) Fair value hedges:

Changes in the fair value of derivatives designated and classified as fair value hedges are recognised in the consolidated income statement along with any changes in the fair value of the hedged asset or liability attributable to the hedged risk.

When the hedged item is a firm commitment not yet recognised or a part thereof, the accumulated change in the fair value of the hedged item subsequent to its designation shall be recognised as an asset or a liability, and the corresponding profit or loss shall be expressed in the income statement.

Changes to the carrying amount of hedged items measured at amortised cost shall adjust the effective interest rate of the instrument, either from the time of the change or (later) from the point at which the hedge is no longer recognised.

b) Cash flow hedges:

The portion of the hedging instrument's loss or gain established as effective hedging is recognised directly in equity. Thus, the equity component that arises as a result of the hedge is adjusted to make it equal, in absolute terms, to the lower of the following two values:

1) The hedging instrument's accumulated loss or gain since the hedging began.

2) The accumulated change in the fair value of the hedged item (in other words, the present value of the accumulated change in the expected future cash flows on the hedged item) since the hedging began.

Any remaining losses or gains on the hedging instrument or any losses or gains required to offset the change in the adjusted cash flow hedge calculated as described above represent ineffective hedging, which is recognised in profit or loss.

If a highly likely forecast hedged transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or if a hedged forecast transaction relating to a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, that adjusted amount for the cash flow hedge is eliminated and included directly in the initial cost or other carrying amount of the asset or liability. The same criteria apply to currency risk hedges on investments acquired in group companies, jointly-controlled entities and associates.

In all other cases, the adjustment in equity is taken to profit or loss as the forecast hedged future cash flows affect profit(loss) for the year.

However, if the adjustment recognised in equity is a loss and all or part of this loss is not expected to be recovered in future years, this amount no longer expected to be recovered is immediately recognised in profit or loss.

The portion of the hedging instrument's loss or gain established as effective hedging is recognised directly in equity. Thus, the equity component that arises as a result of the hedge is adjusted to make it equal, in absolute terms, to the lower of the following two values:

1) The hedging instrument's accumulated loss or gain since the hedging began.

2) The accumulated change in the fair value of the hedged item (in other words, the present value of the accumulated change in the expected future cash flows on the hedged item) since the hedging began.

Any remaining losses or gains on the hedging instrument or any losses or gains required to offset the change in the adjusted cash flow hedge calculated as described above represent ineffective hedging, which is recognised in profit or loss.

If a highly likely forecast hedged transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or if a hedged forecast transaction relating to a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, that adjusted amount for the cash flow hedge is eliminated and included directly in the initial cost or other carrying amount of the asset or liability. The same criteria apply to currency risk hedges on investments acquired in group companies, jointly-controlled entities and associates.

In all other cases, the adjustment in equity is taken to profit or loss as the forecast hedged future cash flows affect profit(loss) for the year.

However, if the adjustment recognised in equity is a loss and all or part of this loss is not expected to be recovered in future years, this amount no longer expected to be recovered is immediately recognised in profit or loss.

c) Hedging of net investments in foreign businesses

In hedging transactions of net investments in joint ventures that lack independent legal personality and overseas branches, changes in the value of the hedging instrument attributable to the hedged risk are temporarily recognised in equity and taken to the consolidated income statement when the net investment in the foreign business is sold or disposed of by other means.

The currency component of hedging operations of net investments in foreign businesses involving subsidiaries, jointly-controlled entities and associates shall be treated as fair value hedges.

In addition to equity interests, net investments in foreign businesses include any monetary item receivable or payable that is not expected to be liquidated, nor is this likely in the foreseeable future, not including commercial transactions.

If a hedging instrument is not, or ceases to be, effective hedging, it is measured and recognised according to its nature.

5.7. Income tax

General regime

The income tax expense or income is the amount accrued for this item during the reporting period, consisting of both current and deferred tax expenses or income.

Both current and deferred tax expenses or income are accounted for in profit and loss. However, the tax effect related to items stated directly in equity is recognised in equity.

Current tax assets and liabilities are valued at the amounts expected to be paid to or recovered from the tax authorities, according to the regulations in force or approved and pending publication at the close of the financial year.

According to the liability method, deferred taxes are calculated based on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts. However, if the deferred taxes arise from initial recognition of assets or liabilities from a transaction that is not a business combination and which, on the transaction date, does not affect accounting profit/(loss) or taxable profit, they are not recognised. Deferred tax is calculated by applying tax regulations and rates approved or about to be approved on 31 December 2020, which are expected to be applicable when the relevant deferred tax asset or liability is settled.

Deferred tax assets are recognised when it becomes likely that the Company will have taxable profits in the future against which temporary differences can be offset.

Deferred taxes are recognised on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except when the Company can control the time of reversal of the temporary differences, and it is also likely that they will not be reversed in the foreseeable future.

SOCIMI regime

Under Law 11/2009 of 26 October, amended by Law 16/2012 regulating Listed Real-Estate Market Investment Companies, entities that opt for the application of the special tax regime provided for in that law will be taxed at a rate of 0% for Corporation Tax. Article 25 of the revised Corporation Tax Law, approved by Royal Legislative Decree 4/2004 of 5 March, will not be applicable in the case of tax losses. Likewise, the regime of deductions and relief established in Chapters II, III and IV of that rule will not be applicable. In all other matters not provided for in Law 11/2009, the provisions of the Consolidated Text of the Law on Corporation Tax will be applicable in a supplementary manner.

The entity will be subject to a special tax of 19% on the full amount of profit dividends or shares distributed to shareholders whose stake in the entity's capital is equal to or greater than 5%, when such dividends, in the shareholders' fiscal location, are exempt or taxed at a rate of less than 10%. This tax will be considered as a Corporation Tax liability. On 30 June 2021, the reform of the SOCIMI regime was passed, introducing the obligation to levy a 15% tax on the undistributed profits of Listed Real-Estate Market Investment Companies.

Articles 3 to 6 of said Law establish the main requirements and obligations that must be fulfilled by this type of company.

In view of the foregoing, it should be mentioned that on 19 September 2018, both the Parent Company and the subsidiaries adopted the decision adhere to the regime governed by Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI") with effect from the date of incorporation of the six Group companies (see Note 3). The State Tax Administration

Authority was notified of this, under the same terms for all six Group companies, in a letter dated 28 September 2018.

The application of the abovementioned SOCIMI regime was carried out during reporting periods 2018 and 2019 without prejudice to the fact that, during these periods, the Group companies included in the regime did not comply with all the application requirements under the regulation, as, by virtue of the First Transitory Provision of Law 11/2009 on the SOCIMI regime, they have a period of two years from the date of the option for the application of the regime to comply with said requirements.

At 31 December 2022, ORBIS PROPERTIES SOCIMI, S.A. was listed on Euronext Paris under ISIN ES0105490009, having been admitted to trading on 30 July 2020. Therefore, all the requirements were met within two years since the date of application of this regime.

5.8. Income and expenses

Income is recognised when control of goods or services is transferred to customers. At that time, income is recorded for the amount of the consideration that the Company is expected to be entitled to in exchange for the transfer of the promised goods and services arising from agreements with customers, as well as other income not arising from agreements with customers, which represents the Company’s ordinary activity. The recorded amount is determined by deducting from the amount of the consideration for the transfer of goods or services agreed with customers or other income corresponding to the ordinary activities of the Company, the amount of discounts, refunds, price reductions, incentives or rights delivered to customers, as well as value added tax and other taxes directly related to them that must be charged.

When the price set in contracts with customers includes variable consideration, the price to be recognised shall include the best estimate of the variable consideration as long as it is highly likely that there will be no significant reversal of the income amount recognised when the uncertainty related to the variable consideration is subsequently resolved. The Company bases its estimates on past information, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

<u>Income from sales and services</u>

The Group provides leasing services. Revenue from services rendered is recognised in the year in which such services are provided.

Revenue from leasing services is recognised based on the actual service provided up to the end of the reporting year as a proportion of the total services to be provided, given that the customer receives and consumes the benefits simultaneously.

The leasing service is accounted for as a separate performance obligation. In contracts that foresee numerous performance obligations, the transaction price is assigned to each performance obligation on a stand-alone selling price basis. If such prices are not directly observable, an expected cost plus a margin approach is taken. If the contracts include installation of products, revenue for these goods is recognised when the product is delivered, the legal title to it is transferred and the customer has accepted it.

Estimates of income, costs or the percentage of completion are revised if the circumstances change. Any resulting increases or decreases in estimated income or costs are shown in profit or loss for the year in which management became aware of the circumstances giving rise to the revision.

If the services provided by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services provided, a contract liability is recognised.

Income earned from leasing service provision agreements is generally recognised in the year in which the services are provided, on a straight-line basis over the entire contract term.

If circumstances arise that modify initial estimates of ordinary income, costs or percentage of completion, said estimates are revised at that time. Revisions could lead to increases or decreases in estimated income and costs, and these are reflected in the income statement in the period in which management becomes aware of the circumstances giving rise to the revisions.

5.9. Environmental aspects

Environmental assets are those that are used on a long-term basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The costs incurred in the acquisition of systems, equipment and facilities with the purpose of eliminating, limiting or controlling possible impacts on the environment that could arise from the normal course of the Group's activities are considered to be investments.

Other environment-related expenses, other than those incurred in the acquisition of fixed assets, are considered to be expenses for the reporting period.

The Parent Company's Board of Directors considers that, in view of the nature of the business activities carried out by the Group, any environmental contingencies that could arise would be of little significance and, in any case, the insurance policies taken out by the Group would sufficiently cover them.

5.10. Related-party transactions

In general, transactions between group companies are initially recognised at fair value. In the event that the price agreed upon differs from the fair value, the difference is recognised based on the economic reality of the transaction. These transactions are subsequently valued pursuant to the corresponding standards.

Notwithstanding the foregoing, in merger, spin-off or non-monetary contribution transactions, the items making up the acquired business are valued at the amount corresponding to them, once the transaction has been carried out, in the consolidated financial statements of the group or subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the financial statements to be considered for these purposes will be those of the largest group or subgroup in which the assets and liabilities of the Spanish parent company are included.

In these cases, any difference that might arise between the net value of the assets and liabilities of the acquired company, adjusted by the balance of the groupings of grants, donations and legacies received and adjustments for changes in value, and any amount of the capital and share premium, if any, issued by the absorbing company, is recognised in reserves.

5.11. Equity

The Parent Company's share capital is represented by ordinary shares, all of the same class.

The costs of issuing new shares or options are presented directly against interim equity, as lower reserves.

In the case of acquisition of treasury shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any directly attributable incremental transaction costs, is included in equity.

5.12. Foreign currency transactions

Functional and reporting currency

The Group's consolidated financial statements are presented in euros, as this is the Group's working and reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in profit and loss, unless deferred to equity as qualified cash flow hedges and qualified investment hedges.

Changes in the fair value of monetary securities in foreign currencies classified as available for sale are analysed between conversion differences resulting from changes in the amortised cost of the security and other changes in the book value of the security. Conversion differences are recognised in profit/loss and other changes in the book value are recognised in equity.

Conversion differences on non-monetary items, such as equity instruments held at fair value with changes in the income statement, are presented as part of the gain or loss in fair value. Conversion differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

5.13. Business combinations

Mergers or divisions and business combinations arising from the acquisition of all the assets and liabilities of a company or of a party constituting one or more businesses are recognised in accordance with the acquisition method described in Notes 5.1 and 5.2.

5.14. Consolidated Cash Flow Statement

In the Consolidated Cash Flow Statement, the following terms, with the meanings specified below, are used:

- Cash flow: Inflows and outflows of cash and financial asset equivalents, understood as current, high liquidity investments subject low risks in value changes.
- Operating activities: the usual operating activities and others that are neither investing nor financing activities.
- Investing activities: the acquisition, sale or disposal by other means of non-current assets and other investments not included in cash or cash equivalents.
- Financing activities: activities that result in changes in the size and structure of the equity and liabilities that are not operating activities.

(Expressed in euros)

For the purposes of preparing the Consolidated Cash Flow Statement, "cash and cash equivalents" includes cash on hand and current bank deposits, as well as current, high liquidity investments that are readily convertible to known amounts of cash and are subject to low risks regarding changes in value.

5.15. Segment reporting

In defining the segments, the criteria and assignments used by the governing body, in this case, the Parent Company's Board of Directors, are taken into account in order to analyse the Group's operations. Specifically, a distinction is made between the property leasing business described in Note 7 and corporate transactions, with no transactions in the latter segment in 2022 or 2021. Transactions between segments are valued at market price.

6. INTANGIBLE ASSETS

As established in Annex 15 to the deed executed before Notary Public Jose Ángel Martínez Sanchiz under number 1085 in his register, which in turn is contained in the supplementary deed incorporating documents under register number 1086, executed before the same notary, the subsidiary Orbis de la Vega, S.L.U. acquired the IT application for 20,000.00 euros from a company related to the seller of the investment property (see Note 7).

