Árima Real Estate SOCIMI, S.A. and subsidiaries

Report on limited review of condensed interim consolidated financial statements

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

Report on limited review of condensed interim consolidated financial statements

To the Shareholders of Árima Real Estate SOCIMI, S.A.:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Árima Real Estate SOCIMI, S.A. (hereinafter, "the parent company") and its subsidiaries (hereinafter, "the group"), which comprise the interim balance sheet as at 30 June 2020, and the interim income statement, interim statement of other comprehensive income, interim statement of changes in equity, interim statement of cash flows and related notes, all condensed and consolidated, for the six months period then ended. The parent company´s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended 30 June 2020 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

Emphasis of Matters

We draw attention to Note 6, in which mention is made of the fact that the Group's external surveyors issued their assessment based on a "material valuation uncertainty" in accordance with the RICS Valuation- Global Standards. As a result, a lower degree of certainty and a higher level of attention must be applied. Our conclusion is not modified in respect of this matter.

We draw attention to Note 2.1, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended 31 December 2019. Our conclusion is not modified in respect of this matter.

Other Matters

Interim consolidated directors´ Report

The accompanying interim consolidated directors' Report for the six months period ended 30 June 2020 contains the explanations which the parent company´s directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended 30 June 2020. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Árima Real Estate SOCIMI, S.A. and its subsidiaries´ accounting records.

Preparation of this review report

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

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed
by Rafael Pérez Guerra on
28 July 2020

ÁRIMA

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

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements
and the Consolidated Interim Management Report
for the six-month period ended at 30 June 2020

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ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONTENTS OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED AT 30 JUNE 2020

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2020
(Thousand euros)

ASSETS	Note	At 30 June 2020	At 31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	**5**	**173**	**136**
Investments properties	**6**	**253,220**	**221,650**
Other non-current financial assets	**7, 8**	**842**	**842**
		254,235	**222,628**
CURRENT ASSETS			
Trade receivables and other receivable services		**5,064**	**1,204**
Trade receivables for sales and services	7, 8	185	303
Other receivables accounts	7, 8	521	322
Personnel	7, 8	-	103
Other credits held with Public Authorities	13	4,358	476
Other current financial assets	**7**	**135**	**303**
Prepayment for current assets	**7**	**275**	**158**
Cash and cash equivalents	**9**	**152,039**	**153,967**
Cash and banks		152,039	153,967
		157,513	**155,632**
		411,748	**378,260**

Notes 1 to 19 form an integral part of these condensed consolidated interim financial statements at 30 June 2020.

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ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2020
(Thousand euros)

EQUITY AND LIABILITIES	Note	At 30 June 2020	At 31 December 2019
EQUITY			
Share capital	10	284,294	284,294
Share premium	10	5,769	5,769
Reserves		5,447	(9,924)
Treasury shares	10	(3,639)	(625)
Profit (loss) for the period		2,537	15,389
Other equity instruments		9,400	5,610
Hedging transactions	11	(1,372)	(735)
		302,436	**299,778**
NON CURRENT LIABILITIES			
Bank loans and credits	7, 11	103,899	72,427
Financial hedging derivatives	7, 11	1,372	735
Other non-current financial liabilities	7	911	956
		106,182	**74,118**
CURRENT LIABILITIES			
Bank loans and credits	**11**	**208**	**210**
Other current financial liabilities	**7**	**167**	**250**
Trade and other payables	**11**	**2,730**	**3,804**
Commercial creditors and other payables	11	2,031	2,314
Other current debts	11	-	135
Other debts with Public Authorities	13	699	1,355
Short-term deferred income	**7**	**25**	**100**
		3,130	**4,364**
		411,748	**378,260**

Notes 1 to 19 form an integral part of the condensed consolidated interim financial statements at 30 June 2020.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020
(Thousand euros)

	Note	Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
CONTINUED OPERATIONS			
Revenue	12	3,057	1,926
Changes in fair value of investment properties	6	8,550	15,033
Personnel costs	12	(6,748)	(990)
Other operating costs	12	(1,743)	(949)
Impairment and gains/(losses) on disposal of fixed assets		-	(33)
Amortisation and depreciation	5	(10)	(4)
OPERATING RESULTS		**3,106**	**14,983**
Financial income		2	-
Financial expenses		(571)	(248)
FINANCIAL RESULT		**(569)**	**(248)**
PRE-TAX RESULT		**2,537**	**14,735**
Income tax		**-**	**-**
PROFIT (LOSS) FOR THE PERIOD	**12**	**2,537**	**14,735**
Earnings per share attributable to the parent's company owners (Euros per share)			
Basic and diluted earning per share	**10**	**0.09**	**1.24**

Notes 1 to 19 form an integral part of the condensed consolidated interim financial statements at 30 June 2020.

