Logis Confort, SOCIMI, S.A.

Abridged Annual Accounts for 2019

Comprising Audit Report of Abridged Annual Accounts

Translation into English of the annual accounts originally written in Spanish

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INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED ANNUAL ACCOUNTS

To the shareholders of LOGIS CONFORT, SOCIMI, S.A.

Qualified opinion

We have audited the abridged annual accounts of LOGIS CONFORT, SOCIMI, S.A. (the Company), comprising the abridged balance sheet at 31 December 2019, the abridged profit and loss account and the abridged annual report for the year then ended.

In our opinion, the accompanying abridged annual accounts present fairly, in all material respects, a true picture of the equity and the financial position of the Company at 31 December 2019 and the results of its operations for the year then ended, in accordance with the regulatory financial information that is applicable (which is identified in note 2 of the abridged report) and, in particular, with the accounting principles and criteria contained therein.

Basis of the qualified opinion

We have performed our audit in accordance with accounts auditing regulations in effect in Spain. Our responsibilities according to said regulations are described below under section titled *Auditor's responsibilities when auditing the abridged annual accounts* of our report.

We are independent from the Company in accordance with ethical requirements, including those of independence, applicable to our audit of the abridged annual accounts in Spain, as required by accounts auditing regulations. Accordingly, we have not provided services other than the audit of the accounts and no situations or circumstances have arisen that, in accordance with the aforementioned regulations, have compromised our necessary independence in any way.

We consider that the audit evidence that we have obtained provides a sufficient and appropriate basis for our qualified opinion.

Most important aspects of the audit

The most important aspects of the audit are those which, in our professional opinion, have been considered the most significant risks of material misstatements in our audit of the abridged annual accounts for the current period. Said risks have been addressed in the context of our audit of the abridged annual accounts as a whole and our opinion thereon does not contain a separate opinion on said risks.

Grant Thornton, S.L.P. Sociedad Unipersonal, Paseo de la Castellana, 81, 28046 Madrid. CRN B-08914830, registered in the Madrid Companies Registry, Sheet M-657,409, Volume 36,652, Folio 159, entry 36th and in the ROAC no. S0231

Valuation of real estate investments

The Company's balance sheet at 31 December 2019 shows a balance of 9,455 thousand euros in real estate investments. This figure represents approximately 81% of the Company's total assets at that date and additionally, for the appropriate valuation of the properties that make up the real estate investments, an assessment is required to determine whether there are indications that any element of the real estate investments may be impaired, in which case it is necessary to estimate their recoverable amount by making valuation adjustments. That is why we have considered the valuation of these assets to be one of the most relevant aspects of our audit.

Our audit procedures for this issue have included, among others, adequate understanding of the processes and controls implemented by the Company's management for recording, valuing and testing for impairment of these assets. We have also reviewed and considered the most recent valuations made by experts approved by the Bank of Spain provided by the Company to demonstrate the need to make corrections for value impairment, and we have evaluated the reasonableness of the method, hypotheses and data used by the experts. We have also reviewed the method and assumptions used by the Company to estimate the closing value of these investments from a management point of view, based on the anticipated return on each property on the basis of cash flow forecasts.

Valuation of the Company's ability to continue as a going concern

As shown in explanatory note 2.c to the abridged annual accounts at 31 December 2019, at that date the Company had a negative working capital and a high level of indebtedness, mainly with financial institutions. The Company's directors have prepared the abridged annual accounts in accordance with the going concern principle, based on their assessment of the Company's ability to continue as a going concern, since they estimate that the generation of future cash flows arising from the current property lease contracts and the financial support of its shareholders will enable it to meet its debt payment commitments for the amounts and classifications for which they are recorded. In addition, the Company's Management has a business plan that forecasts a continuing increase in turnover, operating profit and profit for the year, as well as improved future cash flows. The directors' assessment of the Company's ability to continue as a going concern involves making a judgement, at a given time, on future results, uncertain by nature, as well as on facts or conditions, and the estimate is subject to some degree of uncertainty. For this reason, the assessment of the Company's ability to continue as a going concern and to meet its debt repayment commitments has been considered one of the most relevant aspects of our audit.

Our audit procedures consisted, firstly, of reviewing with the Company's management the assumptions used for cash flow forecasts, focusing our analysis on the economic and financial assumptions used to estimate them. The model on the basis of which future results are estimated has also been revised and we have analysed whether any subsequent event or change in circumstances may affect the estimates made. In addition, the shareholders' capacity and commitment to provide the necessary support, if necessary, has been verified with the aim of the company being able to continue as a going concern.

Responsibility of the Company's directors in relation to the abridged annual accounts

The directors are responsible for drawing up the attached abridged annual accounts so that they are a true reflection of the assets, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the company in Spain, and the internal control considered necessary for allowing the abridged annual accounts to be drawn up free of material inaccuracy, due to fraud or error.

In the preparation of the abridged annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the issues related to the company as a going concern and applying the accounting principle of going concern unless the directors intend to liquidate the Company or cease operations or there is no other realistic alternative.

Auditor's responsibilities when auditing the abridged annual accounts

Our aim is to obtain reasonable assurance that the abridged annual accounts as a whole contain no material misstatements due to fraud or error and to issue an audit report containing our opinion. Reasonable assurance is a high degree of assurance; however, it does not guarantee that an audit conducted under current accounts auditing regulations in Spain will always detect a material misstatement. Misstatements may be due to fraud or error and are considered material if, individually or on aggregate, they can be reasonably expected to have an impact on financial decisions made by users based on the abridged annual accounts.

In accordance with current accounts auditing regulations in Spain, our audits include our professional opinion and we maintain an attitude of professional scepticism throughout the process. Furthermore:

- We identify and assess the risks of material misstatements due to fraud or error in abridged annual accounts, design and apply audit procedures to respond to these risks and obtain sufficient, adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, forgery, deliberate omissions, intentional misstatements or circumvention of internal controls.

- We obtain knowledge on the internal control relevant to the audit in order to design the appropriate audit procedures depending on the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We assess whether the accounting policies applied are appropriate, along with the reasonableness of the accounting estimates and corresponding information disclosed by the directors of the company.