The amounts and balances attributable to the IT application at 31 December 2022 and 2021 are shown in the following tables:

	Balance at 31/12/2021	Additions	Derecognition	Balance at 31/12/2022
IT application	20,000.00		-	20,000.00
	20,000.00	**-**	**-**	**20,000.00**
Depreciation	(20,000.00)	-	-	(20,000.00)
	(20,000.00)	**-**	**-**	**(20,000.00)**
Net book value	**-**	**-**	**-**	**-**

	Balance at 31/12/2020	Additions	Derecognition	Balance at 31/12/2021
IT application	20,000.00	-	-	20,000.00
	20,000.00	**-**	**-**	**20,000.00**
Depreciation	(15,092.71)	(4,907.29)	-	(20,000.00)
	(15,092.71)	**(4,907.29)**	**-**	**(20,000.00)**
Net book value	**4,907.29**	**(4,907.29)**	**-**	**-**

(Expressed in euros)

7. INVESTMENT PROPERTIES

The breakdown and movements in the various items composing the investment property in 2022 and 2021:

	Euros				
	Balance at 31/12/2021	**Additions**	**Derecognition**	**Transfers**	**Balance at 31/12/2022**
Cost					
Land	114,561,729.83	-	-	-	114,561,729.83
Buildings	153,423,866.09	358,789.45	-	1,003,782.53	154,786,438.07
Expenses recognised as an increase in acquisition cost	4,876,056.91	-	-	-	4,876,056.91
Inv. property in progress	1,894,050.98	204,690.47	-	(1,003,782.53)	1,094,958.92
	274,755,703.81	**563,479.92**	**-**	**-**	**275,319,183.73**
Depreciation					
Buildings	(9,623,541.52)	(2,904,354.76)	-	-	(12,527,896.28)
Impairment	(18,853,459.84)	(12,499,857.66)	-	-	(31,353,317.50)
	(28,477,001.36)	**(15,404,212.42)**	**-**	**-**	**(43,881,213.78)**
Net book value	**246,278,702.45**	**(14,840,732.50)**	**-**	**-**	**231,437,969.95**

	Euros				
	Balance at 31/12/2020	**Additions**	**Derecognition**	**Transfers and others**	**Balance at 31/12/2021**
Cost					
Land	114,558,448.97	-	-	3,280.86	114,561,729.83
Buildings	153,387,649.56	-	(707.59)	36,924.12	153,423,866.09
Expenses recognised as an increase in acquisition cost	4,876,056.91	-	-	-	4,876,056.91
Inv. property in progress	231,906.51	1,699,068.59	-	(36,924.12)	1,894,050.98
	273,054,061.95	**1,699,068.59**	**(707.59)**	**3,280.86**	**274,755,703.81**
Depreciation					
Buildings	(6,777,207.90)	(2,846,333.62)	-	-	(9,623,541.52)
Impairment	(20,371,074.20)	-	1,517,614.36	-	(18,853,459.84)
	(27,148,282.10)	**(2,846,333.62)**	**1,517,614.36**	**-**	**(28,477,001.36)**
Net book value	**245,905,779.85**	**(1,147,265.03)**	**1,516,906.77**	**3,280.86**	**246,278,702.45**

At 31 December 2022 and 2021, the Group's investment property related to the following assets:

- Investments properties for office spaces located on the plot known as Area II, located in Madrid, C/Vía de los Poblados, número 3, and registered in the Madrid Land Registry number 2, under property number 37,245, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under register number 1,085. The property was purchased for 66,000,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 1,192,925.08 euros, were capitalised during 2018.

  During 2022, no amounts were capitalised (707.59 euros derecognised in 2021) and an increase of 38,084.26 euros was recognised for unfinished improvement works (increase of 320,427.27 euros in 2021).

- Investment properties for office spaces located on the plot known as Area IV, located in Madrid, C/Vía de los Poblados, number 3, and registered in the Madrid Land Registry number 2, under property number 37,247, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under register number 1,085. The property was purchased for 65,500,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 1,185,300.74 euros, were capitalised during 2018.

  During 2022, no amounts were capitalised in assets (no amounts in 2021) while 142,010.80 euros for unfinished improvement works were recognised (265,845.20 euros in 2021).

- Investments in properties for office spaces and three retail premises located on four (4) properties that comprise the entire building in Madrid at C/Agustín de Foxá, número 29, and registered in the Madrid Land Registry number 29, under property number 22,415, 28,057, 28,060 and 28,061, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under register number 1,085. The property was purchased for 29,500,000 euros. Furthermore, the costs incurred in the purchase, amounting to 550,260.93 euros, were capitalised during 2018.

  During 2022, there were activations for an amount of 22,614.80 euros (9,908.50 euros in 2021) and 24,595.41 recognised euros corresponding to unfinished improvement works (110,974.19 euros in 2021).

- Investments in initially acquired properties for office space and involving two (2) properties located in Madrid at numbers 6 and 14 C/Juan Ignacio Luca de Tena and which are registered in the Madrid Land Registry number 17, under property number 38,539 and 30,568, 30,569, acquired by virtue of the purchase deed executed before the notary public of Madrid, Mr Ignacio Martinez-Gil Vich, on 26 September 2018 under register number 1,085. The properties were purchased for 45,000,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 855,526.42 euros, were capitalised during 2018.

  As for the building situated at C/Juan Ignacio Luca de Tena, 6, on 27 February 2020, an asset accounted for under “Non-current assets - Investment properties” was derecognised. The net carrying amount of the asset on the sale date was 16,125,736.19 euros, corresponding to the sale of the building located at C/Juan Ignacio Luca de Tena, 6, 28027 Madrid (“the Property”), resulting in 4,874,668.49 euros in profits.

  During 2022, in relation to the property located at number 14, an amount of 23,120.45 euros was capitalised (27,015.62 euros in 2021) and a reduction of 11,620.45 euros for unfinished improvement works was recognised (reduction of 3,795.62 euros in 2021).

- Investment properties for office spaces located in La Vega business park, in Alcobendas, at Avenida de la Vega, 15, and registered with the Alcobendas Land Registry number 2, under property number 45,245, acquired by virtue of the purchase deed executed before the notary public of Madrid, Ignacio Martinez-Gil Vich, on 26 September 2018 under register number 1,085. The property was purchased for 75,500,000.00 euros. Furthermore, the costs incurred in the purchase, amounting to 1,362,037.42 euros, were capitalised during 2018.

  During 2022, an amount of 1,316,836.73 euros (no amounts in 2021) was capitalised in assets while a reduction of 992,162.08 euros for unfinished improvement works was recognised (increase of 968,693.43 euros in 2020).

(Expressed in euros)

Finally, it should be noted that the consolidated carrying amount was 231,437,969.95 euros at 31 December 2022 (246,278,702.45 euros at the end of 2021).

The Group has taken out several insurance policies to cover the risks to which the investment property is exposed. The cover provided by these policies is considered to be sufficient.

The breakdown of the types of investment properties that the Orbis Properties Group had at 31 December 2022 and 2021, at their net and gross book values, was as follows:

2022	Units	Gross book value	Impairment and depreciation	Net book value at 31/12/2022
Investment properties	7 buildings	275,319,183.73	(43,881,213.77)	231,437,969.95

2021	Units	Gross book value	Impairment and depreciation	Net book value at 31/12/2021
Investment properties	7 buildings	274,755,703.81	(28,477,001.36)	246,278,702.45

It should be noted that the investment properties owned by the subsidiaries Orbis Cristalia 2&3, S.L.U., and Orbis Cristalia 5&6, S.L.U. consist of two buildings corresponding to each company, but they are not divided and are included in the same cadastral reference.

All the assets mentioned in the note are located in the autonomous Community of Madrid and act as security for the mortgage loan described in Note 9.5.

7.1. OPERATING LEASES

Investment property is leased to third parties under operating leases. The leases are for a period of between 1 and 7 years, with staggered rents and no lease at all for some of them.

Lease income amounted to 16,365,754.73 euros in 2022 (12,760,211.50 euros in the reporting period ended 31 December 2021) (Note 13).

The minimum future collections on lease contracts, which cannot be cancelled at 31 December 2022 and 2021, taking into account the first termination dates agreed with each tenant (any future increases due to inflation have not been taken into account), are as follows:

	31/12/2022	31/12/2021
Within one year	13,447,334.52	11,194,057.86
Between one and five years	32,883,674.99	16,095,529.48
After five years	1,133,161.68	-
TOTAL	**47,464,171.19**	**27,289,587.34**

7.2. VALUATION OF REAL-ESTATE ASSETS

At 31 December 2022 and 31 December 2021, according to the latest study by an independent expert, the aggregate market value of investment property was 243,800,000 euros and 252,300,000 euros, respectively, as shown in the following breakdown:

	2022	2021
C/Vía de los Poblados, number 3, Area II	56,000,000.00	64,000,000.00

C/Vía de los Poblados, number 3, Area IV	61,100,000.00	63,500,000.00
C/Agustín de Foxá, number 29	38,700,000.00	33,100,000.00
C/Juan Ignacio Luca de Tena, number 14	29,800,000.00	31,300,000.00
Avenida de la Vega, number 15	58,200,000.00	60,400,000.00
Total	**243,800,000.00**	**252,300,000.00**

The Group calculates the recoverable values of investment properties based on the corresponding valuation at 31 October 2022 (near the end of the financial year) carried out by an independent expert. In 2021, investment properties were appraised at 31 October of that year (near the end of the financial year). The valuations have been carried out by valuators of recognised prestige in the sector.

The valuations of these real-estate assets have been carried out by experts under the "market value" hypothesis and in accordance with the provisions of the RICS Appraisal and Valuation Standards (Red Book) published by the Royal Institution of Chartered Surveyors of Great Britain (RICS).

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

In 2022 and 2021 the measurement method applied in order to determine the fair value of the properties was the income capitalisation method, making the corresponding adjustments to reflect the evolution of variables until occupancy became steady. This method consists in capitalising the income obtained from the property through a capitalisation rate that factors in all market and asset-related risks. It is based on the capitalisation or conversion of existing or expected income (cash flows) into a single current value of capital.

The most important variables are therefore those listed below:

	2022			
	Occupation at valuation date (%)	**Market income (thousands of euros/year)**	**Equivalent yield (%)**	**Envisaged CAPEX (%)**
Orbis de la Vega, S.L.	80.99	3,986	5.90	2.62
Orbis Cristalia 2&3, S.L.	83.30	3,581	5.65	1.81
Orbis Cristalia 5&6, S.L.	94.48	3,605	5.45	1.76
Orbis JILT 6&14, S.L.	92.44	1,616	5.05	0.54
Orbis Foxa 29, S.L.	79.36	1,800	4.30	0.74

	2021			
	Occupation at valuation date (%)	**Market income (thousands of euros/year)**	**Equivalent yield (%)**	**Envisaged CAPEX (%)**
Orbis de la Vega, S.L.	66.91	3,873	5.50	2.32
Orbis Cristalia 2&3, S.L.	83.30	3,633	5.20	1.24
Orbis Cristalia 5&6, S.L.	65.31	3,660	5.20	1.93
Orbis JILT 6&14, S.L.	92.70	1,604	4.80	0.35
Orbis Foxa 29, S.L.	76.63	1,719	4.70	0.69

Following the conclusions drawn in the valuation reports conducted during reporting periods 2022 and 2021, accumulated impairment was recognised with the following detail:

(Expressed in euros)

Company	Property	Impairment at 31/12/2022	Impairment at 31/12/2021
Orbis Cristalia 2&3, S.L.U.	C/Vía de los Poblados, number 3, Area II	9,273,189.51	1,883,047.97
Orbis Cristalia 5&6, S.L.U.	C/Vía de los Poblados, number 3, Area IV	3,880,392.44	1,871,079.70
Orbis Foxa 29, S.L.U.	C/Agustín de Foxá, number 29	-	-
Orbis Jilt 6&14, S.L.U.	C/Juan Ignacio Luca de Tena, number 14	-	-
Orbis de la Vega, S.L.U.	Avenida de la Vega, number 15	18,025,774.13	15,099,332.17
	Total	**31,179,356.08**	**18,853,459.84**

As a result of the recoverability analysis of investments in subsidiaries, at 31 December 2022 the Company recorded net impairment of 12,499,857.66 euros. At 31 December 2021, the Group reversed a total of 1,517,614.36 EUR in impairment, mainly stemming from changes in yield-related assumptions, the reduction of occupancy levels in some properties owned by the investees, and the change in market conditions in connection with rent.

8. FINANCIAL ASSETS

8.1. ANALYSIS BY CATEGORIES

The book value of each of the financial asset categories set out in the standard for recognition and measurement of "Financial instruments" was as follows at 31 December 2022 and 31 December 2021, except cash and cash equivalents (see Note 8.4):

Long-term financial assets:

	31/12/2022	31/12/2021
	Financial assets at amortised cost	
Other financial assets	1,582,786.84	1,472,173.75
Long-term derivatives (Note 9.4)	6,166,118.30	839,954.48
Total	**7,748,905.14**	**2,312,128.23**

Short-term financial assets:

	31/12/2022	31/12/2021
	Financial assets at amortised cost	
Trade receivables for sales and services	26,331.97	116,009.14
Other receivables	2,524,674.73	878,975.84
Accruals	1,128,063.75	754,755.84
Short-term derivatives (Note 9.4)	3,462,427.96	-
Total	**7,141,498.41**	**1,749,740.82**

At 31 December 2022 and 31 December 2021, there were short-term assets with the public authorities, which are not included in this breakdown (see Note 11).