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ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO EQUITY FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020
(Thousand euros)

	Note	Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
Profit (loss) for the financial year	**12**	**2,537**	**14,735**
<u>**Other comprehensive income**</u>			
Entries that may subsequently be reclassified to results		**(637)**	**(828)**
Other results		-	-
Cash-flow hedges transactions	11, 14	(637)	(828)
Entries that won't subsequently be reclassified to results		**-**	**-**
Other comprehensive income for the period		**1,900**	**13,907**
Total comprehensive income for the period		**1,900**	**13,907**

Notes 1 to 19 form an integral part of the condensed consolidated interim financial statements at 30 June 2020.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020 (Thousand euros)

	Share Capital (Note 10)	Share Premium (Note 10)	Reserves	Hedging reserves (Note 14)	Accumulated earnings	Other equity instruments (Note 16)	Treasury shares (Note 10)	TOTAL
BALANCE AT 1 JANUARY 2019	**100,063**	**-**	**(3,553)**	**-**	**1,124**	**-**	**(546)**	**97,088**
Profit/(loss) for the financial year	-	-	-	-	14,735	-	-	14,735
Other comprehensive income for the financial year	-	-	-	(828)	-	-	-	(828)
Total comprehensive income for the financial year	**-**	**-**	**-**	**(828)**	**14,735**	**-**	**-**	**13,907**
Capital increase	40,000	-	(1,516)	-	-	-	-	38,484
Other movements	-	-	1,124	-	(1,124)	-	-	-
Other results in treasury shares (Note 10)	-	-	11	-	-	-	52	63
BALANCE AT 30 JUNE 2019	**140,063**	**-**	**(3,934)**	**(828)**	**14,735**	**-**	**(494)**	**149,542**
BALANCE AT 1 JANUARY 2020	**284,294**	**5,769**	**(9,924)**	**(735)**	**15,389**	**5,610**	**(625)**	**299,778**
Profit/(loss) for the period	-	-	-	-	2,537	-	-	2,537
Other comprehensive income for the period	-	-	-	(637)	-	-	-	(637)
Total comprehnsive income for the period	**-**	**-**	**-**	**(637)**	**2,537**	**-**	**-**	**1,900**
Othre movements	-	-	15,370	-	(15,389)	3,790	-	3,771
Other results in treasury shares (Note 10)	-	-	1	-	-	-	(3,014)	(3,013)
BALANCE AT 30 JUNE 2020	**284,294**	**5,769**	**5,447**	**(1,372)**	**2,537**	**9.400**	**(3,639)**	**302,436**

Notes 1 to 19 form an integral part of the condensed consolidated interim financial statements at 30 June 2020.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020
(Thousand euros)

	Note	Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
A) CASH-FLOW FROM OPERATING ACTIVITIES			
Pre-tax result for the period		**2,537**	**14,735**
Adjustments to profit/loss		**(4,181)**	**(14,748)**
Depreciation of property, plant and equipment	5	10	4
Financial result		569	248
Changes in fair value of investment properties	6	(8,550)	(15,033)
Profit/(losses) on disposal of fixed assets		-	33
Other adjustments to profit/loss	16	3,790	-
Changes in working capital		**(5,315)**	**273**
Debtors and other receivables	8	(53)	(646)
Other current assets		(3,829)	(93)
Creditors and other payables	11	(1,519)	913
Other current liabilities		(83)	-
Other non-current assets and liabilities		169	99
Cash-flow from operating activities		**(6,959)**	**260**
B) CASH-FLOW FROM INVESTMENT ACTIVITIES			
Payments on investments			
Property, plant and equipment	5	(47)	(42)
Investment properties	6	(23,020)	(120,292)
Cash-flow from investment activities		**(23,067)**	**(120,334)**
C) CASH-FLOW FROM FINANCING ACTIVITIES			
Receivables and payments on equity instruments		**(3,013)**	**38,547**
Issue of equity instruments	10	-	38,484
Acquisition of tresury shares	10	(3,926)	(201)
Disposal of treasury shares	10	913	264
Receivables and payments on financial liabilities		**31,111**	**44,948**
Financial borrowings	11	31,793	75,083
Financial payments	11	-	(30,000)
Paid interest		(682)	(135)
Cash-flow from financing activities		**28,098**	**83,495**
NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENTS		**(1,928)**	**(36,579)**
Cash and cash equivalents at beginning of period		**153,967**	**57,970**
Cash and cash equivalents at end of period	**9**	**152,039**	**21,391**