- We ascertain whether the use of the accounting principle of going concern by the directors is appropriate and, based on the audit evidence obtained, whether or not there is a material uncertainty related to events or conditions that may lead to significant doubts about the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the abridged annual accounts or, if such disclosures are not adequate, that we provide an amended opinion. Our conclusions are based on the evidence obtained up to the date of our audit report. However, future events or conditions may be sufficient cause for the Company to cease as a going concern.

- We evaluate the overall presentation, structure and contents of the abridged annual accounts, including the information disclosed, and whether the abridged annual accounts represent the underlying transactions and events in a way that gives a true and fair view of the company.

We contact the Company's directors regarding the scope and timing planned for conducting the audit and any significant audit findings, among other issues, as well as any significant internal control deficiency identified during the audit.

Among the significant risks reported to the Company's directors, we determine those of the greatest significance in the audit of the abridged annual accounts for the current period, which were therefore considered to pose the most significant risks.

We describe these risks in our audit report unless their publication is prevented by legal or regulatory provisions.

Grant Thornton, S.L.P. Single-member Company

ROAC (Official Auditors' Register) No. S0231

AUDITORES
OFFICIAL ASSOCIATION OF
CHARTERED ACCOUNTANTS OF
THE VALENCIAN COMMUNITY

GRANT THORNTON, S.L.P.

2020 No. 30/20/02079

Auditor's account report subject to Spanish or international account auditing regulations.

S0231 José Enrique Contell García

ROAC No. 2468

19 June 2020

Abridged Annual Accounts

LOGIS CONFORT, SOCIMI, S.A.

Abridged Balance Sheet
as of 31 December 2019

(Given in euros)

ASSETS	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS		**11,564,699.42**	**9,511,388.11**
Tangible fixed assets	5	**109,247.72**	**259,784.47**
Real estate investments	6	**9,455,451.70**	**9,251,603.64**
Long-term investments in group and associated companies		**2,000,000.00**	-
CURRENT ASSETS		**137,024.65**	**217,593.54**
Trade debtors and other accounts receivable		**33,551.96**	**54,501.97**
Customer receivables for sales and services		33,551.96	32,416.57
Other debtors	11	-	22,085.40
Short-term financial investments	8	**300.00**	**1,731.15**
Cash and cash equivalents		**103,172.69**	**161,360.42**
TOTAL ASSETS		**11,701,724.07**	**9,728,981.65**

EQUITY AND LIABILITIES	Note	31.12.2019	31.12.2018
EQUITY		**6,034,669.03**	**5,617,233.35**
Own funds	9	**6,034,669.03**	**5,617,233.35**
Capital		**5,001,528.00**	**5,001,528.00**
Issued Capital		5,001,528.00	5,001,528.00
Reserves		**279,705.35**	**150,396.87**
Profit(loss) of the financial year	3	**753,435.68**	**465,308.48**
NON-CURRENT LIABILITIES		**3,377,566.79**	**2,609,403.46**
Long-term debts	10	**3,347,040.46**	**2,540,419.29**
Debts with credit institutions		2,567,543.10	1,739,924.51
Financial lease creditors	7	461,347.36	611,594.78
Other long-term debts		318,150.00	188,900.00
Deferred tax liabilities	11	**30,526.33**	**68,984.17**
CURRENT LIABILITIES		**2,289,488.25**	**1,502,344.84**
Short-term supplies		**2,025.95**	**15,435.76**
Short-term debts	10	**2,201,179.88**	**1,317,123.50**
Debts with credit institutions		944,628.29	690,888.79
Financial lease creditors	7	150,148.18	147,517.20
Other short-term debts	14	1,106,403.41	478,717.51
Trade creditors and other accounts payable		**86,282.42**	**169,785.58**
Suppliers		222.04	2,642.05
Other creditors		86,060.38	167,143.53
TOTAL EQUITY AND LIABILITIES		**11,701,724.07**	**9,728,981.65**

LOGIS CONFORT, SOCIMI, S.A.

Abridged Profit and Loss Account for the year ended on 31 December 2019

(Given in euros)

	Note	2019	2018
Net turnover	13 a)	**1,367,892.27**	**1,310,556.01**
Personnel costs	13 b)	**(35,110.76)**	**(55,434.71)**
Other operating expenses	13 c)	**(189,330.00)**	**(340,108.01)**
Fixed asset amortisation	5 and 6	**(372,848.38)**	**(395,956.49)**
Other profit(loss)		**65,137.67**	**337.50**
OPERATING PROFIT(LOSS)		**835,740.80**	**519,394.30**
Financial income		**1,608.75**	**-**
Financial costs		**(83,913.87)**	**(54,085.82)**
Impairment and profit(loss) from disposals of financial instruments		**-**	**-**
FINANCIAL PROFIT(LOSS)		**(82,305.12)**	**(54,085.82)**
PROFIT(LOSS) BEFORE TAX		**753,435.68**	**465,308.48**
Income Tax		**-**	**-**
PROFIT(LOSS) OF THE FINANCIAL YEAR		**753,435.68**	**465,308.48**

1) <u>Business</u>

LOGIS CONFORT, SOCIMI, S.A., hereinafter the Company, was incorporated on 23 August 2016. It is domiciled at Avenida de Castilla, 53-55, Local 20, 28830 San Fernando de Henares (Madrid). On 2 May 2018, the Company's General Meeting resolved to change the company name from Gestión de Inmuebles Logis Confort, S.A. to its current name.

According to its articles of association, the Company's corporate purpose is as follows:

a) Acquisition and development of urban real estate for rent (CNAE [National Classification of Economic Activities] 6820). The development business includes the refurbishment of buildings under the terms established in Law 37/1992 on Value Added Tax.

b) Holdings in the capital of other listed real estate investment trusts (REIT – SOCIMI in Spanish) or in the capital of other entities not resident in Spanish territory that have the same main corporate purpose as such companies and are subject to a regime similar to that established for REIT as regards the compulsory legal or by-law policy for the share-out of profits (CNAE 6420).

c) The holding of shares in the capital of other entities, either resident or not in Spanish territory, whose main corporate purpose is the acquisition of urban real estate for lease and which are subject to the same regime established for REIT as regards the compulsory, legal or by-law policy for the share-out of profits and meet the investment requirements referred to in Article 3 of Law 11/2009, of 26 October, on Listed Real Estate Investment Trusts, or the law by which it is replaced, as well as other requirements given in Article 2 of the aforementioned Law (CNAE 6420).

d) The holding of shares or holdings in Real Estate Investment Trusts regulated by Law 35/2003, of 4 November, on Collective Investment Institutions (CNAE 6420).

e) Real estate development (CNAE 4110).

f) Construction of both residential (CNAE 41211) and non-residential (CNAE 4122) buildings.

g) Purchase and sale of real estate on own account (CNAE 6810).

h) Lease of own rustic properties (CNAE 6820).