The fair values of the loans and receivables coincide with the book values.

At 31 December 2022 and 31 December 2021, no impairment was registered under "Trade receivables for sales and services", as provisions for impairment of these balances were not considered necessary.

(Expressed in euros)

However, in 2022 a sum of 2,781.78 euros was derecognised as recovery was deemed impossible (255,869.62 euros in 2021).

The maximum credit risk exposure at the reporting date is the fair value of each category of accounts receivable indicated above. The Group maintains certain guarantee instruments to cover any contingency in the event of a possible rental non-payment.

8.2. MATURITY OF FINANCIAL ASSETS

At 31 December 2022, the financial assets described above mature as follows:

	2023	2024	2025	2026	2027	2028 and later	Total
	Non-current/current assets						
Other financial assets	-	-	-	-	-	1,582,786.84	**1,582,786.84**
Long-term derivatives	-	-	-	-	-	6,166,118.30	**6,166,118.30**
Trade receivables for sales and services	26,331.97	-	-	-	-	-	**26,331.97**
Other receivables	2,524,674.73	-	-	-	-	-	**2,524,674.73**
Accruals	1,128,063.75	-	-	-	-	-	**1,128,063.75**
Short-term derivatives	3,462,427.96	-	-	-	-	-	**3,462,427.96**
Total	**7,141,498.41**	**-**	**-**	**-**	**-**	**7.748.905,14**	**14,890,403.55**

8.3. GUARANTEES, DEPOSITS CREATED AND ACCRUALS

a) Guarantees and deposits created

At 31 December 2022 and 2021, the amounts of the items composing the long-term and short-term financial investments heading are as follows:

	31/12/2022	31/12/2021
	Financial assets at amortised cost	
Guarantees and deposits created	1,582,786.84	1,472,173.75
Total	**1,582,786.84**	**1,472,173.75**

The long-term guarantees relate mainly to guarantees provided in connection with investment property leases (see Note 7). In accordance with the provisions of Article 36 of Law 29/1994 of 24 November, on the urban leases, these guarantees have been deposited with the bodies stipulated therein.

Accruals

	31/12/2022	31/12/2021
Short-term asset accruals	1,128,063.75	754,755.84

The short-term asset accruals correspond to expenses arising from occupancy incentives and expenses of various kinds accruing after the end of each reporting period.

8.4. CASH AND CASH EQUIVALENTS

The components of this heading at 31 December 2022 and 31 December 2021, respectively, are the following:

(Expressed in euros)

	31/12/2022	31/12/2021
Demand current accounts	15,155,825.68	11,229,155.22
TOTAL	**15,155,825.68**	**11,229,155.22**

The financing agreement described in Note 9.4 establishes certain minimum cash requirements to be maintained by the Group companies.

It should be noted that, as a result the circumstances disclosed in Note 9.4, a portion of the liquidity obtained is withheld in an account designated under the terms of the financing agreement.

9. FINANCIAL LIABILITIES

9.1. ANALYSIS BY CATEGORIES

The book value of each of the financial liabilities categories set out under the standards for recognition and measurement of "Financial instruments" was as follows at 31 December 2022, in respect of 31 December 2021, excluding balances with public authorities:

Long-term financial liabilities:

	31/12/2022	31/12/2021
	Financial liabilities at amortised cost	
Other financial liabilities (Note 9.4)	3,311,934.99	2,670,682.33
Bank borrowings (Note 9.5)	142,399,614.35	145,472,922.44
Payable to Group companies (Note 14)	44,019,592.17	44,019,592.17
	Financial liabilities at fair value through changes in equity	
Derivatives (Note 9.4)	-	654,237.47
Total	**189,731,141.51**	**192,817,434.41**

Short-term financial liabilities:

	31/12/2022	31/12/2021
	Financial liabilities at amortised cost	
Bank borrowings (Note 9.5)	4,298,535.00	580,236.49
Payable to Group companies (Note 14)	16,615,765.26	12,954,653.29
Payable to suppliers (Note 9.7)	5,398,385.60	4,168,983.28
Other payables	53,633.03	52,526.53
Other financial liabilities	-	35,437.83
	Financial liabilities at fair value through changes in equity	
Derivatives	-	929,237.51
Total	**26,366,318.89**	**18,721,074.93**

All financial liability balances are in euros and their book value does not differ significantly from their fair value.

(Expressed in euros)

9.2. MATURITY OF FINANCIAL LIABILITIES

At 31 December 2022, the financial liabilities described above mature as follows:

	2023	2024	2025	2026	2027 and later	Total
						Non-current/current liabilities
Bank borrowings (Note 9.5)	4,298,535.00	8,500,000.00	133,899,614.35	-	-	**146,698,149.35**
Payable to Group companies (Note 14)	16,615,765.26	-	-	-	44,019,592.17	**60,635,357.43**
Other financial liabilities	-	-	-	-	3,311,934.99	**3,311,934.99**
Other payables	53,633.03	-	-	-	-	**53,633.03**
Payable to suppliers	5,398,385.60	-	-	-	-	**5,398,385.60**
Total	**26,366,318.89**	**8,500,000.00**	**133,899,614.35**	**-**	**47,331,527.16**	**216,097,460.40**

9.3. OTHER FINANCIAL LIABILITIES

Under "Other financial liabilities" in relation to long-term liabilities, the amounts relate to guarantees and sureties received in connection with the lease agreements on investment properties (Note 7).

In addition, bank guarantees have been received from tenants as additional guarantees for a total of 4,095,606.42 euros (3,704,982.30 euros at year-end 2021), none of which were executed in 2022 or 2021.

9.4. DERIVATIVES

The "Derivatives" heading corresponds to the valuation of the derivatives formalised by the subsidiaries in connection with the bank financing received from the financial institutions CAIXABANK, S.A. and DEUTSCHE PFANDRIEFBANK [sic] AG (see Note 9.4). The derivatives entered into hedged 95% of the principal of the financing received until, as a result of agreements concluded in February 2020 between the Group and financial institutions in relation to the sale of the asset mentioned in Note 7, these ended up hedging 100% of the principal.

- The derivatives are governed by the following parameters:

- Swaps: subject to quarterly settlements and maturing on 31 October 2023, with notional amounts as detailed below:

(Expressed in euros)

Company	Financial institution	Initial notional	Notional at 31/12/22	Final notional	Fixed interest rate	Floating interest rate	Effective date	Maturity
Orbis de la Vega, S.L.U.	Caixabank, S.A.	20,757,500	18,059,025	17,280,618.75	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
	Deutsche Pfandbriefbank AG	20,757,500	18,059,025	17,280,618.75	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
Orbis Cristalia 2&3, S.L.U.	Caixabank, S.A.	18,620,000	16,199,400	15,501,150.00	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
	Deutsche Pfandbriefbank AG	18,620,000	16,199,400	15,501,150.00	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
Orbis Cristalia 5&6, S.L.U.	Caixabank, S.A.	18,905,000	16,447,350	15,738,412.50	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
	Deutsche Pfandbriefbank AG	18,905,000	16,447,350	15,738,412.50	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
Orbis Jilt 6&14, S.L.U.	Caixabank, S.A.	8,364,170	8,364,170	8,211,170.00	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
	Deutsche Pfandbriefbank AG	8,364,170	8,364,170	8,211,170.00	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
Orbis Foxa 29, S.L.U.	Caixabank, S.A.	7,932,500	6,901,275	6,603,806.25	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023
	Deutsche Pfandbriefbank AG	7,932,500	6,901,275	6,603,806.25	0.292%	3-month EUR-Euribor-REUTERS	30/11/2018	31/10/2023

- CAP: 1% fixed interest and variable 3-month Euribor, subject to quarterly settlements and maturing on 30 November 2025, with notional amounts for the two financial institutions as detailed below:

Company	Financial institution	Initial notional	Notional at 31/12/21	Final notional	CAP rate	Variable	Effective date	Maturity
Orbis de la Vega, S.L.U.	Caixabank, S.A.	1,069,234.00	2,314,684	17,751,709.00	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
	Deutsche Pfandbriefbank AG	1,069,234.00	2,314,684	17,751,709.00	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
Orbis Cristalia 2&3, S.L.U.	Caixabank, S.A.	959,185.50	2,076,386	15,923,785.50	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
	Deutsche Pfandbriefbank AG	959,185.50	2,076,386	15,923,785.50	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
Orbis Cristalia 5&6, S.L.U.	Caixabank, S.A.	973,815.00	2,108,115	16,167,465.00	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
	Deutsche Pfandbriefbank AG	973,815.00	2,108,115	16,167,465.00	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
Orbis Jilt 6&14, S.L.U.	Caixabank, S.A.	8,058,170.00	8,058,170	6,528,170.00	1.000%	3-month EUR-Euribor-REUTERS	31/10/2023	30/11/2025
	Deutsche Pfandbriefbank AG	8,058,170.00	8,058,170	6,528,170.00	1.000%	3-month EUR-Euribor-REUTERS	31/10/2023	30/11/2025
Orbis Foxa 29, S.L.U.	Caixabank, S.A.	408,645.50	884,596	6,783,870.50	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025
	Deutsche Pfandbriefbank AG	408,645.50	884,596	6,783,870.50	1.000%	3-month EUR-Euribor-REUTERS	30/07/2021	30/11/2025

- Derivative strategy: the strategy governing swaps and caps in risk management is aimed at protecting the Company from negative fluctuations in interest rates by reducing the exposure to variations in cash flows on the debt described in Note 9.4 as a result of the floating interest rate applied.

(Expressed in euros)

- Economic relationship between hedged item and derivatives:

  The economic relationship lies in the fact that the cash flows resulting from the settlement of interest payments on the outstanding loan principal and the amounts to be settled for the derivatives are impacted by opposing effects (reducing interest on the principal and increasing interest from the derivatives) so that, through the existence of the derivatives, total cash flows are not affected by fluctuations in the floating interest rate applied to the loan principal and derivatives. In this regard, the directors of the Parent Company have assessed the main variables and conditions of both the hedged item and the hedging instruments, concluding that the condition of the economic relationship between these two items is met.
- Hedge ratio:

  The Group has verified that there is a 1:1 hedge ratio between the hedged items and the items taken into account for the purposes of managing the derivatives.

- Effectiveness of derivatives:

  The Group has conducted studies and verifications in collaboration with experts in this field, concluding that the rate of effectiveness is around 98.6% at 31 December 2022. The ineffectiveness found was recognised in consolidated profit and loss as detailed below:

	Ineffectiveness recognised in finance costs			
	2022		2021	
Hedging instrument	**Expenses recognised**	**Income recognised**	**Expenses recognised**	**Income recognised**
CAP derivative	-	15,387.00	23,593.65	-
Swap derivative	-	779,756.36	-	(35,946.97)
Total	**-**	**795,143.36**	**23,593.65**	**(35,946.97)**

Overall, the directors of the Parent Company have concluded that the derivatives meet the requirements to be classified as effective in the terms stipulated in the National Chart of Accounts.

The Group has not ruled out the possibility that a certain amount of ineffectiveness may need to be recognised in consolidated profit and loss until the maturity of the derivatives.

The impact equity is broken down as follows:

Impact on Equity	31/12/2022	31/12/2021
Due to effectiveness of derivatives	956.237,42	109.936,15
Total	**956.237,42**	**109.936,15**

Derivative measurements are detailed as follows:

Derivative assets	31/12/2022	31/12/2021
Financial institution		
Caixabank SA (Swap) – recognised in short-term	1,577,990.61	-
Caixabank SA (CAP)	3,236,282.53	419,977.24
Deutsche Pfandbriefbank AG (Swap) recognised in short-term	1,577,990.61	-
Deutsche Pfandbriefbank AG (CAP)	3,236,282.53	419,977.24
Total	**9,628,546.26**	**839,954.48**

(Expressed in euros)

Derivative liabilities	31/12/2022	31/12/2021
Financial institution		
Caixabank SA (Swap)	-	(327,118.74)
Deutsche Pfandbriefbank AG (Swap)	-	(327,118.74)
Total	**-**	**(654,237.47)**

9.5 BANK BORROWINGS

The "Bank borrowings" heading includes the debts of the subsidiaries to the financial institutions Caixabank, S.A. and Deutsche Pfandbriefbank AG by virtue of the financing agreement formalised through public instrument for an amount of 170,000,000 euros before Notary Public Ignacio Paz-Ares Rodriguez, under number 1231 in his register. Both financial institutions act as lenders at 50% of the total principal. The initial funding of 170,000,000.00 euros received on 30 November 2018 was allocated as follows:

- Repayment of the loan principal on the same day in the amount of 166,207,977.00 euros in favour of the sole shareholder of the Parent Company Episo 4 Rebound Holding, S.à.r.l., which had made various payments for the acquisition of the investment property, detailed in Note 7, for a total of 281,500,000.00 euros.

- Payment of 3,792,023.00 euros in loan arrangement fees on the aforementioned date. An additional sum of 54,689.55 euros was paid in arrangement fees, to reach a total of 3,846,712.55 euros.