Notes 1 to 19 form an integral part of the condensed consolidated interim financial statements at 30 June 2020.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020
(Thousand euros)

1. GENERAL INFORMATION

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

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

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

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

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

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

The Company may also engage in other ancillary activities, this being understood to mean activities that generate income accounting for less than 20% of the Company's total income over a single tax period.

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

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

a) <u>Regulatory regime</u>

The Company is regulated under the Spanish Capital Companies Act.

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

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

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

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

The First Transitional Provision of the SOCIMI Act allows for application of the SOCIMI tax rules under the terms set out in Article 8 of the SOCIMI Act, even when the requirements it contains are not met on the date of incorporation, on the condition that these requirements are met during the two years following the date on which it is decided to opt for application of the said tax rules. In this regard, the Directors consider that the necessary requirements have alredy met within the established terms and periods, and they have therefore not entered any income or expense in respect of Corporate Income Tax.

The Company has been listed on the Spanish Stock Market since 23 October 2018.

On 19 February 2020 the individual annual accounts of Árima Real Estate SOCIMI, S.A. and the consolidated annual accounts of Árima Real Estate SOCIMI, S.A. and subsidiaries at 31 December 2019 were prepared by the Board of Directors and were approved, without modifications, by the share holders on 28 May 2020.

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

b) Subsidiary companies

As of 30 June 2020, Árima Real Estate SOCIMI, S.A., is the parent company of a Group of companies (hereinafter, the "Group") which is comprised of the next subsidiary:

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

Árima Real Estate Investments, S.L.U. was incorporated on 10 December 2018. Its trade name was modified on 7 November 2019 to the current Árima Investigación, Desarrollo e Innovación, S.L.U. At 10 December 2018, Árima Real Estate SOCIMI, S.A. becomes the parent company of a group of companies.

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

2.1 Bases for presentation

These condensed consolidated interim financial statements for the six-month period ended at 30 June 2020 have been prepared in accordance with IAS 34, "Interim financial information", and therefore do not include all the information required by consolidated financial statements. completed in accordance with the International Financial Reporting Standards, adopted by the European Union, so that the accompanying interim financial statements must be read together with the consolidated annual accounts of the Group for the year ended at 31 December 2019, prepared from in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

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

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

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the consolidated annual accounts for the 2019 fiscal year, except as described in Note 2.3.

These condensed consolidated interim financial statements have been prepared and prepared by the Board of Directors on 24 July 2020. These condensed consolidated interim financial statements have been subject to a limited review, but have not been audited.

2.2 Comparative information

The figures presented in the condensed consolidated interim financial statements are comparable with each entry in the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows correspond to the six-month period ended at 30 June 2020, to the consolidated financial statements for the financial year ended at 31 December 2019 for the Balance, and to the condensed consolidated interim financial statements for the six-month period ended at 30 June 2019 for the Condensed Consolidated Interim Income Statement.

2.3 IFRS Interpretation Committee and IFRIC modifications

Standards, modifications and mandatory interpretations for all years beginning on 1 January 2020:

- IFRS 3 (Modification) – "Definition of business."
- IAS 1 (Modification) and IAS 28 (Modification) – "Definition of materiality and relative significance."
- IFRS 9 (Modification), IFRS 7 (Modification) and IAS 39 (Modification) – " Interest rate benchmark reform".

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

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

At the date on which these condensed consolidated interim financial statements are signed, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below can´t be adopted in advance by the Group or that are pending adoption by the European Union.