The purpose excludes all activities for which the law provides requirements that cannot be met by the Company.

The activities that make up the corporate purpose may be carried out in the national territory or abroad.

The Company's main business activity consists of leasing real estate on its own account.

On 27 September 2016, the Tax Agency was asked to incorporate the Company into the special regime for Listed Real Estate Investment Trusts (REIT), regulated by Law 11/2009, of 28 October, and amended by Law 16/2012, of 27 December, on REIT.

Among others, Article 3 of Law 11/2009 sets out the following investment requirements:

1) The REIT must have invested at least 80 percent of the value of the asset in urban real estate for lease, in land for the development of real estate to be used for said purpose provided that the development begins within three years after acquisition, and in holdings in the capital or assets of other entities referred to in paragraph 1 of Article 2 of this Law.
2) Similarly, at least 80 per cent of the income for the tax period corresponding to each financial year, excluding the income derived from the transfer of shareholdings and real estate, both of which are assigned to the fulfilment of its main corporate purpose, once the maintenance period referred to in the following section has elapsed, shall derive from the leasing of real estate and from dividends or shares in profits deriving from said shareholdings.
3) The real estate that forms part of the Company's assets must remain leased for at least three years. For calculation purposes, the time during which the properties have been offered for rent shall be added together up to a maximum of one year.

The period shall be calculated:

a) In the case of real estate appearing in the Company's assets before it joined the regime, from the start date of the first tax period in which the special tax regime given in this Law is applied, provided that the property was leased or offered for lease on that date. Otherwise, the following shall apply.
b) In the case of real estate developed or subsequently acquired by the Company, from the date on which it was first leased or offered for lease.

In the case of shares or holdings in entities referred to in section 1 of Article 2 of this Law, they must remain in the Company's assets for at least three years after their acquisition or, as the case may be, from the beginning of the first tax period in which the special tax regime established in this Law applies.

Furthermore, the REIT regime establishes other requirements such as the minimum required capital being 5,000,000 euros, that its shares are admitted to trading on a regulated market or a multilateral trading system and that there is only one class of shares. The Company must also distribute to its shareholders, in the form of dividends, once the corresponding mercantile obligations have been fulfilled, the profit obtained during the financial year (100% of the profits derived from dividends or shares in profits distributed by similar entities, at least 50% of the profits derived from the transfer of real estate and shares or holdings, and at least 80% of the other profits obtained), which must be agreed upon for distribution within six months following the close of each financial year and paid within one month following the date of the distribution agreement.

As given in Transitory Provision one of Law 11/2009, the special tax regime may be applied under the terms of Article 8 of said Law even if the requirements demanded therein are not met, provided that such requirements are met within two years following the date of the option to apply said regime.

In the event of breach of any of the conditions, the Company would pay tax under the general regime unless it was to rectify said defect in the financial year following such breach.

At the close of the financial year 2019, the Company's Directors consider that it meets all the requirements established in the aforementioned Law.

On 23 December 2016, the General Meetings of Gestión de Inmuebles Logis Confort, S.A. and Logis Confort, S.L. agreed to approve the merger of both companies by acquisition of the latter by the former. The merger project, dated 22 December 2016, approved by the General Meetings, established that, "with regard to the economic reasons behind the merger, it is hereby recorded that this restructuring operation is carried out for the sole purpose of creating a REIT". In this merger, the operations of the acquired company were deemed to have been carried out for accounting purposes by Gestión de Inmuebles Logis Confort, S.A. from 1 January 2017. The annual report for the year closed at 31 December 2016 provides a breakdown of the information required by applicable mercantile laws.

This merger was carried out with dissolution and without liquidation of the acquired company and with the transfer en bloc of all its assets on a universal basis, with no increase in capital, given that the acquired company is the direct owner (given its status as sole shareholder) of the acquiring company.

Furthermore, the merging companies availed themselves of the tax benefits regulated in chapter VII of Title VII of Law 27/2014, of 27 December, on Corporation Tax (LIS), since this operation was regulated in Article 76.1.a) of the LIS.

On 13 July 2018, the Company's shares were admitted to trading on the Euronext Paris S.A. (former Paris Stock Exchange).

2) <u>Bases for presentation of the annual accounts</u>

a) True and fair view

The abridged annual accounts, comprising the abridged balance sheet, the abridged profit and loss account and the abridged report, comprising notes 1 to 17, have been prepared based on the accounting records and are presented in accordance with current accounting legislation, particularly, the [Spanish] General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, as amended from time to time, in order to provide a true and fair view of the Company's equity, financial situation and results.

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

The abridged annual accounts prepared by the Directors will be subject to the approval of the Shareholders' General Meeting, and are expected to be approved without any modification.

b) Accounting principles

The abridged annual accounts have been prepared in accordance with the obligatory accounting principles. All accounting principles that have a significant effect have been applied.

c) Key issues in relation to the measurement and estimation of uncertainty

In preparing the annual accounts, valuations have been made by the Company's Directors in order to measure some of the assets, liabilities, income, expenses and commitments recorded therein.

These valuations basically refer to:

- Service lives of tangible fixed assets and real estate investments (notes 4.a and 4.c).
- Estimated impairment of tangible fixed assets and real estate investments (notes 4.b and 4.c).
- Impairment of financial assets (note 4.e).

These valuations have been made based on the best information available up to the date on which these abridged financial statements have been prepared, there being no event that could change said valuations. Any future event not known at the date of preparation of these valuations could lead to modifications (upwards or downwards), which will be made prospectively, where applicable.