As a result of the sale in February 2020 of one of the properties owned by Orbis Jilt 6&14, S.L.U. (Note 7), it was agreed that the principal hedged by derivatives would be increased to 100% (Note 9.3).

Long-term debts to financial institutions are as follows:

Balances at 31/12/2022					
Type of transaction	**Financial institutions**	**Financing percentages**	**Interest**	**Expiry date**	**Long term (euros)**
Mortgage loan	Caixabank, S.A.	50%	3M EURIBOR + 1.5% (2% during repayment grace period)	31/10/2025	71,527,073.86
	Deutsche Pfandbriefbank AG	50%			71,527,073.86
Mortgage formalisation costs					(654,533.36)
Total					**142,399,614.35**

Balances at 31/12/2021					
Type of transaction	**Financial institutions**	**Financing percentages**	**Interest**	**Expiry date**	**Long term (euros)**

Mortgage loan	Caixabank, S.A.	50%	3M EURIBOR + 1.5% (2% during repayment grace period)	31/10/2025	73,355,000.00
	Deutsche Pfandbriefbank AG	50%			73,355,000.00
Mortgage formalisation costs					(1,237,077.56)
Total					**145,472,922.44**

Short-term debts to financial institutions are as follows:

Balances at 31/12/2022			
Type of transaction	**Financial institutions**	**Financing percentages**	**Short term (euros)**
Short-term principal	Caixabank, S.A.	50%	1,700,000.00
	Deutsche Pfandbriefbank AG	50%	1,700,000.00
Unpaid and accrued loan interest	Caixabank, S.A.	50%	449,267.50
	Deutsche Pfandbriefbank AG	50%	449,267.50
Unpaid and accrued swap interest	Caixabank, S.A.	50%	-
	Deutsche Pfandbriefbank AG	50%	-
Total			**4,298,535.00**

Balances at 31/12/2021			
Type of transaction	**Financial institutions**	**Financing percentages**	**31/12/2021 Short term (euros)**
Short-term principal	Caixabank, S.A.	50%	-
	Deutsche Pfandbriefbank AG	50%	-
Unpaid and accrued loan interest	Caixabank, S.A.	50%	186,548.62
	Deutsche Pfandbriefbank AG	50%	186,548.62
Unpaid and accrued swap interest	Caixabank, S.A.	50%	103,569.63
	Deutsche Pfandbriefbank AG	50%	103,569.63
Total			**580,236.49**

There is a schedule of principal repayments. As such, repayments are made according to the following percentages per year:

	Principal payment
2022	-
2023	3,400,000
2024	8,500,000
2025	134,810,000
TOTAL	**146,710,000**

In 2021, by virtue of the amending and non-terminating instrument ratifying the property mortgage witnessed by Notary Ignacio Paz-Ares Rodríguez under number 2826 his notarial records, the Group has agreed with the financial institutions to establish a two-year principal repayment grace period, which in turn means extending the maturity date until the final business day in October 2025. Upon signing the agreement, a sum of 146,110 euros was paid to the financial institutions.

Aside from the change to the final maturity of the loan, this agreement involves increasing the margin from 1.5% to 2% per annum for the period in force spanning from 30 July 2021 (excluded) to 30 July

2023 (included). The variable rate portion remains invariable at 3M EURIBOR. The agreement has also involved arrangement of CAP derivatives between the subsidiaries and banks involved (Note 9.3), incurring costs of 350,204.82 euros (173,604.82 euros paid to Caixabank, S.A. and 176,600.00 euros paid to Deutsche Pfandbriefbank AG).

In 2020, the Group asked the lenders to make certain amendments to the financing agreement, some of which were granted, including, but not limited to:

- Use of restricted cash (Note 8) for payment of certain investments to be made in the properties, and of the outstanding balances on this account, subject to prior fulfilment of certain requirements.
- Exceptional modification of the definition of Projected Net Operating Income used to calculate the Debt Service Cover ratio, in order to include and/or clarify the items factored in it (certain types of income and rent grace periods). This amendment was applicable to the following 4 dates scheduled for verification of ratio compliance (that is, from July 2020 until April 2021, inclusive). The remaining definitions and conditions of the financing agreement as to the limits to be met were understood as unchanged as a consequence of the aforesaid modification.
- Consideration of the amount early amortised as a result of the sale mentioned in Note 7 for the purposes of repayment of the debt principal and calculation of interest.

In accordance with the financing agreement described above, in addition to the requirements to provide certain financial information and the commitment to maintain a minimum level of cash (see Note 8.3), the Group must comply with the following financial ratios over the term of the loan:

- Loan-To-Value: must not exceed 62.5%, and in the event that the investment properties located at C/Vía de los Poblados 3 and at C/Juan Luca de Tena 6 were the only ones owned by the Group, it must not exceed 50%.
- Debt Service Cover Ratio (DSCR): must be no less than 105% during the first year after entry into force of the financing agreement and no less than 110% during the following 4 years on each of the verification dates.
- WALB: must be not less than 1.75 years during the first year after the entry into force of the financing agreement and not less than 2 years during the remaining reporting periods on each of the verification dates.

In the event of failure to comply with the first two ratios, the Group must either repay the part of the loan required to meet the ratios or deposit an amount of cash in an unavailable account established in the agreement.

It should be noted that on 24 October 2019 the subsidiaries and lenders signed an “Amendment agreement of a facility agreement dated 30 November 2018”, which was notarised on the same date, amending the WALB Covenant compliance criterion, establishing that if 1.75 years are exceeded during the first year after initial signature of the bank financing or 2 years for the remaining term of the financing agreement, the lenders are required to set up an additional reserve known as “Re-Leeting”. For this reason European Property Investors Special Opportunities 4 LP set up a guarantee for 7.5 million euros in favour of the lenders.

Moreover, in 2020 a “Cash Trap Event” took place, according to the definitions in the financing agreement. As defined in financing agreement, a “Cash Trap Event” means that the subsidiaries maintain restricted balances in the bank account designated pursuant to the financing agreement (see Note 8.3).

(Expressed in euros)

On 27 July 2021, the subsidiaries agreed to new terms with the lenders in accordance with the so-called amending and non-terminating instrument ratifying the property mortgage, which established a two-year grace period from this date for repayment of the principal and also extended the maturity of the loan for two years. Under terms included in the “Amendment Consent Letter” signed by the subsidiaries and lenders on 27 July 2021 as a result of the amendment to the terms of the loan, the aforementioned DSCR will not be calculated during the principal repayment grace period. The same document sets 31 July 2023 as the date for resuming the principal repayment schedule, which is considered a Cash Trap Event in the same document such that, even if calculation of a hypothetical DSCR were to return a favourable result, the lenders will retain the agreed liquidity under terms of the initial financing agreement.

At 31 December 2022, the subsidiaries are in this position by virtue of the foregoing. Therefore, they have certain bank balances withheld in the bank account stipulated in the financing agreement (Note 8).

9.6. PAYABLES TO GROUP COMPANIES

The "Payables to Group companies" heading includes the loans formalised by the subsidiaries (see Note 3) with EPISO 4 REBOUND HOLDING, S.À.R.L. Each subsidiary formalised their respective financing agreements (Bridge Interest-bearing Loan and Interest-bearing Loan) with the sole shareholder of the Parent Company. All the agreements were signed on 29 November 2018, with an annual interest rate of 7.5%, with the final maturity dates and payments for principal and accrued interest in 2024. At year-end 2022 and 2021 there are balances, which are as follows:

Lender	Loan	Opening balances	Increases	Decreases	Final balance at 31/12/2022
EPISO 4 Rebound Holding S.à.r.l.	*Bridge debt Interest-bearing loan*	-	-	-	-
EPISO 4 Rebound Holding S.à.r.l.	*Interest-bearing loan*	42,478,034.00	1,541,558.18	-	44,019,592.17
Total		**42,478,034.00**	**1,541,558.18**	**-**	**44,019,592.17**

Lender	Loan	Opening balances	Increases	Decreases	Final balance at 31/12/2021
EPISO 4 Rebound Holding S.à.r.l.	*Bridge debt Interest-bearing loan*	-	-	-	-
EPISO 4 Rebound Holding S.à.r.l.	*Interest-bearing loan*	42,478,034.00	1,541,558.18	-	44,019,592.17
Total		**42,478,034.00**	**1,541,558.18**	**-**	**44,019,592.17**

Short-term balances with group companies are set out in Note 14.

It should be noted that 20,000,000.00 euros included in the principal of debts to group companies corresponds to the "Amount on Deposit" or "Notarial Deposit" paid by the company EPISO 4 Rebound Holding S.à.r.l., in 2018 in order to guarantee the successful acquisition of the investment property set out in Note 7.

9.7. SUPPLIERS AND OTHER LIABILITIES

These correspond to invoices issued by suppliers, as well as provisions for expenses considered to have been accrued at 2022 and 2021 year-ends.

Other liabilities relate to guarantees from contractors that have not yet been paid to them.

This liability item does not include balances with public administrations (see Note 11).

Information about the average period for payment to suppliers:

Below is the information required under the Third Additional Provision of Law 15/2010, of 5 July (as amended through the Second Final Provision of Law 31/2014, of 3 December) prepared in accordance with the Resolution by the ICAC (Spanish Accounting and Audit Institute) of 29 January 2016, on the information to be included in the notes to consolidated financial statements regarding the average period of payment to suppliers in commercial transactions:

	31/12/2022	31/12/2021
	Days	**Days**
Average period of payment to suppliers	88.42	105.49
Ratio of transactions paid	34.83	51.09
Ratio of transactions pending payment	175.54	260.35
	Euros	**Euros**
Total payments made	6,923,525.21	7,867,297.81
Total payments pending	4,259,075.22	2,764,030.38

Pursuant to the new regulations stipulated in Article 9 of Law 18/2022, of 28 September, in addition to the preceding information, the following details are disclosed:

Number (units)	**2022**	**2021**
Invoices paid within the statutory deadline for payments to suppliers	1.797	1.959
Percentage of total invoices from suppliers	81.64%	91.12%

Value (thousands of euros)	**2022**	**2021**
Invoices paid within the statutory deadline for payments to suppliers	5.683.560,78	6.356.004,13
Percentage of total invoices from suppliers	53.83%	59.79%

The "Average supplier payment period" shall be understood to be the period that elapses from the date of invoice until the material payment of the transaction, according to the aforementioned Resolution of the Spanish Accounting and Audit Institute.

The ratio of transactions paid is calculated as the quotient formed in the numerator by the sum of the products corresponding to the amounts paid, by the number of days for payment (calendar days elapsing from the beginning of the period until the material payment of the transaction) and, in the denominator, the total sum of payments made.

The “Average period of payment to suppliers” is calculated by dividing the aggregate of the ratio of transactions paid to the total amount of payments made and the ratio of transactions pending payment to the total amount of payments pending, by the total sum of payments made and payments pending.

(Expressed in euros)

Likewise, the ratio of transactions pending payment corresponds to the quotient formulated in the numerator by the sum of the products corresponding to the amounts pending payment, by the number of days pending payment (calendar days elapsing from the beginning of the period until the closing date of the financial statements) and, in the denominator, the total sum of payments pending.

As stipulated in Article Three of the Spanish Accounting and Auditing Institute's Resolution published on 29 January 2016, amounts accrued in relation to transactions that took place prior to the entry into force of Law 31/2014, of 3 December, are not included.

The statutory payment period applicable to the Company under Law 11/2013 of 26 July is 30 days unless there is an agreement between the parties that extends it to a maximum of 60 days.

9.8. CAPITAL MANAGEMENT

The ORBIS PROPERTIES Group is financed with funds received from the Group and related companies (see Notes 9.6 and 14), as well as with bank financing granted jointly by the financial institutions CAIXABANK, S.A. and DEUTSCHE PFANDBRIEFBANK AG (see Note 9.5).

As the Group companies are subject to the special tax regime of the SOCIMI ("LSOCIMI"), they are required to distribute at least 80% of their profit in the form of dividends to their shareholders in accordance with the legal obligation under Law 16/2012 (see Note 2).

The main objectives of the Group's capital management are to ensure short- and long-term financial stability, adequate financing of investments and reduction of debt levels. The Board of Directors of the Parent Company considers the level of debt to be appropriate.

9.9. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

The table below includes an analysis of financial instruments that are valued at fair value, classified by the valuation method. The different levels have been defined as follows:

Listed prices (unadjusted) in active markets for identical assets and liabilities (Level 1).

Data other than the listed price included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).

Data for assets or liabilities that are not based on observable market data (i.e. unobservable data) (Level 3).

	31/12/2022		
	Level 1	**Level 2**	**Level 3**
Non-current:			
Derivative assets (Notes 8.1 and 9.4)	-	6,166,118.30	-
Current:			
Derivative assets (see Note 9.4)	-	3,462,427.96	-

(Expressed in euros)

	31/12/2021		
	Level 1	Level 2	Level 3
Non-current:			
Derivative assets (Notes 8.1 and 9.4)	-	839,954.48	-
Derivative liabilities (Note 9.4)		(654,237.47)	
Current:			
Derivative liabilities (Note 9.4)	-	(929,237.51)	-

The table sets out the Group's financial liabilities valued at fair value. The fair value of interest-rate swaps and CAPs is calculated as the present value of future estimated cash flows based on estimated interest rate curves.