- IFRS 10 (Modification) y IAS 28 (Modification) – "Sale of contribution of assets between an investor and its associates of joint venture."
- IFRS 16 (Modification) – "Property, plant and equipment – Revenue before set in motion."
- IAS 37 (Modification) – "Onerous contracts – Cost of breaching a contract."
- IFRS 3 (Modification) – "Reference to Conceptual Framework."
- IAS 1 (Modification) – "Clasification of liabilities as current or non-current."
- IFRS 17 – "Insurance contract."
- IFRS 16 (Modification) – "Concessions to rental due to Covid-19.
- NIC 41 NIIF Annual improvements - Cicle 2018-2020 (May 2020).
- NIIF 1 NIIF Annual improvements - Cicle 2018-2020 (May 2020).
- NIIF 9 NIIF Annual Improvements – Cicle 2018-2020 (May 2020).
- NIIF 16 NIIF Annual improvements – Cicle 2018-2020 (May 2020).

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

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

2.4 Use of estimates

The preparation of these Condensed Consolidated Interim Financial Statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the presented amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. In preparation of this Condensed Consolidated Interim Financial Statements, the important judgements made by the Management when applying the Group's accounting policies and the key sources of uncertainty in the estimation have been the same as those applied in the Consolidated Annual Accounts for the year ended on 31 December 2019, and those related to the application of the new international accounting standard IFRS 16 (Note 3.1), except for changes in estimates to determinate the provision for income tax (Note 3).

3. FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

a) Market risk

The Group's interest rate risk arises from the financial debt. Loans issued at variable rates expose the Group to interest rate risk of cash flows.During the six-month period ended at 30 June 2020, the Group has signed long-term financing agreements with prestigious financial institutions at a variable market interest rate with mortgage guarantee (Note 6 and Note 11). The loands are remunerated at an interest rate referenced to EURIBOR plus a spread between 1.40% and 1.70%. As of 30 June 2020, the amount drawn down in nominal terms from this variable rates financial agreements amounts to 63,644 thousand euros.

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

These analyzes take into account:

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

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

b) Credit risk

Credit risk is managed at the Group level. The Group defines the credit risk management and analysis policy of its new clients before proceeding to offer them the usual payment terms and conditions. Credit risk originates, mainly from customers for sales and services, as well as from various debtors.

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

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

c) Liquidity risk

Cash flow predictions are carried out by the Group's Finance Department. This Department monitors forecasts of the Group's liquidity requirements in order to ensure that it has sufficient cash to meet its operational needs while maintaining sufficient available liquidity at all times to ensure that the Group continues to comply with its financing limits and covenants (Note 11).

d) Tax risk

As mentioned in Note 1, the Company is subject to the special tax regime of the rules governing Spanish Real Estate Investment Trusts (SOCIMIs). It is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012, under which SOCIMIs are governed. Article 3 of Act 11 of 26 October 2009 sets out certain requirements that must be met by this type of company. The companies that have opted for said regime are obliged to distribute dividends to its shareholders, once the pertinent mercantile obligations have been fulfilled, the benefit obtained in the year, having to arrange their distribution within the six months following the end of each year and be paid within the month following the date of the agreement of distribution.

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

e) Other risk

The appearance of the Coronavirus COVID-19 in China and its recent global expansion to a large number of countries, has led to the viral outbreak being classified as a pandemic by the World Health Organization since last March 11.

This situation is significantly affecting the global economy, and most sectors of the economy are facing challenges due to the economic situation.

In this context, the Company’s Management and the Board of Directors have carried out an evaluation of the current situation, according to the best information available, in these condensed consolidated interim statements.

- Operational and business Risk

  In general terms, although at the moment of this condensed consolidated interim financial Statements approval, the coronavirus crisis has not significantly affected the Group activity, it could observed a trend towards some stabilization of rents in the areas where the Group has investments properties, which could have impacted in their fair value. Real estate investments have remained open and accessible to tenants during this period, with all available services and enhanced measures for cleaning, disinfection and air filtration; and the evolution of the business has followed a favourable path, without significant impacts that have led to the adoption of extraordinary measures. On the other hand, rehabilitation projects have run their course without significant delays and without altering the Group's strategy. In addition, the Group has a high quality tenant base that has not altered the rental collection periods. The Board of Directors continue to monitor the possible impacts that the pandemic may have on the course of the ongoing works of certain real estate investments and the rental contracts of current and future tenants.

- Liquidity risk

  The Board of Directors monitors liquidity needs to ensure that it has the necessary financial resources to meet its needs. The Group is in a very robust position as it has cash and cash equivalents in the amount of 152,039 thousand euros, the level of leverage is not high (Note 3.2) and the maneuvering fund amounts to 154,383 thousand euros. In addition, 95% of the debt service facing the Group will take place in 2025 and subsequent years.