Despite the fact that the Company has a negative working capital and high debt, mainly with financial institutions, at 31 December 2019, there is no doubt as to the correct application of the going concern principle. The Directors consider that there are various factors that tend to reduce doubts about the Company's ability to continue as a going concern, such as the generation of cash flows arising from current property leases and, basically, the financial support from its shareholders. In addition, the Company's Management has a business plan that forecasts a continuing increase in turnover, operating profit and profit for the year, as well as improved future cash flows. As a result, the Company's Directors prepared the abridged annual accounts based on the going concern principle.

d) Elements included in various items

The elements included in various items are as follows (note 10):

Description	31.12.2019	31.12.2018
Long-term debts with credit institutions	2,567,543.10	1,739,924.51
Short-term debts with credit institutions	944,628.29	690,888.79
Total debts with credit institutions	**3,512,171.39**	**2,430,813.30**
Long-term financial lease creditors	461,347.36	611,594.78
Short-term financial lease creditors	150,148.18	147,517.20
Total financial lease creditors	**611,495.54**	**759,111.98**

e) Classification of current and non-current items

The classification of current items is based on a maximum period of one year from the date of these abridged annual accounts.

f) Corrigenda

No material error was detected in the preparation of the accompanying abridged annual accounts that led to the restatement of the amounts included in the abridged annual accounts for the financial year 2018.

3) Allocation of profit(loss)

The proposal for allocation of profit(loss) of financial year 2019 submitted by the Directors for the Shareholders' General Meeting's approval is as follows:

Distribution base	
Profit and loss (earnings)	753,435.68
Application	
To legal reserve	75,343.57
To voluntary reserve	134,882.23
To dividends	543,209.88
Total	**753,435.68**

In the financial year 2018, the Shareholders' General Meeting approved the following allocation of profit(loss) of the year:

Distribution base	
Profit and loss (earnings)	465,308.48
Application	
To legal reserve	46,530.85
To voluntary reserve	82,777.63
To dividends	336,000.00
Total	**465,308.48**

4) Registry and valuation standards

The main registry and valuation standards used for preparing this abridged annual accounts are as follows:

a) Tangible fixed assets

Tangible fixed assets are valued at their acquisition price or production cost plus, where applicable, the updates made in accordance with the provisions contained in the corresponding laws, the last one being that of Royal Decree-Law 7/1996, of 7 June, and less accumulated depreciation and losses due to impairment.

Furthermore, financial expenses accrued during the construction period that are directly attributable to the acquisition or manufacture of the asset are included, provided that a period of time exceeding one year is required until they are ready for use.

Indirect taxes that encumber property, plant and equipment are only included in the purchase price or production cost when they are not directly recoverable from the Tax Authorities.

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

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

The work carried out by the Company on its own fixed assets is reflected on the basis of the cost price of raw materials and other consumables, the costs directly attributable to these assets and a reasonable proportion of indirect costs.

The depreciation of tangible fixed assets is calculated using the linear method. The estimated service lives are:

Element	Years of service life
Constructions	33
Technical facilities	10

Additionally, these specific standards are applied:

Land and natural assets

The acquisition price includes the conditioning costs, such as fences, earthworks, sanitation and drainage works, the costs of demolishing buildings when necessary in order to carry out new work, the costs of inspection and preparation of plans when they are carried out prior to acquisition and, where appropriate, the initial estimate of the present value of the obligations arising from the costs of refurbishing the site.

Neither the land nor the part of the plot corresponding to the buildings is depreciated.

b) Impairment of property, plant and equipment

An impairment loss is recognised for an item of property, plant and equipment when its carrying amount exceeds its recoverable amount, this meaning the greater of its fair value less sale costs and its value in use.

For these purposes, at least at the close of the year, the Company assesses, by means of an impairment test, whether there are indications that any property, plant and equipment with an indefinite service life or, where applicable, a cash-generating unit, may be impaired, in which case the recoverable amount is estimated by making the corresponding valuation adjustments.

Impairment of property, plant and equipment is calculated on a case-by-case basis. However, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of property, plant and equipment belongs is determined.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. Such reversal of an impairment loss is recognized as income in the profit and loss account.

c) Real estate investments

This section includes the values of land, buildings and other structures that are held either to be leased or to obtain a gain on their sale as a result of future increases in their respective market prices.

For these assets, the Company applies the valuation rules relating to tangible fixed assets.

d) Leases and other similar transactions

The Company recognises as financial lease all transactions whereby the lessor substantially transfers all the risks and benefits of ownership of the asset subject matter of the contract to the lessee; other transactions are recognised as operating leases.

d.1) Financial lease

In financial leases in which the Company acts as lessee, the Company recognizes an asset in the balance sheet according to the nature of the leased asset and a liability for the same amount, which is the lower of the fair value of the leased asset and the present value at the commencement of the lease of the agreed minimum amounts, including the purchase option. It does not include contingent fees, the cost of services or taxes chargeable by the lessor. The financial burden is taken to the profit and loss account for the year in which it accrues, using the effective interest method. Contingent amounts are booked as expenditure in the year in which they are incurred.

The assets recognised for this type of transaction are depreciated using the same criteria as those applied to all the property, plant and equipment, depending on their nature.

d.2) Operating lease

Income and expenses arising from operating leases are recognised in the profit and loss account in the year in which they accrue.

Furthermore, the acquisition cost of the leased asset is presented in the abridged balance sheet according to its nature, increased by the amount of the directly attributable contract costs, which are recognised as an expense over the term of the contract, using the same method as for the recognition of lease income.

Expenses arising from operating lease agreements are recognised in the income statement in the year in which they accrue.

e) Financial instruments

e.1) Financial assets

The financial assets owned by the Company are classified, for valuation purposes, into:

Loans and receivables

They correspond to credits for commercial or non-commercial operations, arising from the sale of goods, deliveries of cash or rendering of services, whose collections are of a determined or determinable amount and which are not traded in an active market.

These financial assets are valued initially at the fair value of the consideration given plus transactions costs that are directly attributable. Subsequently, they are valued at amortised cost, recognising the interest accrued according to the effective interest rate in the profit and loss account.

Notwithstanding the foregoing, credits for trade operations with a maturity not longer than one year and which do not have a contractual interest rate are measured at the time of initial recognition at their face value, provided that the effect of not updating the flows is not significant, in which case, they will continue to be subsequently measured at said amount, unless they were impaired.