For the fair value of investment property, see Note 7.

10. SHAREHOLDERS' EQUITY

10.1. SHARE CAPITAL

Year-end	Class	Number	Nominal value / share	Total nominal value
31/12/2022	Registered	5,000,000	1.00	5,000,000.00

Year-end	Class	Number	Nominal value / share	Total nominal value
31/12/2021	Registered	5,000,000	1.00	5,000,000.00

At 31 December 2019, the share capital of the Parent Company amounted to 3,000.00 euros, represented by 3,000 shares, fully subscribed and paid up on incorporation, each with a nominal value of 1 euro.

In 2020, as disclosed in Note 1, the Company conducted a capital increase by 4,997,000 interests, issuing 4,997,000 new interests with a par value of 1 euro each, consecutively numbered from 3,001 through 5,000,000, fully subscribed for and paid up, and charged to reserves (other members' contributions); and the Parent Company was transformed into a public limited company, its share capital thus comprising 5,000,000 registered shares. Since its admission to trading, no transaction with shares has been conducted.

In 2022 and 2021 there were no changes in the share capital of the Parent Company.

At 31 December 2022 and 31 December 2020, Episo 4 Rebound Holding, S.à.r.l., based in Luxembourg, held 100% of the Parent Company's shares. The latter is duly registered as a single-member company with the Commercial Registry.

The shares mentioned in Note 1 are listed on Euronext Access Paris. The opening price at the initial public offering on said market was 13.60 euros per share, and the date of admission to trading was 30 July 2020.

There are no contracts in place with the Sole Shareholder other than those described in Notes 9.5 and 14.

(Expressed in euros)

10.2. LEGAL RESERVE

In accordance with the Spanish Companies Law, and pursuant to Article 6.2 of Law 11/2009 of 26 October, regulating Listed Real-Estate Market Investment Companies, the company must transfer 10% of its profit for the reporting period to the legal reserve until the balance of this reserve reaches 20% of the share capital. The legal reserve may only be used to increase capital. Except for the aforementioned purpose and provided that it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that there are no other sufficient reserves available for such purpose.

In accordance with Law 11/2009 regulating Listed Real-Estate Market 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 articles of association of these companies may not establish any reserve of an unavailable nature other than that mentioned above. In addition, they will be required to distribute, by way of dividends to their shareholders, once the corresponding business obligations have been met, the profits obtained in the reporting period, in accordance with the provisions of Article 6 of Law 11/2009 of 26 October, which regulates Listed Real-Estate Market Investment Companies (Note 1).

Once the provisions stipulated by law or by the articles of association are covered, dividends may only be distributed with a charge to profit for the reporting period or to unrestricted reserves, if the value of equity is not, or as a result of the distribution, does not become, less than the share capital. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If the Parent Company has retained losses that reduce its equity to less than the share capital amount, the profit must be used to offset those losses.

At 31 December 2022 and 2021, the legal reserve had not been set up at the Parent Company, in view of the losses obtained since its creation.

- Legal reserve

Euros	Legal reserve	
	2022	2021
Orbis Properties Socimi, S.A.U.	207,330.10	-
Orbis Cristalia 2&3, S.L.U.	600.00	-
Orbis Foxa 29, S.L.U.	600.00	600.00
Orbis Jilt 6&14, S.L.U.	600.00	600.00
Total	**209,130.10**	**1,200.00**

The legal reserve was allocated in 2022 by applying profits from previous years of those companies that earned profits.

(Expressed in euros)

10.3. RESERVES AND LOSSES FROM PREVIOUS PERIODS

At 31 December 2022 and 2021, there was a reserve deficit derived from transactions with equity instruments, and from retained losses from previous periods, detailed as follows.

- Voluntary reserve

Euros	Voluntary reserve	
	2022	2021
Orbis Properties Socimi, S.A.U.	(1,900.54)	(1,900.54)
Orbis Cristalia 2&3, S.L.U.	22,050.71	(504.06)
Orbis Cristalia 5&6, S.L.U.	206,603.41	2,146.74
Orbis Foxa 29, S.L.U.	9,272.06	(446.42)
Orbis Jilt 6&14, S.L.U.	(112,642.62)	(504.06)
Orbis de la Vega, S.L.U.	1,271,526.27	343,185.58
Total	**1,394,909.29**	**341,977.24**

The voluntary reserve was increased by a total of 1,052,932.05 euros in 2022 as a result of an error in the profit (loss) for the year in 2021.

In 2021 an increase of 343,689.64 euros in voluntary reserves was recognised in relation to guarantees received from tenants that were executed pursuant to the contract terms with such parties or as a result of eviction and legal proceedings that took place in 2020.

Except for the items described in the two paragraphs above, voluntary reserves recognised are mainly related to the companies' incorporation expenses.

- Losses from previous years

Euros	Profit (loss) from previous years	
	2022	2021
Orbis Properties Socimi, S.A.U.	(749,168.48)	1,179,397.49
Orbis Cristalia 2&3, S.L.U.	(2,509,385.00)	(2,477,607.68)
Orbis Cristalia 5&6, S.L.U.	(5,816,074.96)	(5,734,101.47)
Orbis Foxa 29, S.L.U.	(844,949.50)	(293,318.74)
Orbis Jilt 6&14, S.L.U.	(1,706,053.18)	(1,388,279.77)
Orbis de la Vega, S.L.U.	(19,156,717.99)	(17,025,234.00)
Total	(30,782,349.11)	(25,739,144.17)

10.4. OTHER SHAREHOLDERS' CONTRIBUTIONS

In order to provide sufficient liquidity to the subsidiaries, the Sole Shareholder of the Company made successive contributions for a total amount of 73,915,509.40 euros between the company's incorporation and the date on which this sum was reached, 31 December 2022.

In 2022 the following changes were reported under this heading of the Parent Company:

- On 17 July 2022, the Sole Shareholder of the Company resolved to make monetary contributions for 1,865,970.90 euros.

(Expressed in euros)

In 2021 there were no increases or reductions in partner contributions.

10.5. PROFIT/LOSS BY COMPANY

The contribution of each Group company included in the scope of consolidation to the consolidated profit/loss for the periods ended 31 December 2022 and 2021 was as follows:

	31/12/2022	31/12/2021
Orbis Properties Socimi, S.A.	(296,027.23)	(229,838.23)
Orbis Cristalia 2&3, S.L.U.	(7,238,409.08)	324,954.76
Orbis Cristalia 5&6, S.L.U.	(3,010,596.08)	(98,440.23)
Orbis Foxa 29, S.L.U.	(186,395.64)	(545,340.22)
Orbis Jilt 6&14, S.L.U.	(402,469.68)	(317,104.71)
Orbis de la Vega, S.L.U.	(3,794,730.86)	(2,103,535.69)
TOTAL	**(14,928,628.57)**	**(2,969,304.32)**

The Parent Company obtained and applied the following profit (loss) in 2022 and 2021, as detailed below:

Euros	31/12/2022	31/12/2021
Balance of the profit and loss account	(5,753,034.55)	2,073,301.00
Applied to legal reserve	-	207,330.10
Applied to dividends	-	1,865,970.90
Applied to losses from previous years	(5,753,034.55)	-

10.6. ADJUSTMENTS FOR CHANGES IN VALUE

As of 1 January 2021, the Group has classified the derivatives described in Note 9.3 as hedging, as the conditions for such classification are met, as described in said note. Adjustments caused by changes in value of the cash flow hedging derivatives have prompted the recognition of hedging operations against Equity as detailed below:

	31/12/2022	31/12/2021
Hedging operations (Note 9.4)	8,992,527.26	1,089,018.45
Total	**8,992,527.26**	**1,089,018.45**

10.7. EARNINGS PER SHARE

Earnings per share are determined by dividing the net profit attributable to shareholders of the Parent Company (after tax and minority interests) by the weighted average number of shares in circulation during that period.

	31/12/2022	31/12/2021
Net profit/loss attributed to the Parent Company	(14,928,628.57)	(2,969,304.32)
Number of shares	5,000,000.00	5,000,000.00
Basic and diluted earnings per share	**(2.99)**	**(0.59)**

(Expressed in euros)

Diluted earnings per share are determined in a similar way to basic earnings per share, but the weighted average number of shares in circulation is adjusted to account for the potential dilutive effect of the convertible debentures at year-end. At 31 December 2022 and at the end of the reporting period ended on 31 December 2021, there were no convertible debentures in force, so the basic and diluted earnings per share were the same.

11. TAX MATTERS

The breakdown of balances relating to assets and liabilities with public administrations at 31 December 2022 and 2021 is as follows:

31/12/2022		
	Assets	**Liabilities**
Current		
Value Added Tax (VAT)	-	(497,242.54)
Tax withholdings and pre-payments	1,015.84	(295.64)
Total	**1,015.84**	**(497,538.18)**

31/12/2021		
	Assets	**Liabilities**
Current		
Value Added Tax (VAT)	95,314.96	(355,860.75)
Tax withholdings and pre-payments	2,637.06	(22.45)
Total	**97,952.02**	**(355,883.20)**

Under current legislation, tax returns cannot be deemed to be final until they have been audited by the tax authorities or until the currently-established four-year statute-of-limitations period has expired. The Group has the last four reporting periods available for review for all the taxes applicable to it, which are those that have elapsed since the incorporation of the Parent Company and the subsidiaries.

As a result of the differing interpretations that could be made of current tax legislation, among other reasons, additional liabilities could arise as a result of an inspection. In any case, the Board of Directors believes that said liabilities, should they arise, would not significantly affect the consolidated financial statements.

12. CALCULATION OF CORPORATION TAX

The conciliation of the net income and expenses at 31 December 2022 and 2021, the tax base (taxable profit) of the Corporation Tax, is as follows:

(Expressed in euros)

31/12/2022	**Consolidated income statement**			**Equity**
	Increases	**Decreases**	**Total**	**Total**
Income and expenses for the year			**(14,928,628.57)**	**8,992,526.88**
Corporate tax	-	-	**-**	**-**
Temporary differences	3,819,621.61	-	**3,819,621.61**	**-**
Permanent differences	-	12,499,857.66	**12,499,857.66**	**-**
Tax base (taxable profit/(loss))			**1,390,850.70**	**8,992,526.88**
Base rate 0% (SOCIMI)	-	-	1,390,850.70	-
Base rate 25% (general regime)	-	-	-	-
Amount payable	-	-	-	-

31/12/2021	**Consolidated income statement**			**Equity**
	Increases	**Decreases**	**Total**	**Total**
Income and expenses for the year	**-**	**-**	**(2,969,304.32)**	**1,089,018.45**
Corporate tax	-	**-**	-	-
Temporary differences	2,653,428.51	-	2,653,428.51	-
Permanent differences	-	(1,517,614.36)	(1,517,614.36)	-
Tax base (taxable profit/(loss))	**2,653,428.51**	**(1,517,614.36)**	**(1,833,490.17)**	**1,089,018.45**
Base rate 0% (SOCIMI)	-	-	(1,833,490.17)	-
Base rate 25% (general regime)	-	-	-	-
Amount payable	-	-	-	-

In financial years 2022 and 2021 there were no sales of assets, nor were any transactions conducted involving application of the general tax regime. Positive adjustments for temporary differences refer to adjustments within the deductible limit of finance costs and the negative permanent adjustment refers to the reversal of impairment on investment property recognised in previous periods (Note 7).

In respect of 2020, the sum of 914,464.68 euros on account of Corporate Tax is due to the tax bases subject to the general regime derived from the sale of the asset mentioned in Note 7, which took place within the first 3 years from purchase of the asset, thus failing to meet the requirement imposed by the legal system governing SOCIMIs, which provides that the sales of assets within the first three years are subject to taxation under the general regime.

On 28 September 2018, and with effect from 28 September 2018, the Group companies notified the corresponding Office of the State Agency for Tax Administration of their tax address regarding the option adopted by the Sole Shareholder of the Parent Company to adhere to the SOCIMI regime.

In application of the SOCIMI regime, and pursuant to Article 9 of Law 11/2009 regulating the aforementioned regime, it is established that the entities that opt for the application of the special tax regime will be taxed at the rate of zero percent (0%) Corporation Tax and, where not provided for by Law 11/2009, they will be regulated by the general provisions established in Royal Legislative Decree 4/2004 of 5 March, approving the revised text of the Corporation Tax Law.

However, the tax is accrued in proportion to the distribution of dividends. In the event of generating of tax losses, Law 27/2014 of 27 November on Corporation Tax will not apply. Likewise, the regime of deductions and relief established in Chapters II, III and IV of that rule will not be applicable.

(Expressed in euros)

As established in Article 9 of the Law of SOCIMI, the entity will be subject to a kind of special tax of 19% on the full amount of profit dividends or shares distributed to shareholders whose stake in the entity's capital is equal to or greater than 5%, provided that said dividends, in the shareholders' fiscal location, are exempt or taxed at a rate of less than 10%. This tax will be considered as a Corporation Tax liability. On 30 June 2021, the reform of the SOCIMI regime was passed, introducing the obligation to levy a 15% tax on the undistributed profits of Listed Real-Estate Market Investment Companies.