- Risk of valuation of assets and liabilities of the consolidated balance sheet:

  There have been no significant increases in risks from default or deterioration in the tenants' financial position. In addition, the Group counts at fair value real estate investments based on valuations made by the independent expert whose assumptions already reflect potential impacts of COVID-19.

  With respect to the remaining assets and liabilities of the consolidated balance sheet, no significant value changes related to the potential effects of the pandemic have been detected.

  With regard to the preparation of these Condensed Consolidated Interim Financial Statements, the Board of Directros have assessed and concluded that the Group's financial resources continue to allow the implementation ofthe going concern basis. .

  Due to the rapid and frequency of changes in the events and the potential evolution of the pandemic in the coming months (potential mitigating impacts and actions), significant estimates and judgments from the Board of Directos could be affected. Therefore, developing in these circumstances a reasonable estimate of the potential impact of COVID-19 on future operations and cash flows is difficult, because markets and economic operators may react unexpectedly to an unforeseen evolution of the pandemic.

(Thousand euros)

Finally, highlight that the Administrators and the Group Management are constantly monitoring the development of the situation in order to successfully address the possible financial and non-financial impacts that may occur.

3.2 Capital management

The main objectives of the Group's capital management are to ensure financial stability in the short and long term, the positive performance Árima Real Estate SOCIMI, S.A.’s share and the appropiate financing of investments. The financial leverage ratios, calculated as: (Financial debt / (Financial debt + Net equity)) as of 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Financial debt	104,107	72,637
Equity	303,436	299,778
Leverage	**25.61%**	**19.50%**

The Board of Directors consider the Group’s level of indebtedness as low. At 30 June 2020, the leverage amounted to 25.61% due to the signed financiation over the financial year.

3.3 Estimation of fair value.

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

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

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

30 June 2020

				Thousand euros
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property (Note 6)	-	253,220	-	-
Total assets	**-**	**253,220**	**-**	**-**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial hedging instruments (Note 14)	-	1,372	-	-
Total Liabilities	**-**	**1,372**	**-**	**-**

(Thousand euros)

31 December 2019

				Thousand euros
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property (Note 6)	-	221,650	-	-
Total Assets	**-**	**221,650**	**-**	**-**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial hedging instruments (Note 14)	-	735	-	-
Total Liabilities	**-**	**735**	**-**	**-**

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

During the six-month period ended at 30 June 2020 and 30 June 2019, there were no level transfers.

4. FINANCIAL INFORMATION BY SEGMENT

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

30 June 2020				**Thousand euros**
	Offices	**Logistics**	**Corporate**	**Total**
Revenue	2,246	811	-	3,057
Changes in the estimated fair value of investment properties	8,382	168	-	8,550
Operating costs	(713)	(85)	(7,693)	(8,491)
Fixed assets amortization	-	-	(10)	(10)
Operating Results	**9,915**	**894**	**(7,303)**	**3,106**
Financial income	-	**-**	2	2
Financial expenses	(448)	(106)	(17)	(571)
Financial Result	**(448)**	**(106)**	**(15)**	**(569)**
Pre-tax result	**8,687**	**788**	**(7,718)**	**2,537**
Income tax	**-**	**-**	**-**	**-**
Profit (loss) for the period	**8,687**	**788**	**(7,718)**	**2,537**

(Thousand euros)

30 june 2019

				Thousand euros
	Offices	**Logistics**	**Corporate**	**Total**
Revenue	1,591	335	-	1,926
Changes in the estimated fair value of investment properties	10,060	4,973	-	15,033
Operating costs	(465)	(22)	(1,453)	(1,940)
Losses on disposal of fixed assets	-	-	(33)	(33)
Fixed assets amortization	-	-	(4)	(4)
Operating Results	**11,186**	**5,286**	**(1,490)**	**14,983**
Financial income	-	-	-	-
Financial expenses	(112)	-	(136)	(248)
Financial Result	**(112)**	**-**	**(136)**	**(248)**
Pre-tax result	**11,075**	**5,286**	**(1,626)**	**14,735**
Income tax	-	-	-	-
Profit (loss) for the period	**11,075**	**5,286**	**(1,626)**	**14,735**

100% of the income corresponds to transactions carried out in Spain.