Value corrections due to impairment are recorded based on the difference between their carrying value and the current value at year end of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value corrections are recognised in the profit and loss account.

e.2) Financial liabilities

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

Debits and payables arising from the purchase of goods and services as a result of the company's trade or non-trade operations are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs.

However, debits through trade operations that mature within one year and which do not have a contractual interest rate are measured at the time of initial recognition at their nominal value, provided that the effect of not updating the cash flows is not significant.

Debits and payables are subsequently measured at amortised cost using the effective interest rate. Those initially measured at their nominal value in accordance with the preceding paragraph continue to be valued at that amount.

Financial liabilities are written off when the obligations by which they were generated have been extinguished.

e.3) Deposits surrendered and received

The difference between the fair value of the guarantees provided and received and the amount disbursed or collected is considered as a payment or prepayment for the operating lease or provision of the service, which is taken to the profit and loss account during the period of the lease or during the period in which the service is provided.

In the case of short-term guarantees, cash flow discounting is not performed since its effect is negligible.

f) Income tax

General regime

The income tax expense or revenue is calculated by adding the current tax expense or revenue plus the deferred tax portion.

The current tax is the amount resulting from the application of the tax rate to the taxable base for the year. Tax deductions and other tax benefits on the tax liability, excluding withholdings and prepayments, as well as tax loss carry-forwards effectively applied in the year, will result in a lower amount of current tax.

Deferred tax expense or revenue corresponds to the recognition and cancellation of deferred tax assets for deductible temporary differences, for the right to offset tax losses in subsequent years and for deductions and other unused tax advantages not yet applied and deferred tax liabilities for temporary taxable differences. Deferred tax assets and liabilities are measured at the tax rates anticipated at the time of reversal.

Deferred tax liabilities are recognised for all temporary taxable differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax result nor accounting result and is not a business combination. In accordance with the principle of prudence, deferred tax assets are recognised only to the extent where it is considered probable that future profits will be obtained for their application. Notwithstanding the foregoing, deferred tax assets corresponding to deductible temporary differences derived from the initial recognition of assets and liabilities are not recognised in a transaction that affects neither the tax result nor the accounting result and is not a business combination.

Both current and deferred tax expenses or revenue are recorded in the profit and loss account. However, current and deferred tax assets and liabilities that relate to a transaction or event recognized directly in equity are recognized with a charge or credit to that item.

The deferred taxes recorded are reviewed at each balance sheet date to verify that they are still in force, and the appropriate corrections are made. Recognised deferred tax assets and previously unrecognised deferred tax assets are also evaluated, and recognised assets are de-recognised if recovery is no longer probable, or any previously unrecognised assets are recorded to the extent that recovery becomes probable with future tax benefits.

REIT Regime

On 27 September 2016, and for the tax period ending after the notification and subsequent periods, the Company notified the Tax Authorities corresponding to its tax domicile of the option adopted for the special tax regime of REIT.

By virtue of Law 11/2009, of 26 October, on Listed Real Estate Investment Trusts, the entities that meet the requirements defined in the regulations and that opt for the application of the special tax regime will be taxed at a rate of 0% on Corporate Tax. If tax losses are generated, Article 25 of the Consolidated Text of the Corporation Tax Act shall not apply. Similarly, the system of deductions and allowances set out in Chapters I, II and IV of said regulation shall not apply. The provisions of the Consolidated Text of the Corporation Tax Act shall apply to all other matters not provided for in Law 11/2009.

g) Related-party transactions

Related-party transactions, regardless of the degree of interrelation, are entered into accounts in accordance with the general standards. Accordingly, in general, operation items are entered into accounts at the initial moment at their fair value. If the agreed price differs from its fair value, the difference is recorded according to the economic reality of the operation. Subsequent valuation is carried out according to the terms of the corresponding standards.

h) Income and expenses

Income and expenses are recognised in accordance with the accrual principle, i.e. when the real flow of goods and services they represent occurs, irrespective of when the associated monetary or financial flow occurs.

Income is measured at the fair value of the consideration received, net of discounts and taxes. Revenue from sales is recognised when the significant risks and benefits of ownership of the asset sold have been transferred to the buyer and the Company does not maintain current management of the asset or retain effective control over it.

Revenue from the rendering of services is recognised by reference to the stage of completion of the service at the balance sheet date, provided that the result of the transaction can be reliably estimated.

5) Tangible fixed assets

The balances and variations during the years 2019 and 2018 for the gross values and accumulated depreciation are:

	Technical installations and other tangible fixed asset
Gross values	
Balance as of 31.12.17	2,244,686.23
Entries	580.07
Balance as of 31.12.18	2,245,266.30
Entries	5,399.49
Balance as of 31.12.19	2,250,665.79
Accumulated depreciation	
Balance as of 31.12.17	(1,802,583.19)
Amount allocated to depreciation	(182,898.64)
Balance as of 31.12.18	(1,985,481.83)
Amount allocated to depreciation	(155,936.24)
Balance as of 31.12.19	(2,141,418.07)
Net Carrying Value	
Net Carrying Value as of 31.12.18	259,784.47
Net Carrying Value as of 31.12.19	109,247.72

There are items of tangible fixed assets in use and technical installations that are fully depreciated for the amount of 689,913.15 euros (no amount in financial year 2018).

Company's policy is to take out insurance policies to cover possible risks affecting its tangible assets. At the date of the annual accounts there was no coverage deficit related to these risks.

As indicated in note 7, the Company has entered into various financial leases on its property, plant and equipment.

6) Real estate investments

The balances and variations during the years 2019 and 2018 for the gross values and accumulated depreciation are:

	Land	Constructions	Total
Gross values			
Balance as of 31.12.17	3,755,508.82	6,846,513.00	10,602,021.82
Entries	438,363.45	325,800.00	764,163.45
Balance as of 31.12.18	4,193,872.27	7,172,313.00	11,366,185.27
Entries	78,376.90	342,383.30	420,760.20
Balance as of 31.12.19	4,272,249.17	7,514,696.30	11,786,945.47
Accumulated depreciation			
Balance as of 31.12.17	-	(1,901,524)	(1,901,524)
Amount allocated to depreciation	-	(213,057.85)	(213,057.85)
Balance as of 31.12.18	-	(2,114,581.63)	(2,114,581.63)
Amount allocated to depreciation	-	(216,912.14)	(216,912.14)
Balance as of 31.12.19	-	(2,331,493.77)	(2,331,493.77)
Net Carrying Value			
Net Carrying Value as of 31.12.18	4,193,872.27	5,057,731.37	9,251,603.64
Net Carrying Value as of 31.12.19	4,272,249.17	5,183,202.53	9,455,451.70

Real estate investments relates mainly to properties intended for rental use.