At the reporting date of these consolidated financial statements, the Group meets all the requirements of the aforementioned legislation (see Note 2).

In the event of non-compliance with any of the conditions, the Group would be taxed under the general system provided that it did not remedy such deficiencies in the reporting period following the non-compliance.

Given that the Parent Company and its subsidiaries were incorporated in the same reporting period in which the tax regime established in Law 11/2009, as amended by Law 16/2012 of 27 December, was applied, there are no taxable losses prior to the application of this regime.

Given that the Group was established in 2018, at 31 December 2022 the following reporting periods are available for review for the taxes detailed below:

Tax	Years open for inspection or inspected
Corporation Tax	2018 to 2021
Value Added Tax	2019 to 2022
Other taxes	2019 to 2022

13. INCOME AND EXPENSES

13.1. NET REVENUE

The breakdown of the net sum of the Group's revenue corresponding to its continuing operations per activity category is as follows:

Item	31/12/2022	31/12/2021
Income from leasing office spaces	9,320,097.90	8,513,665.92
Income from leasing parking spaces	1,434,270.80	1,260,700.28
Income from leasing retain spaces	-	33,000.00
Income from leasing warehouse spaces	23,035.00	5,740.00
Adjustments for linearisation of rent shortfalls, staggered rent and similar situations	233,219.80	(550,258.36)
Adjustments to income for occupancy incentives and lease formalisation costs	(288,361.69)	(163,541.16)
Income from re-invoicing of expenses	5,643,492.92	3,660,904.82
Total	**16,365,754.73**	**12,760,211.50**

Income detailed in the above table has been generated in the following circumstances:

- All income generated by the group is directly or indirectly related to leasing of offices, parking spaces, retail premises or storage facilities.

(Expressed in euros)

- All the details in the table above correspond to properties located in the Community of Madrid.
- The entire customer portfolio is made up of companies registered in Spain and no income from foreign companies has been recognised.
- All leasing agreements are subject to fixed prices per square metre of occupancy of different spaces (offices, retail premises or storage facilities) or garage parking spaces. Some tenants have benefited from rent grace periods or staggered rents.

13.2. OTHER OPERATING EXPENSES

The breakdown of this heading at 31 December 2022 and 2021 is as follows:

Outside services:	31/12/2022	31/12/2021
Repair and maintenance costs	777,172.80	583,892.13
Independent professional services	3,151,547.79	3,095,535.71
Insurance premiums	86,074.44	75,572.42
Banking services	55,341.85	394,918.45
Advertising	4,981.23	4,360.00
Utilities	2,845,887.84	1,478,008.72
Other services	1,695,454.08	1,368,425.90
Taxes	1,523,744.71	1,525,781.13
TOTAL	**10,140,204.74**	**8,526,494.46**

The "Repairs and maintenance" heading includes expenses relating to investment property owned by the Group (see Note 7).

With respect to taxes, the corresponding breakdown would be as follows:

Taxes	31/12/2022	31/12/2021
Local taxes	1,320,305.18	1,323,780.70
I. Business Activities	161,935.87	161,935.87
Non-deductible VAT	41,503.66	38,145.43
Other	-	1,919.13
TOTAL	**1,523,744.71**	**1,525,781.13**

In 2022 and 2021 the Group recognised expenses for Business Taxes (IAE) as detailed below:

IAE	31/12/2022	31/12/2021
Orbis Cristalia 2&3, S.L.U.	46,275.11	46,275.11
Orbis Cristalia 5&6, S.L.U.	45,441.18	45,441.18
Orbis De La Vega, S.L.U.	36,506.10	36,506.10
Orbis Foxa, S.L.U.	17,265.14	17,265.14
Orbis Jilt 6&14, S.L.U.	16,448.34	16,448.34
Total	**161,935.87**	**161,935.87**

13.3. OTHER PROFIT/(LOSS)

In 2022 there were no other significant results as a result of completed operations.

(Expressed in euros)

13.4. FINANCIAL PROFIT(LOSS)

The breakdown of this heading for the period up to 31 December 2022, and with respect to 31 December 2021, is as follows:

	31/12/2022	31/12/2021
Finance costs:	**(5.841.444,67)**	**(5,654,305.97)**
Interest on loans with companies of the Group (see Note 14.1)	(3.301.469,42)	(3,259,714.87)
Interest on loans with financial institutions (see Note 9.5)	(3.040.273,23)	(1,744,625.44)
Interest on financial derivatives (Swaps) (Note 9.4)	795.143,36	12,353.32
Other finance costs	(294.845,38)	(661,441.52)
Fair value variation in financial instruments:	**(60.274,69)**	**-**
Exchange rate differences	**(49,26)**	**(877.46)**
TOTAL	**(5,901,768.62)**	**(5,654,305.97)**

14. RELATED PARTIES

All related-party transactions took place between the subsidiaries and the Sole Shareholder of the Parent Company, EPISO 4 REBOUND HOLDING, S.À.R.L. The transactions between the abovementioned parties are mainly for financing and management services provided to the subsidiaries.

14.1. RELATED PARTY TRANSACTIONS AND BALANCES.

The transactions that took place in 2022 and 2021 were the following:

			31/12/2022
Company name	**Type of relationship**	**Item**	**Amount**
EPISO Rebound Holding Sarl	Shareholder	Loan increase	-
EPISO Rebound Holding Sarl	Shareholder	Accrued interest	3,301,469.42
EPISO Rebound Holding Sarl	Shareholder	Current transactions	1,491,893.29
EPISO Rebound Holding Sarl	Shareholder	Increase in IC balance	359,642.55
Total			**5,153,005.26**

			31/12/2021
Company name	**Type of relationship**	**Item**	**Amount**
EPISO Rebound Holding Sarl	Shareholder	Loan increase	1,541,558.18
EPISO Rebound Holding Sarl	Shareholder	Accrued interest	3,259,714.87
EPISO Rebound Holding Sarl	Shareholder	Current transactions	1,493,933.15
EPISO Rebound Holding Sarl	Shareholder	Increase in IC balance	150,097.41
Total			**6,445,303.61**

Transactions with related parties regarding operations in the normal course of the Company's business and are carried out at market prices, which are similar to those applied to unrelated entities.

Financing:

The breakdown of balances for financing with group companies is as follows:

	Type of relationship			% of holding	Loan principal	

		Type of relationship	Related parties		(31/12/2022)	Accumulated interest (31/12/2022)
Orbis Cristalia 2&3, S.L.U.	Bridge debt Interest-bearing loan	Sole shareholder	EPISO Rebound Holding S.à.r.l.	100.00%	-	525,103.84
	Interest-bearing loan				8,020,904.99	2,978,045.76
Orbis Cristalia 5&6, S.L.U.	Bridge debt Interest-bearing loan				-	533,018.83
	Interest-bearing loan				11,391,979.70	3,496,315.57
Orbis Foxa 29, S.L.U.	Bridge debt Interest-bearing loan				-	223,816.94
	Interest-bearing loan				4,832,306.08	1,442,424.50
Orbis Jilt 6&14, S.L.U.	Bridge debt Interest-bearing loan				-	409,374.37
	Interest-bearing loan				7,106,904.32	2,351,888.10
Orbis de la Vega, S.L.U.	Bridge debt Interest-bearing loan				-	585,539.40
	Interest-bearing loan				12,667,497.08	3,560,497.99
TOTAL					**44,019,592.17**	**16,106,025.30**

	Type of relationship	Type of relationship	Related parties	% of holding	Loan principal (31/12/2021)	Accumulated interest (31/12/2021)
Orbis Cristalia 2&3, S.L.U.	Bridge debt Interest-bearing loan	Sole shareholder	EPISO Rebound Holding S.à.r.l.	100.00%	-	525,103.84
	Interest-bearing loan				8,443,694.21	2,344,768.69
Orbis Cristalia 5&6, S.L.U.	Bridge debt Interest-bearing loan				-	533,018.83
	Interest-bearing loan				11,894,558.47	2,604,223.68
Orbis Foxa 29, S.L.U.	Bridge debt Interest-bearing loan				-	223,816.94
	Interest-bearing loan				4,832,306.08	1,080,001.56
Orbis Jilt 6&14, S.L.U.	Bridge debt Interest-bearing loan				-	409,374.37
	Interest-bearing loan				7,106,904.32	1,818,870.27
Orbis de la Vega, S.L.U.	Bridge debt Interest-bearing loan				-	585,539.40
	Interest-bearing loan				11,742,129.09	2,679,838.30
TOTAL					**44,019,592.17**	**12,804,555.88**

On 28 November 2018, the subsidiaries signed a series of loans granted by the Sole Shareholder of the Parent Company, i.e. EPISO Rebound Holding S.à.r.l., as described above, with maturity on 31 March 2024. At 31 December 2021 and 2020, loans with the Parent Company's Sole Shareholder were as follows:

Interest-bearing loan:

- Interest-bearing loan agreement between Orbis Cristalia 2&3, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 9,918,239.00 euros with an annual interest rate of 7.5%.

  In 2022 the drawn balance was reduced by 422,789.22 euros (increased by 18,442.78 euros in 2021) to reach a total of 8,020,904.99 euros at 31 December 2022 (8,443,694.21 euros at 31 December 2021).

Interest accrued in the amount of 633,277.07 euros (647,859.97 euros in 2021), reaching a total of 2,978,045.76 euros (2,344,768.69 euros in 2021). In 2022 and 2021 no accrued interest was paid.

- Interest-bearing loan agreement between Orbis Cristalia 5&6, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 11,409,707.71 euros with an annual interest rate of 7.5%.

  In 2022 the drawn balance was reduced by 502,578.77 euros (increased by 484,850.76 euros in 2021) to reach a total of 11,391,979.70 euros at 31 December 2022 (11,894,558.47 euros at 31 December 2021).

  Interest accrued in the amount of 892,091.89 euros (868,729.28 euros at 31 December 2021), reaching a total of 3,496,315.57 euros (2,604,223.68 euros in 2021). In 2022 and 2021 no accrued interest was paid.

- Interest-bearing loan agreement between Orbis Foxa 29, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 4,531,198.27 euros with an annual interest rate of 7.5%.

  In 2022 there were no changes in the drawn balance (increase of 301,107.81 euros in 2021) for a year-end balance of 4,832,306.08 euros (4,832,306.08 euros at 31 December 2021).

  Interest accrued in the amount of 362,422.94 euros (348,355.86 euros at 31 December 2021), reaching a total of 1,442,424.50 euros (1,080,001.56 euros in 2021). In 2022 and 2021 no accrued interest was paid.

- Interest-bearing loan agreement between Orbis Jilt 6&14, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 7,906,307.63 euros with an annual interest rate of 7.5%.

  In 2022 there were no changes in the drawn balance (reduction of 799,403.31 euros in 2021) for a year-end balance of 7,106,904.32 euros (7,106,904.32 euros at 31 December 2021).

  Interest accrued in the amount of 533,017.83 euros (603,522.51 euros at 31 December 2021), reaching a total of 2,351,888.10 euros (1,818,870.27 euros in 2021). In 2021 and 2020 no accrued interest was paid.

- Interest-bearing loan agreement between Orbis de la Vega, S.L. (hereinafter, the "borrower") and EPISO Rebound Holding S.à.r.l. (hereinafter, the "lender") by which the lender made available to the borrower a maximum amount of 11,038,600.00 euros with an annual interest rate of 7.5%.

  In 2022 the drawn balance was increased by 925,367.99 euros (increased by 1,536,560.14 euros in 2021) for a year-end balance of 12,667,497.08 euros (11,742,129.09 euros at 31 December 2021).

  Interest accrued in the amount of 880,659.69 euros (791,247.25 euros at 31 December 2021), reaching a total of 3,560,497.99 euros (2,979,838.39 euros in 2021). In 2022 and 2021 no accrued interest was paid.

(Expressed in euros)

Bridge interest-bearing loan:

In September 2018, the subsidiaries signed certain loan agreements with EPISO Rebound Holding S.à.r.l. for a total of 167,727,977.00 euros at an annual interest rate of 7.5%, which were settled on 30 November 2018 after receiving the loan from the financial institutions described in Note 10.4. At 31 December 2022, outstanding interest accrued on the aforementioned principal came to a total of 2,276,853.38 euros (same amount at 31 December 2021).

Others:

Finally, at 31 December 2022 there is an outstanding balance payable of 509,739.96 euros (150,097.41 euros at 31 December 2021) between the Parent Company and its Sole Shareholder, comprised entirely of invoices issued to the Company and paid on its behalf by its Sole Shareholder.

Commercial operations:

The following is a breakdown of business transactions by Management Fees accrued with EPISO Rebound Holding S.à.r.l. at 31 December 2022 and 2021:

	31/12/2022	31/12/2021
Orbis Cristalia 2&3, S.L.U.	349,786.72	350,264.97
Orbis Cristalia 5&6, S.L.U.	347,136.80	347,611.44
Orbis Foxa 29, S.L.U.	156,344.06	156,557.81
Orbis Jilt 6&14, S.L.U.	238,490.93	238,817.03
Orbis de la Vega, S.L.U.	400,134.78	400,681.90
TOTAL	**1,491,893.29**	**1,493,933.15**

15. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Remuneration of the members of the Board of Directors

The members of the Board of Directors of the Parent Company and its subsidiaries have not received any remuneration in the form of profit-sharing or bonuses. They have also not received any shares or stock options during the reporting period, nor have they exercised any options or have any options outstanding.