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

30 June 2020				**Thousand euros**
	Offices	**Logistics**	**Corporate**	**Total**
Non-current assets	**230,947**	**23,086**	**202**	**254,235**
Investments properties	230,470	22,750	-	253,220
Other non-current assets	477	336	202	1,015
Current assets	**25,280**	**10,067**	**122,166**	**157,513**
Non-current liabilities	**96,492**	**9,690**	**-**	**106,182**
Current liabilities	**2,254**	**156**	**720**	**3,130**

31 December 2019				**Thousand euros**
	Offices	**Logistics**	**Corporate**	**Total**
Non-current assets	**199,628**	**22,836**	**165**	**222,629**
Investments properties	199,150	22,500	-	221,650
Other non-current assets	478	336	165	979
Current assets	**2,768**	**403**	**152,460**	**155,631**
Non-current liabilities	**73,744**	**374**	**-**	**74,118**
Current liabilities	**2,620**	**8**	**1,736**	**4,364**

(Thousand euros)

5. PROPERTY, PLANT AND EQUIPMENT

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

	Thousand euros	
	Property, plant and equipment	Total
Balance at 1 January 2019	**63**	**63**
Cost	65	65
Accumulated depreciation	(2)	(2)
Net book value	**63**	**63**
Added	121	121
Sales	(40)	(40)
Allocation to depreciation	(11)	(11)
Reduction of depreciation charge	3	3
Balance at 31 December 2019	**136**	**136**
Cost	149	149
Accumulated depreciation	(13)	(13)
Net book value	**136**	**136**
Added	47	47
Sales	-	-
Allocation to depreciation	(10)	(10)
Reduction of depreciation charge	-	-
Balance at 30 June 2020	**173**	**173**
Cost	194	194
Accumulated depreciation	(21)	(21)
Net book value	**173**	**173**

a) Losses due to impairment

Neither during the six-month period ended June 30, 2020 nor during the period ended June 30, 2019, have been recognized or reversed impairment valuations for any item of property, plant and equipment.

b) Fully depreciated property, plant and equipment

No item had been fully depreciated property, plant and equipment at 30 June 2020 neither at 31 December 2019.

6. INVESTMENT PROPERTIES

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

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

	Thousand euros
	Investment properties
Balance at 1 January 2019	**39,975**
Acquisitions	158,471
Investment properties in progress	1,615
Gains/(loss) net of adjustments at fair value	21,589
Balance at 31 December 2019	**221,650**
Acquisitions	16,807
Subsequent capitalized disbursements	3,517
Investment properties in progress	2,696
Gains/(loss) net of adjustments at fair value	8,550
Balance at 30 June 2020	**253,220**

In the financial year 2019, the Group formalized the acquisition of five office buildings and one logistic facility for a total amount of 160,358 thousand euros . Office buldings are located in the most consolidated business areas of Madrid: on the urban axis M30-A2, in the business park of Cristalia, in María de Molina street, Ramírez de Arellano street and Vía de los Poblados. The logistic facility is located in San Agustín de Guadalix.

In June 2020, the Group has signed a purchase agreement for a property in the business area of Manoteras, Madrid,. The plot has 5,000 m^2 and the office building will have 11,962 m^2 and between 240 and 280 parking places. The Group has made the first payment, for the amount of 16,807 thousand euros.

At 30 June 2020 a mortgage was constituted on Guadalix and Vía de los Poblados properties as a guarantee of the granted financing in the period. At 31 December 2019 the financed buildings corresponded to the offices of Cristalia, María de Molina, Habana, Botanic (previously known as América) and Ramírez de Arellano properties.

(Thousand euros)

a) Income and expenses on investment properties

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

		Thousand euros
	Six-month period ended at 30 June 2020	**Six-month period ended at 30 June 2019**
Rental Income (Note 13)	3,057	1,926
Operating expenses resulting from investment properties that generate rental income	(530)	(488)
Operating expenses resulting from investment properties that do not generate rental income	(268)	-
	2,259	**1,438**

b) Opearating leases

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

		Thousand euros
	30 June 2020	**30 June 2019**
Less than one year	4,735	5,391
Between one and two years	3,815	5,003
Between two and three years	2,067	3,806
Between three and four years	1,852	1,984
Between four and five years	1,595	1,675
More than five years	149	1,483
	14,213	**19,342**

c) Insurances

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

d) Liabilities

At the close of the period, the Group does not have contractual obligations for the acquisition, construction or development of real estate investments, or for repairs, maintenance or insurance, in addition to those already included in the Note.