The use of said investments is broken down as follows:

	31.12.19		
Item	Land	Construction	Accumulated depreciation
Industrial plant	4,272,249.17	7,514,696.30	(2,331,493.77)

	31.12.18		
Item	Land	Construction	Accumulated depreciation
Industrial plant	4,193,872.27	7,172,313.00	(2,114,581.63)

Since the current value derived from the valuations carried out is higher than the net book value of each of the properties, no impairment has been recognised.

7) Leases and other similar transactions

Financial lease

At 31 December 2019 and 2018 the Company, in its capacity as financial lessee, has recognised leased assets, the breakdown of which, indicating the amount for which they were initially recognised, is as follows:

	31.12.19	31.12.18
	Assets assessed at their fair value	Assets assessed at their fair value
Tangible fixed assets	67,972.39	206,575.15

The minimum lease payments contracted with the lessors (including, where applicable, purchase options) under current contracts are as follows:

	Pending payments	
	31.12.19	31.12.18
	Minimum payments agreed	Minimum payments agreed
Less than one year	150,148.18	147,517.20
Between one and five years	404,490.07	458,545.62
Over five years	56,857.29	153,049.16
	611,495.54	759,111.98

8) Investments in group and associated companies

Long-term investments in group and associated companies relate to the holdings in the company "Interal Maroc, S.A.R.L.".

By virtue of a public deed of purchase-sale dated 31 January 2019, the Company acquired 100 shares of the Moroccan company "Interal Maroc, S.A.R.L.", with registered office in Tangier, representing 33.33% of its share capital, for an amount of 2,000,000 euros, which is considered as an "associate" because of the level of influence on management that this involves. The said company, which operates in the same business sector as LOGIS CONFORT, SOCIMI, S.A., is the holder of urban real estate assets for rental located in Morocco, of similar classification as those owned by the Company.

The most current and most relevant related information is the following, which corresponds to data for the 2019 financial year:

As of 31.12.19

		% holding				Profit(loss)
Corporate Name	Book value of the holding	Direct	Indirect	Share capital *	Reserves*	Net*
Interal Maroc, S.A.R.L	2,000,000	33.33%	-	28,050.49	4,789,023.94	475,719.56
	2,000,000					

*Figures expressed in euros converted at the euro/Moroccan dirham exchange rate in force on 31/12/2019.

The current appraisals of the properties of Interal Maroc SARL show a higher value than the book value, and therefore it has not been considered necessary to impair the holdings.

9) Equity

a) Share capital

The share capital amounts to 5,001,528.00 euros, represented by 5,001,528 registered shares of one euro par value each, all of the same class, fully subscribed and paid up, conferring the same rights to their holders.

On 30 November 2017, the Company's General Meeting resolved to increase capital by 4,801,528.00 euros, to be charged to unrestricted reserves, by issuing 4,801,528 new registered shares with a par value of one euro each. Subsequently, the General Meeting held on 8 January 2018 approved the increase in the Company's share capital through the issue of new shares, consisting of the equivalent value of the monetary contribution of 140,000.00 euros, issuing 140,000 new registered shares with a par value of one euro each.

The Company's shares are listed on Euronext Paris, S.A. (formerly the Paris Stock Exchange) and began trading on said market on 13 July 2018. On 27 September 2016, the Company notified the Tax Authorities of the option adopted for the special tax regime for REITs. As part of the requirements for applying the aforementioned regime, the Company's shares must be admitted to trading on a regulated market or on a Spanish multilateral trading system or in any other country where there is an exchange of tax information.

The only company with an ownership interest of more than 10% is CV Grupo, S.L. with a direct ownership interest of 50%.

b) Legal reserve

In accordance with the Consolidated Text of the Corporations Act (*Texto Refundido de la Ley de Sociedades de Capital*), a figure equal to 10% of the profit for the financial year must be allocated to the legal reserve until it reaches at least 20% of the share capital. The statutory reserve may be used to increase capital where its balance exceeds 10% of the already increased capital. Except for the above purpose and as long as it does not exceed the 20% of the share capital, it can only be used to offset losses if there are no other reserves available and sufficient for that purpose.

In accordance with section 3 of Article 6 of Law 11/2009, 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 Company's Articles of Association may not establish any unavailable reserve other than the foregoing.

c) Capitalisation reserve

In accordance with Article 25 of Law 27/2014, of 27 November, on Corporation Tax, an unavailable reserve must be set aside for a period of five years for the amount of the reduction in the tax base of the aforementioned tax applied as a capitalisation reserve.

The breakdown of the deductions applied (from the acquired company) is as follows:

Year	Amount
2015	36,882.42

The amount of the capitalization reserve at 31 December 2019 and 31 December 2018 is 36,882.42 euros.

10) Long-term and short-term debts

Long-term and short-term debts, except for debts to group companies, jointly controlled entities and associates, are classified on the basis of the following categories:

Long-term debts

	Debts with credit institutions		Derivatives and others		Total	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
Categories:						
Debits and payables	2,567,543.10	1,739,924.51	779,497.36	800,494.78	3,347,040.46	2,540,419.29

Short-term debts

	Debts with credit institutions		Derivatives and others		Total	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
Categories:						
Debits and payables	944,628.29	690,888.79	1,256,551.59	626,372.68	2,201,179.88	1,317,261.47

Financial lease creditors are included under "Derivatives and others".