At 31 December 2022, as in 2021, no contributions had been made to pension funds or plans for former or current members of the Board of Directors of the Parent Company or its subsidiaries. Similarly, no obligations have been incurred for these items during 2022 or 2021.

At 31 December 2022 and 31 December 2021, the Parent Company and its subsidiaries had not paid any life insurance premium, nor had they taken out any life insurance policy to cover the risk of death, or any liability insurance policy.

b) Advances and loans to the members of the governing body

At 31 December 2022, as in 2021, no advances or loans had been granted to the members of the Company's governing body, nor was any balance maintained with them.

c) Remuneration and loans to senior executives

(Expressed in euros)

The members of the senior management, who also form part of the Board of Directors of the Parent Company and its subsidiaries, earned a total of 22,197.00 euros at 31 December 2022 for their executive duties in the Parent Company and its subsidiaries (22,999.97 euros at 31 December 2021), invoiced through a business company.

d) Information regarding conflicts of interest involving members of the Board of Directors.

In order to avoid situations of conflict of interest in the Company, the directors have throughout the reporting period complied with the obligations set out in Article 228 of the revised text of the Spanish Companies Law. Furthermore, both said directors and the persons related to them have refrained from engaging in any of the situations of conflict of interest provided for in Article 229 of said Law, except in cases where the corresponding authorisation was obtained.

Neither the Company's directors nor persons connected to them, as defined in the Spanish Companies Law, held ownership interests in companies engaging in an activity that is identical, similar or complementary to the corporate purpose of the Company. The titles or positions held in such companies, where appropriate, are shown below:

Director	Company	Direct	Title or position
Yves Barthels	Orbis de la Vega, S.L.	0%	Joint and several director
Yves Barthels	Orbis Cristalia 2&3, S.L.	0%	Joint and several director
Yves Barthels	Orbis Cristalia 5&6, S.L.	0%	Joint and several director
Yves Barthels	Orbis Foxa 29, S.L.	0%	Joint and several director
Yves Barthels	Orbis Jilt, S.L.	0%	Joint and several director
Yves Barthels	Orbis Properties Socimi, S.A.	0%	Director
Yves Barthels	CCP5 Curzon Manoteras Holding, S.L.	0%	Joint director
Yves Barthels	CCP5 Curzon Propco Manoteras, S.L.	0%	Joint director
Yves Barthels	Selvademar Properties, S.L.	0%	Director

Director	Company	Direct	Title or position
Jean-Philippe Jean Jacques Blangy	Selvademar Properties, S.L.	0%	Director

16. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

The Group's risk management policies are established by the Board of Directors and management of the Group's financial risks is centralised in the Finance Department of the larger Group to which Orbis Properties Group belongs, which has mechanisms in place to control exposure to fluctuations in interest rates and exchange rates, and to credit and liquidity risks. Based on these policies, the Group has established a series of procedures and controls to identify, measure and manage the risks arising from its business activity.

The Group's activities are exposed to several kinds of financial risk: market risk (including interest rate risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns. The Group uses derivative financial instruments to hedge its exposure to certain risks.

The main financial risks affecting the Group are detailed below:

a) Market risk:

Interest rate risk

The Group's interest rate risk derives from its financial debt. Loans taken out with floating interest rates expose the Group's cash flows to the interest rate risk, which is offset by cash and cash equivalents held at floating rates.

The Group analyses its exposure to interest rates in an ongoing manner. Several scenarios are simulated, taking into account financing alternatives. Based on these scenarios, the Group calculates the impact of a certain change in interest rates on its profits (these scenarios are used only for liabilities representing the most significant positions subject to interest rates). These analyses take into account:

- The economic setting in which the Group operates, designing different economic scenarios by modifying the key variables that could affect the Group (interest rates, share prices, occupancy rates of the investment properties, etc.).

- Any inter-dependent variables identified and the degree to which they are linked.

- The timeframe in which the assessment is made, taking the time horizon of the analysis into consideration and any possible deviations.

Simulations are performed regularly so as to ensure that the maximum potential loss stays within the limits set by Management and the Directors of the Parent Company.

At 31 December 2022 and 2021, 100% of the financing in place with third parties was tied to floating rates (see Note 9.5), and the Group has set up certain derivative financial instruments to mitigate its exposure to fluctuations in interest rates (see Note 9.4). The Group's loans are denominated in euros.

<u>b) Credit risk:</u>

There is no significant concentration of credit risk, defined as the impact of impairment of accounts receivable on the consolidated income statement, within the Group companies. The Group has policies in place to ensure that sales and leases are undertaken with customers that have an appropriate credit history. In general, the Group keeps its cash on hand and cash equivalents at financial institutions with a high credit rating. Most of the leasing agreements concluded with the tenants are long-term agreements.

<u>c) Liquidity risk:</u>

Management and the Board of Directors of the Parent Company are responsible for managing the liquidity risk related to the ability to settle payment commitments and/or commitments arising from new investments. The specific maturity of the Group's financial instruments at 31 December 2022 is shown in Notes 8 and 9 of these consolidated financial statements.

Excess cash held by the Group is invested in current accounts that earn interest at a certain rate or in term deposits, choosing appropriate maturities or sufficient liquidity to afford the required comfort in line with the forecasts mentioned above. At 31 December 2022, the Group has the cash and cash equivalents indicated in Note 8.3.

It should be noted that, as pointed out in Notes 9.5 and 8.3, as a result of the circumstances arising from the requirements set under the financing agreement, a portion of the generated liquidity is withheld in an account called the "Cash Trap and Financial Covenant".

(Expressed in euros)

The Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations.

17. OTHER DISCLOSURES

17.1. PERSONNEL STRUCTURE

The Group does not have any employees. As such, there were no personnel expenses, social security contributions or other personnel costs accrued in the reporting period (2021: same situation).

The current Board of Directors of the Parent Company is made up of 2 men and 1 woman (2021: same situation).

17.2. AUDIT FEES

The fees accrued by PricewaterhouseCoopers Auditores, S.L. during the year are detailed below:

	PwC Auditores, S.L.	Other auditors
	2022	**2021**
Audit services	77,304.00	72,045.00
Services other than auditing	-	-
- Services required by law	-	-
- Other verification services	-	-
- Tax-related services	-	-
Total services provided	**77,304.00**	**72,045.00**

17.3. PROVISIONS AND CONTINGENCIES

At the date of preparation of these consolidated financial statements, the Parent Company's directors considered that no events had occurred that might make it necessary to allocate a provision or to disclose information about any contingencies.

18. ENVIRONMENTAL INFORMATION

The systems, equipment, facilities and expenses incurred by the Group for the protection and improvement of the environment were not significant at 31 December 2022 or at 31 December 2021.

The Parent Company's directors considered that at 31 December 2022 and 2021 there were no contingencies relating to environmental protection and improvement that would have a significant impact on the consolidated financial statements. At present, the Group does not carry out activities that have a significant impact on the environment.

The Group did not receive any environmental subsidies during the reporting periods ended 31 December 2022 or 31 December 2021.

19. INFORMATION REQUIREMENTS DERIVING FROM THE STATUS OF SOCIMI (LAW 11/2009)

The Parent Company and its subsidiaries are in the process of formalising certain legal and formal requirements of the SOCIMI regime during the transition period established by Law 11/2009 of 26 October (see Note 2).

In compliance with the provisions of Article 11 of Law 11/2009 regulating Listed Real-Estate Market Investment Companies, as the Parent Company and its subsidiaries are covered by the SOCIMI regime, the following information is provided:

1- Reserves from periods prior to the application of the tax regime established in this Law.

   There are no reserves from previous periods in which the tax regime established in Law 11/2009, as amended by Law 16/2012 of 27 December, has not been applied because the 2018 reporting period, in which the companies were incorporated, was the same period as that from which the aforementioned special regime has been applied.

2- Reserves from the years in which the tax regime established under this Law was applied, distinguishing between the portion of income subject to the 0% tax rate, the 15% rate or the 19% rate for amounts taxed at the general rate, as applicable.

   At 31 December 2022 and 2021, negative reserves were disclosed (see Note 10).

3- Dividends distributed and charged to profit for each year of application of the tax regime established under this Law, distinguishing between income subject to the 0% rate and the 19% tax rate for any income taxed at the general rate.

   On June 30, 2021, the subsidiaries Foxa 29, S.L. and Orbis Jilt 6&14, S.L., having obtained positive results in 2020, have distributed dividends to the Parent Company in 2021 for a total amount of 1,959,869.23 euros (0 euros in previous years). Those dividends, added to the subsidiaries impairment reversals at the end of the 2021 financial year for an amount of 343,270.00 euros, resulted in a positive result of the Parent Company at the end of 2021 of 2,073,301.00 euros, of which 1,865.970.90 euros were distributed after retaining 10% of the result assigned to legal reserves.

   Both the Parent Company and the Subsidiaries have been subject to the SOCIMI regime since the year in which they were incorporated.

4- The distribution of dividends charged to reserves has not been agreed upon and, therefore, it is not appropriate to specify the reporting period from which the applied reserve came and whether these were taxed at the 0% tax rate, or at the special 19% tax rate, or at the general tax rate.

5- No resolution date for distribution of the dividends mentioned in sections c) and d) above has been established.

6- The date of acquisition of the real estate properties intended for lease referred to in section 1, article 2, of this Law is indicated in Note 7 of these consolidated financial statements.

7- Dates of acquisition of equity interests in the capital of entities referred to in Section 1, Article 2, of the Law: not applicable.

8- The assets calculated as part of the 80% referred to in section 1, article 3, of this Lay are identified in Note 7.

9- Reserves carried forward from reporting periods in which the tax regime stipulated in this Law was applicable and capitalised during the tax period, but not for distribution or to offset losses, identifying the period in which the reserves arose: not applicable.

MANDATORY DISTRIBUTION OF DIVIDENDS

Given its status as a SOCIMI, and as set forth in article 27 of its articles of association, the Parent Company is required to distribute dividends of the profits earned during the reporting period, after meeting the relevant commercial obligations, pursuant to article 6 of Law 11/2009, of 26 October, amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies ("SOCIMI").

20. SEGMENT REPORTING

Since all the revenue-generating companies engage in the operation of real-estate investments under a rental system and they are all located in the Community of Madrid, there is no segmentation or classification based on relevant criteria that would provide any useful information not already provided in the other notes to these consolidated financial statements, because all the income and expenses are linked to the same segment: real-estate leasing.

21. OTHER RISKS

On 24 February 2022, Russia launched an attack on Ukraine, marking the outbreak of the war between the two countries in Ukrainian territory. The length of the conflict and its ultimate consequences on the world economy in general are as of yet unknown.

Following a preliminary assessment of the situation, the Group feels that this conflict will not have a direct or significant impact on its business and, as such, does not expect it to cause any negative consequences.

22. EVENTS AFTER THE REPORTING PERIOD

As of the reporting date, no significant events have occurred after the reporting period in relation to the Group's business:

- On June 1, 2023, by means of a comprehensive deed of the agreements of the Sole Shareholder of the Parent Company of the group, a contribution to the Parent Company's own funds was approved for the amount of 509,739.96 euros to offset a certain credit right held by the Sole Shareholder against the Parent Company derived from various payments made by the latter on behalf of the Parent Company.

- On April 26, 2023, the resignation presented by Mr. Yves Barthels as a member of the Board of Directors and as CEO of the Parent Company was accepted, and the appointment of Mr. Nicolas Andreas Keizer in his place.

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

(in euros)

1. Company status: organisational structure and operation.

ORBIS PROPERTIES, S.A. (Single-member Company) was incorporated on 5 July 2018 and is the parent of a group of companies (jointly, Orbis Properties Group). The Group's business activity consists of operating real-estate assets, mainly office buildings located in the Community of Madrid, under operating leases. 2018 was the first year for the Group, with eight buildings in its portfolio since they were acquired on 26 September 2018. However, in 2020 one of the assets was disposed of (the one located at C/Juan Ignacio Luca de Tena 6, Madrid).

Since 6 April 2017, the Group has applied the regime established under Law 11/2009, of 26 October, amended by Law 16/2012, which regulates Listed Real-Estate Market Investment Companies (SOCIMI), with retroactive effects starting from 1 January 2018, which in practice means that, when certain requirements are met, the Group is subject to a Corporation Tax rate of 0%. The Parent Company has been listed on the EURONEXT Paris since July 2020.

1.1. Balance sheet

The investment properties have not changed significantly in 2022 as no assets have been purchased or sold, and only improvements and upgrades have been incorporated to ensure both smooth operation of the facilities and better marketing of spaces available for lease.