(Thousand euros)

e) Valuation process

The following is the cost and fair value of the real estate investments as of 30 June 2020 and 31 December 2019:

				Thousand euros
	30 June 2020		31 December 2019	
	Net book value	Fair value	Net book value	Fair value
Investment properties	221,123	253,220	198,440	221,650

The valuations of these real estate assets have been carried out using "market value" hypothesis, these valuations are carried out in accordance with the Professional Standards de Valoración de la Royal Institution of Chartered Surveyors of July 2017 - Red Book. . The market value of the Group's properties has been determined on the basis of evaluation carried out by independent expert valuers (CBRE Valuation Advisory, S.A.).

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

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

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

Directors have requested an assessment on 30 June 2020 of all real estate investments. Derived from this valuation, there has been a change in the fair value of the investment properties in the consolidated summary interim income statement of 8,550 thousand euros (21,589 thousand euros at 31 December 2019).

Based on the simulations performed on these valuations, the recalculated impact on the fair value of the properties in the portfolio at 30 June 2020, of a variation of 0.25% in the yield rate, would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 260,725 thousand euros.
- in the case that the yield was increased by 0.25%, the market value of these properties would be 246,295 thousand euros.

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

- in the event that the market rents increased by 10%, the market value of these properties would be 281,945 thousand euros.
- in the case that the market rents were reduced by 10%, the market value of these properties would be 224,815 thousand euros.

As of 31 December 2019, the following simulations were carried out, in yields and market income increases, on the valuations of the same, as well as the recalculated impact on the fair value of properties acquired from a variation of 0.25% in the rate of return ("yield"), would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 230,215 thousand euros.
- in the case that the yield was increased by 0.25%, the market value of these properties would be 213,910 thousand euros.

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

- in the event that the market rents increased by 10%, the real estate investments would amount to 244,090 thousand euros.
- in the event that market rents were reduced by 10%, real estate investments would amount to 199,150 thousand euros.

As of 30 June 2020, the yields used in the valuations of offices located in the prime area would be 4.25% and for those that are decentralized the yields would be 5.00% (4,25% and 5,25% respectively in December 2019). The discount rates used would be between 6.50% and 7.50% (6.50% and 7.50% respectively in December 2019).

As of 30 June 2020, the yields used in the industrial valuations located in the prime area would be 5.25% and for those that are decentralized the yields would be 6.50% (5.25% y 6.50% respectively in December 2019). The discount rates used would be around 8.50%.

The outbreak of the new Coronavirus (COVID-19), declared "Global Pandemic" by WHO on 11 March 2020, has impacted global financial markets. In this context, the external Group's valuer have issued its valuation based on a "valuation material uncertainty" in accordance with the VPS3 and VPGA10 regulations of the RICS Global Valuation Standards. Consequently, a lower degree of certainty and a higher degree of attention should be attributed to the assessment. However, the valuation of the assets reflects an estimate of the potential impact that this situation could have on the net income, growth expectations and discounts of each real estate investment.

The valuation of real estate investments has been framed within level 2 according to the definition described in Note 3.3 above. In this sense, the fair value of the investment properties has been carried out by independent valuation experts through the use of valuation techniques observable in the market and that are available based to a lesser extent on specific estimates of the entities.

(Thousand euros)

Over the course of the six-month period ended at 30 June 2020, no level transfers have occurred, neither at 31 December 2019.

7. FINANCIAL INSTRUMENTS ANALYSIS

a) Analysis by category

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

Thousand euros

	Non-current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Other long-term financial assets	-	-	842	842	-	-
Total long-term financial assets	**-**	**-**	**842**	**842**	**-**	**-**

	Current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Trade receivables for sales and services and other assets (Nota 8)	-	-	1,166	1,189	-	-
Total short-term financial assets	**-**	**-**	**1,166**	**1,189**	**-**	**-**

Thousand euros

	Non-current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Debts and other financial liabilities (Note 11)	103,899	72,427	-	-	2,283	1,691
Total long-term financial liabilities	**103,899**	**72,427**	**-**	**-**	**2,283**	**1,691**

(Thousand euros)