Classification by maturity

The breakdown by maturities of the different long-term financial liabilities, with a determined or determinable maturity, at the closing of 2019 year is as follows:

	2021	2022	2023	2024	Rest	Total
Debts:						
Debts with credit institutions	722,041.49	479,598.44	445,567.89	370,995.31	549,339.97	2,567,543.10
Financial lease creditors (note 7)	122,582.12	92,119.31	93,957.10	95,831.55	56,857.28	461,347.36
Other financial liabilities	-	-	-	-	123,850.00	123,850.00
	844,623.61	571,717.75	539,524.99	466,826.86	730,047.25	3,152,740.46

The breakdown, by maturity, of the various long-term financial liabilities with determined or determinable maturities at the close of 2018, is as follows:

	2020	2021	2022	2023	Rest	Total
Debts:						
Debts with credit institutions	667,557.11	440,510.80	196,748.78	156,391.99	278,715.83	1,739,924.51
Financial lease creditors (note 7)	149,937.09	122,532.13	92,119.31	93,957.10	153,049.15	611,594.78
	817,494.20	563,042.93	288,868.09	250,349.09	431,764.98	2,351,519.29

There are financial liabilities, deposits without a determined maturity, amounting to 194,300.00 euros (188,900.00 euros in 2018 financial year), which have not been included in the above table and have been classified on a long-term basis based on their characteristics.

The breakdown of debts with credit institutions as of 31.12.2019 is as follows:

		Maturity			
	Granted	Short Term	Long Term	Outstanding Debt	Interest Rate
Loan	3,200,000.00	244,428.34	287,494.79	531,923.13	0.82%
Loan	3,393,000.00	265,610.17	44,463.51	310,073.68	1.06%
Loan	87,835.49	10,242.74	-	10,242.74	1.29%
Loan	800,000.00	113,482.94	394,220.87	507,703.81	1.90%
Loan	441,000.00	34,404.89	345,061.02	379,465.91	1.75%
Loan	2,000,000.00	276,459.21	1,496,302.91	1,772,762.12	1.50%
		944,628.29	2,567,543.10	3,512,171.39	

11) Tax situation

The breakdown of items related to Public Administrations in years 2019 and 2018 is as follows:

31.12.19

	Credit balance	
Item	Non-current	Current
Value-added tax	-	59,933.92
Personal income tax	-	1,927.58
Others	-	-
Deferred tax liabilities	30,526.33	-
Current tax liabilities	-	13,622.76
Social Security bodies	-	302.00
	30,526.33	75,786.26

31.12.18

	Debit balance	Credit balance	
Item	Current	Non-current	Current
Value-added tax	-	-	84,170.01
Personal income tax	-	-	2,690.82
Others	22,085.40	-	-
Deferred tax liabilities	-	68,984.17	-
Social Security bodies	-	-	300.81
	22,085.40	68,984.17	87,161.64

On 27 September 2016, the Tax Agency was notified of the resolution adopted by the Company's General Meeting to opt for the application of the special regime given in Law 11/2009, of 26

October, on the REIT.

As given in current legislation, taxes cannot be considered definitively paid until the tax returns have been inspected by the tax authorities or the four-year expiry term has elapsed. At 31 December 2019, the Company had the financial years 2015 and subsequent years open for review by the tax inspection authorities for income tax and 2016 and subsequent years for the other taxes applicable to it, also considering the acquired company. The company directors believe that the foregoing tax settlements have been carried out properly and therefore, even in the case of discrepancies in the regulatory interpretation of tax treatment applied to operations, any possible liabilities would not seriously affect the attached financial statements.

12) Reporting demands arising from the status of REIT. Law 11/2009

In compliance with the provisions of Article 11 of Law 11/2009, of 26 October, on Listed Real Estate Investment Trusts, it is reported that at 31 December 2019:

- The reserves from years prior to the application of the tax regime established in Law 11/2009 originated in the acquired company and correspond to a legal reserve of 12,000 euros, capitalization reserve of 36,882.42 euros and voluntary reserve of 1.51 euros.

- The reserves arising from years subsequent to the application of the tax regime given in Law 11/2009 correspond to a legal reserve of 97,287.74 euros and a voluntary reserve of 133,533.68 euros.

- The Company has shared out a dividend, amounting to 336,000.00 euros, charged to profits for 2018 and approved by the Company's General Meeting on 20 June 2019 (note 3). In the 2018 financial year, the Company shared out a dividend, amounting to 406,056.00 euros, charged to profits for 2017 and approved by the Company's General Meeting on 30 June 2018.

- The Company has not shared out interim dividends charged to profits for 2019.

- The breakdown of the assets owned by the Company earmarked for leasing is as follows:

Type	Acquisition date	Description	Total Value
Industrial plant	31/12/2006	Plots 18.12-18.13 P.I. Juan Carlos I Picassent	5,116,640.55
Industrial plant	30/12/2008	Plot 10B P.I. L'Oliveral Ribarroja	1,711,221.66
Industrial plant	07/03/2017	Sector 13 plot 45 A2 Ribarroja	274,312.50
Industrial plant	07/03/2017	Sector 13 plot 45 A2 Ribarroja	205,585.00
Industrial plant	07/03/2017	Sector 13 plot 45 A2 Ribarroja	202,162.50
Industrial plant	07/03/2017	Sector 13 plot 45 A2 Ribarroja	257,940.00
Industrial plant	31/12/2007	Plot 12.9 P.I. Juan Carlos I Almussafes	2,784,159.61
Parking space	01/07/2015	Parking space 280-281 Mercado Colón Valencia	50,000.00
Industrial plant	22/02/2018	Nave 2 Avda. Castilla 53-55 San Fernando de Henares	624,450.00
Parking space	22/02/2018	Parking space 111-113 San Fernando de Henares	15,000.00
Plot of land	28/05/2018	Industrial estate SUZI Picassent	124,713.45
Industrial plant	30/10/2019	Avd. Industry 17 Ribarroja	420,760.20
		Total	**11,786,945.47**

13) Income and expenses

a) Net turnover

The breakdown, by activity category, of the net turnover relating to the Company's ordinary activities for the years closed at 31 December 2019 and 2018 is as follows:

	2019		2018	
Leases	1,156,692.62	84.56%	1,082,045.45	82.56%
Electric power sale	211,199.65	15.44%	228,210.56	17.41%
Provision of services	-	-	300.00	0.02%
	1,367,892.27	100.00%	1,310,556.01	100.00%