In particular, on 27 February 2020 an asset accounted for under "Non-current assets - Investment properties" was derecognised. The net carrying amount of the asset on the sale date was 16,125,736.19 euros, referring to the sale of the building located at C/Juan Ignacio Luca de Tena, 6, 28027 Madrid. The consideration received in the sale of the Property amounted to 21,000,000.00 euros, allocated to the following items:

- Payment on behalf of the seller to return the principal on the loans taken out with CAIXABANK, S.A. and DEUTSCHE PFANDBRIEFBANK AG for a total of 13,090,000.00 euros (6,545,000.00 euros with each bank).
- Payment on behalf of the seller of a total of 279,566.82 euros in interest accrued on the loans up to the time of sale and in early settlement fees related to the principal.
- Payment to the seller, Orbis JILT 6&14, S.L., of a total of 7,630,433.18 euros.

In 2021, by virtue of the amending and non-terminating instrument ratifying the property mortgage witnessed by Notary Ignacio Paz-Ares Rodríguez under number 2826 his notarial records, the Group has agreed with the financial institutions to establish a two-year principal repayment grace period, which in turn means extending the maturity date until the final business day in October 2025. Signature of the agreement has involved payment of 146,110 euros to the financial institutions.

Aside from the change to the final maturity of the loan, this agreement involves increasing the margin from 1.5% to 2% per annum for the period in force spanning from 30 July 2021 (excluded) to 30 July 2023 (included). The variable rate portion remains invariable at 3M EURIBOR. The agreement also entailed the arrangement of CAP derivatives between the subsidiaries and banks involved (Note 9.3 of the consolidated notes), incurring costs of 350,204.82 euros (173,604.82 euros paid to Caixabank, S.A. and 176,600.00 euros paid to Deutsche Pfandbriefbank AG).

In addition, the subsidiaries agreed to new terms with the lenders in accordance with the so-called amending and non-terminating instrument ratifying the property mortgage, which established a two-year grace period from this date for repayment of the principal and also extended the maturity of the loan for two years. Under terms included in the "Amendment Consent Letter" signed by the subsidiaries and lenders on 27 July 2021 as a result of the amendment to the terms of the loan, the aforementioned

DSCR will not be calculated during the principal repayment grace period. The same document sets 31 July 2023 as the date for resuming the principal repayment schedule, which is considered a Cash Trap Event in the same document such that, even if calculation of a hypothetical DSCR were to return a favourable result, the lenders will retain the agreed liquidity under terms of the initial financing agreement.

At 31 December 2022, the subsidiaries are in this “Cash Trap” position by virtue of the foregoing. Therefore, they have certain bank balances withheld in the bank account stipulated in the financing agreement (Note 8 of the consolidated notes).

1.2. Income statement

In 2022, the revenue figure rose by 28 % compared to the figure for 2021, mainly as a result of the greater rate of occupancy of the assets following entry of new tenants, despite the partial implementation of remote work strategies and inflation stemming from the war in Ukraine. During the reporting period ended 31 December 2022, the sum of other operating expenses came to 10,142,986.52 euros (2021: 8,752,364.08 euros). The Group’s finance income in said period was 5,901,768.62 euros (2021: 5,654,305.97 euros).

2. Business Evolution

The marketing efforts of the highly reputable company in this sector hired by the directors for this purpose are leading to an increase in the occupancy rates. Understandably, the global scenario marked by the war in Ukraine is interfering with economic development as a whole, prompting price hikes for energy and raw materials, mainly, and slowing said marketing efforts, delaying the growth and expansion of present and future customers.

The impact of Covid-19 and its variants has been losing strength since 2021 due to both the increase in percentage of vaccination and the lower impact of the different strains arriving in Spain and the rest of Europe. This is why there have been no further lockdowns and restrictions on leisure and other activities have gradually been lifted, resulting in economic activity being on the road to recovery to pre-pandemic levels.

At any rate, the Parent Company’s directors keep on monitoring the events and their impact on the Group. The Group’s Directors are constantly in contact with their service providers to ensure the continuity of its operations, and to assess its liquidity status, the obligations of lessees with which the subsidiaries have concluded leasing agreements and the financing obligations of the latter, as well as making assessments based on the value estimates contained in these consolidated financial statements. The necessary steps are being taken to address the situation and minimise its impact, considering that, based on the most recent estimates and the cash position to date, the situation does not affect application of the going concern principle.

3. Main risks and uncertainties

Because of the type of business in which the Group engages, its activities are exposed to a range of financial risks: market risk (including interest rate risk), credit risk, and liquidity risk.

Risk management is monitored by the directors of the Parent Company, who assess the financial risks and hedge them in line with approved policies. The directors provide written policies for overall risk management.

The uncertainty caused by the impact of COVID-19 is being managed in conjunction with the tenants that currently occupy the spaces.

ORBIS Properties Group is financed with funds received from group companies and related parties, in addition to financing from banks granted jointly by CAIXABANK, S.A. and DEUTSCHE PFANDBRIEFBANK AG.

As the Group companies are subject to the special tax regime for SOCIMI ("LSOCIMI", Spanish acronym), they are required to distribute at least 80% of their profits as dividends paid to their shareholders pursuant to the legal obligation stipulated in Law 16/2012.

The main objectives of the Group's capital management are to ensure short- and long-term financial stability, adequate financing of investments and reduction of debt levels. The Board of Directors of the Parent Company considers the level of debt to be appropriate.

The Group's risk management policies are established by the Board of Directors and management of the Group's financial risks is centralised in the Finance Department, which has mechanisms in place to control exposure to fluctuations in interest rates and exchange rates, and to credit and liquidity risks. Based on these policies, the Group has established a series of procedures and controls to identify, measure and manage the risks arising from its business activity.

The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns. The Group uses derivative financial instruments to hedge its exposure to certain risks.

The main financial risks affecting the Group are detailed below:

<u>a) Market risk:</u>

Interest rate risk

The Group's interest rate risk derives from its financial debt. Loans taken out with floating interest rates expose the Group's cash flows to the interest rate risk, which is offset by cash and cash equivalents held at floating rates.

The Group analyses its exposure to interest rates in an ongoing manner. Several scenarios are simulated, taking into account financing alternatives. Based on these scenarios, the Group calculates the impact of a certain change in interest rates on its profits (these scenarios are used only for liabilities representing the most significant positions subject to interest rates). These analyses take into account:

- The economic setting in which the Group operates, designing different economic scenarios by modifying the key variables that could affect the Group (interest rates, share prices, occupancy rates of the investment properties, etc.).

- Any inter-dependent variables identified and the degree to which they are linked.

- The timeframe in which the assessment is made, taking the time horizon of the analysis into consideration and any possible deviations.

Simulations are performed regularly so as to ensure that the maximum potential loss stays within the limits set by Management and the directors of the Parent Company.

At 31 December 2022 and 2021, 100% of the financing in place with third parties was tied to floating rates, as the Group had set up certain derivative financial instruments to mitigate its exposure to fluctuations in interest rates. The Group's loans are denominated in euros.

b) Credit risk:

There is no significant concentration of credit risk, defined as the impact of impairment of accounts receivable on the consolidated income statement, within the Group companies. The Group has policies in place to ensure that sales and leases are undertaken with customers that have an appropriate credit history. In general, the Group keeps its cash on hand and cash equivalents at financial institutions with a high credit rating. Most of the leasing agreements concluded with the tenants are long-term agreements.

c) Liquidity risk:

Management and the Board of Directors of the Parent Company are responsible for managing the liquidity risk related to the ability to settle payment commitments and/or commitments arising from new investments. The specific maturity of the Group's financial instruments at 31 December 2022 is shown in Notes 8 and 9 of the consolidated financial statements.

Excess cash held by the Group is invested in current accounts that earn interest at a certain rate or in term deposits, choosing appropriate maturities or sufficient liquidity to afford the required comfort in line with the forecasts mentioned above.

It should be noted that, as a consequence of the circumstances derived from the requirements stipulated under the initial financing agreement, and amendments due to agreements between lenders in relation to meeting certain financial ratios, a portion of the generated liquidity is withheld in an account designated under the agreement.

The Parent Company's ultimate shareholder, EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 4 LP, has stated in writing that it will provide the necessary financial support to enable the Parent Company and its subsidiaries to continue operating and to meet their obligations.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Techniques such as discounted cash flow estimates are used to determine the fair value of financial instruments.

The carrying amount of trade payables and receivables is assumed to be near their fair value. For the purposes of financial reporting disclosures, the fair value of financial liabilities is estimated by discounting future contractual cash flows.

The table below includes an analysis of financial instruments that are valued at fair value, classified by the valuation method. The different levels have been defined as follows:

- Listed prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Data other than the listed price included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).
- Data for assets or liabilities that are not based on observable market data (i.e. unobservable data) (Level 3).

(Expressed in euros)

	31/12/2022		
	Level 1	**Level 2**	**Level 3**
Non-current:			
Derivative assets (Notes 8.1 and 9.3)	-	6,166,118.30	-
Current:			
Derivative assets (see Note 9.3)	-	3,462,427.96	-

	31/12/2021		
	Level 1	**Level 2**	**Level 3**
Non-current:			
Derivative assets (Notes 8.1 and 9.3)	-	839,954.48	-
Derivative liabilities (Note 9.3)		(654,237.47)	
Current:			
Derivative liabilities (Note 9.3)	-	(929,237.51)	-

The table sets out the Group's financial liabilities valued at fair value. The fair value of interest-rate swaps is calculated as the present value of future estimated cash flows based on estimated interest rate curves.

See Note 7 of the notes to the consolidated financial statements for details on the fair value of investment properties.

4. Procedures and controls

Risks related to the possibility of inadequate leadership and management of the Group, which could lead to an infringement of Spanish laws, are included in this category. Specifically, this includes Law 5/2010 and the amendments enacted in the Reform of the Criminal Code in reference to the criminal liability of companies, as well as Law 31/2014, which reforms the Spanish Companies Law as regards new duties and responsibilities of Directors.

The implementation of risk management policies in the Group is a process driven by the Directors, for which each and every member of the Group is responsible, aimed at providing reasonable assurance that the objectives set by the Group will be accomplished and offering the shareholders, other stakeholders and the market in general appropriate guarantees to ensure that the value generated will be safeguarded.

5. Research and Development Activities

The Group has not performed any R&D activities during the reporting periods ended 31 December 2022 and 2021.

6. Outlook

Because the latest known Covid-19 strains are not having a similar impact as the first Covid-19 waves at the start of the pandemic in 2020, no lockdowns or other anomalous situations are expected liable to have an impact on the real estate sector.

There is a broader supply of new and refurbished spaces in certain micro-sectors of other locations that, while the subsidiaries' business model should not be affected, will have an impact on the sector as a whole, increasing the percentage of vacant spaces. Overall, this could slow the reversal of the impairment of investment properties showing impairment losses at 31 December 2022.

The war going on in Ukraine is negatively affecting the raw materials and energy markets, prompting increases in price indexes. However, the aforementioned circumstances are not expected to lead to a drop in business activities in the office space leasing sector.

7. Treasury shares

The Group owns no treasury shares, nor have any transactions with them been conducted in 2022 or 2021.

8. Other disclosures

The Group does not have any employees and therefore no staff costs, social benefits expenses or other employee benefit costs accrued during the year (same situation in 2021).

The average term of payment to suppliers in 2022 was 88.42 days (105.49 days in 2021).

9. Events after the reporting period

- On June 1, 2023, by means of a comprehensive deed of the agreements of the Sole Shareholder of the Parent Company of the group, a contribution to the Parent Company's own funds was approved for the amount of 509,739.96 euros to offset a certain credit right held by the Sole Shareholder against the Parent Company derived from various payments made by the latter on behalf of the Parent Company.

- On April 26, 2023, the resignation presented by Mr. Yves Barthels as a member of the Board of Directors and as CEO of the Parent Company was accepted, and the appointment of Mr. Nicolas Andreas Keizer in his place.

ORBIS PROPERTIES SOCIMI, S.A. (Single-member Company) and subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

On **26 June 2023** the Board of Directors of ORBIS PROPERTIES SOCIMI, S.A.U., pursuant to the provisions of article 253 of the Spanish Companies Law and article 44 of the Code of Commerce, drew up the consolidated financial statements of ORBIS PROPERTIES SOCIMI, S.A.U. and subsidiaries and the consolidated directors' report for the year ended 31 December 2022, consisting of the pages preceding this certification.

____

Yves Barthels

Director

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

On **26 June 2023** the Board of Directors of ORBIS PROPERTIES SOCIMI, S.A.U., pursuant to the provisions of article 253 of the Spanish Companies Law and article 44 of the Code of Commerce, drew up the consolidated financial statements of ORBIS PROPERTIES SOCIMI, S.A.U. and subsidiaries and the consolidated directors' report for the year ended 31 December 2022, consisting of the pages preceding this certification.

Jean-Philippe Jean Jacques
Blangy

Director

ORBIS PROPERTIES SOCIMI, S.A. (Single-member Company) and subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in euros)

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

On **26 June 2023** the Board of Directors of ORBIS PROPERTIES SOCIMI, S.A.U., pursuant to the provisions of article 253 of the Spanish Companies Law and article 44 of the Code of Commerce, drew up the consolidated financial statements of ORBIS PROPERTIES SOCIMI, S.A.U. and subsidiaries and the consolidated directors' report for the year ended 31 December 2022, consisting of the pages preceding this certification.

____

Anne-Julie Bellaize

Director