All turnover is produced in national territory.

b) Social security contributions

The breakdown of this item, included in personnel expenses, is as follows

	2019	2018
Social security at the company's expense	2,745.83	5,069.57

c) Other operating expenses

The breakdown is as follows

	2019	2018
Repairs and preservation	17,738.05	28,537.17
Independent professional services	73,010.57	177,744.29
Insurance premiums	9,816.75	10,962.94
Bank services and related	697.73	2,690.05
Supplies	2,593.10	3,466.82
Other services	36,205.27	65,779.39
Other taxes	49,268.53	50,927.35
	189,330.00	340,108.01

14) Related-party transactions

During the financial year transactions have been made with the following related parties:

Company	Type of connection
Interal Maroc SARL	Associated company
Ciutatval Promociones Inmobiliarias, S.L.	Other related party
Construcciones Copoví, S.L.	Other related party
Logis Urba, S.L.	Other related party
Técnicas Solares Fotovoltaicas, S.L.	Other related party
Promociones Inmobiliarias Loevsa, S.L.	Other related party
Gestión y Administración Valexzan, S.L.	Other related party
Inmobiliaria Horta Naves y Parcelas, S.L.	Other related party
CV Grupo, S.L.	Other related party
Mr José Manuel Copoví Ridaura	Director
Mr Edelmiro Copoví Ridaura	Director
Mr Salvador Vila Arcos	Director
Mr Salvador Vila Company	Director

The breakdown of related-party transactions in years 2019 and 2018 is as follows:

	2019 Income/(expense)	
Item	Services received	Interest charged
Associated companies	--	(1,232.88)
Other related parties	(81,508.42)	(15,803.02)
	(81,508.42)	(17,035.90)

	2018 Income/(expense)	
Item	Services received	Interest charged
Other related parties	(107,012.60)	(5,005.48)
	(107,012.60)	(5,005.48)

The breakdown of the balance with related parties is as follows:

	Credit balance as of 31.12.19	
Item	Purchases and services	Loans
Other related parties	(1,199.72)	(1,230,253.41)
	(1,199.72)	(1,230,253.41)

	Credit balance as of 31.12.18	
Item	Purchases and services	Loans
Other related parties	(3,731.05)	(478,855.48)
	(3,731.05)	(478,855.48)

The breakdown of the remuneration received by the Company's Directors in 2019 and 2018, by item, is as follows:

Amounts received by the members of the governing bodies	2019	2018
Wages, allowances and other remuneration	18,461.52	32,615.38

There are no advances or loans granted to the Directors, nor are there any pension or life insurance obligations in respect thereof.

The Company's Directors and the persons related thereto as referred to in Article 231 of the Spanish Corporations Act have reported that they do not have any direct or indirect situations of conflict with the Company's interests.

There are no staff members considered to be Senior Management.

15) Information on payment deferrals to suppliers. Third additional provision. Duty of information according to Law 15/2010, of 5 July

In relation to Law 15/2010 of 5 July, amending Law 3/2004, of 29 December, on measures to combat late payment in business transactions and in accordance with ICAC (Accounting and Auditing Institute) Resolution of 29 January 2016, the following is a breakdown of the average payment period to suppliers:

	2019	**2018**
	Days	Days
Average payment period to suppliers	62.73	71.92

16) Other information

The average number of employees and Directors during years 2019 and 2018 is as follows:

Professional category	2019	2018
Directors	4	3
Administrative-type employees	1	1
	5	4

The number of Directors and employees, by professional category, at the close of years 2019 and 2018, is as follows:

	As of 31.12.19		As of 31.12.18	
Professional category	Men	Women	Men	Women
Directors	4	-	4	-
Administrative-type employees	-	1	-	1
	4	1	4	1

The professional fees accrued by the Company's auditors or by any company in its group or with which it is linked by control, common ownership or management, are as follows for each financial year:

	2019	2018
For auditing of accounts	7,700.00	7,500.00
	7,700.00	7,500.00

17) Subsequent events

At the time of preparing these annual accounts, Spain, like many other countries, is in a critical situation derived from the infection caused by Coronavirus (COVID-19). Since the first reported case of COVID-19 Coronavirus infection in the city of Wuhan, China, in late December 2019, the outbreak rapidly spread to a large number of cities in China and subsequently to many countries around the world, including Spain. This has led the World Health Organization to declare the outbreak of COVID-19 Coronavirus an international pandemic on 11 March 2020, currently affecting more than 150 countries.

The Governments of most of the affected countries are taking restrictive measures to control and mitigate the spread of this virus that will undoubtedly have a significant impact on the world economic scenario and will generate significant uncertainties in the future evolution of many businesses. In this regard, in Spain, the government adopted Royal Decree 463/2020 of 14 March, which declared the state of alarm for the management of the health crisis caused by COVID-19, which in principle would last 15 calendar days.

This situation has also led to significant uncertainties and consequences, not only in the economic and financial sphere of the companies but also in other areas such as commercial, labour and tax. For this reason, in Spain, and in order to mitigate the possible impacts of this crisis and its effect on the country's activity, on last 18 March, Royal Decree Law 8/2020 of 17 March on extraordinary urgent measures to deal with the economic and social impact of the COVID-19 was published.

In accordance with the financial reporting framework applicable to the Company, and in relation to the annual accounts for the year ended 31 December 2019, the consequences of COVID-19 are considered to be a subsequent event that does not require an adjustment to the annual accounts for 2019 as they do not reveal circumstances that already existed at the end of the year, notwithstanding the fact that they must be disclosed in the report on the basis of their significance.

At the date of preparation of these financial statements, the directors have carried out an evaluation of the events described and their impact on the Company and its operations.

Although at the date of preparation of the annual accounts no significant consequences have arisen for the Company, it is possible that significant events will occur in the future, some of which could affect the Company. However, it is not feasible to estimate the nature of these events at this date and, where appropriate, to provide a reliable estimate of their effects. In any event, as a result of the uncertainty regarding the duration of the aforementioned crisis and its final effects at national and international level, and also the effect of the measures adopted to deal with it, including the implementation of aid to certain sectors, the final impact on our results will depend on future developments that cannot be forecast at present and which could affect the valuation of the Company's assets and, ultimately, the business activity.