	Current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Debts and other payables (Note 11)	208	210	-	-	2,198	2,699
Total current financial liabilities	**208**	**210**	**-**	**-**	**2,198**	**2,699**

b) Analysis by maturity date

At 30 June 2020 and 31 December 2019, the value of financial instruments with a specific maturity date or with a maturity date falling within a specific year was as follows:

At 30 June 2020

	Thousand euros						
	Financial assets						
	2021	2022	2023	2024	2025	Subsequent years	Total
Trade receivables:							
- Trade receivables	706	-	-	-	-	-	**706**
- Other financial assets	410	227	50	-	337	228	**1,252**
	1,116	**227**	**50**	**-**	**337**	**228**	**1,958**

	Financial liabilities						
	2021	2022	2023	2024	2025	Subsequent years	Total
Debts:							
- Debts with credit entities	208	376	376	4,693	13,891	86,458	**106,002**
- Financial hedging instruments	-	-	-	321	-	1,051	**1,372**
Trade payables:							
- Trade and other payables	2,031	-	-	-	-	-	**2,031**
- Other financial liabilities	167	235	24	-	397	255	**1,078**
	2,406	**611**	**400**	**5,014**	**14,288**	**87,764**	**110,483**

At 31 December 2019

	Thousand euros						
	Financial assets						
	2020	2021	2022	2023	2024	Subsequent years	Total
Trade receivables:							
- Trade receivables	625	-	-	-	-	-	**625**
- Other financial assets	564	205	-	50	-	587	**1,406**
	1,189	**205**	**-**	**50**	**-**	**587**	**2,031**

(Thousand euros)

	Financial liabilities						
	2020	2021	2022	2023	2024	Subsequent years	Total
Debts:							
- Debts with credit entities	210	-	-	-	3,599	70,145	**73,954**
- Financial hedging instruments	-	-	-	-	150	585	**735**
Trade payables:							
- Trade and other payables	2,449	-	-	-	-	-	**2,449**
- Other financial liabilities	250	303	-	24	-	629	**1,206**
	2,909	**303**	**-**	**24**	**3,749**	**71,359**	**78,344**

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

8. LOANS AND RECEIVABLES

	Thuosand euros	
	At 30 June 2020	At 31 December 2019
Trade receivables and other long-therm accounts receivable		
- Other financial assets	842	842
Trade receivables and other accounts receivables	**5,064**	**1,204**
- Trade receivables for sales and services	185	303
- Other accounts receivable	521	322
- Personnel	-	103
- Other credits held with Public Authorities (Note 14)	4,358	476
	5,906	**2,046**

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

Under the heading "Other debtors", the amounts corresponding to the provision of funds, derived from the acquisitions of the investment properties (Note 6) and its financing (Note 11), are included.

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

Under the heading of customers there is an amount of 185 thousand euros relating to invoices pending issuance (282 thousand euros as of 31 December 2019).

(Thousand euros)

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

	Thousand euros	
	At 30 June 2020	At 31 December 2019
Up to 3 months	-	21
Between 3 and 6 months	-	-
More than 6 months	-	-
	-	**21**

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

9. CASH AND CASH EQUIVALENTS

	Thousand euros	
	At 30 June 2020	At 31 December 2019
Cash and banks	152,039	153,967
	152,039	**153,967**

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

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

a) Share capital and share premium

The Company was incorporated on 13 June 2018 with the issue of 300 registered shares, each with a par value of 10 euros.On the date of its incorporation, Rodex Asset Management, S.L. held 299 shares representing 99.99% of the Company's issued share capital, and Inmodesarrollos Integrados, S.L. held 1 ordinary share representing 0.01% of the Company's issued share capital.

On 25 July 2018 the Company changed its legal form from a private limited company to a public limited company and increased capital by 60 thousand euros. At that date, following the increase, Rodex Asset Management, S.L. held 6,279 registered shares, representing 99.99% of the Company's issued capital while Inmodesarrollos Integrados, S.L. held 21 registered shares, representing 0.01% of the Company's issued capital.

On 1 October 2018 an Universal General Shareholders' Meeting was held during which it was resolved to increase capital by 350,000 thousand euros maximum (the shareholders' waiving their preferential subscription right), through an offer for the subscription of the Company's shares.

On 8 October 2018 the Board of Directors approved the resolutions concerning the capital increase and the approval of the Share Subscription Prospectus for the admission to trading on the stock exchange of the Company's shares. On 19 October 2018 the Board of Directors approved the capital increase amounting to 100,000 thousand euros which was entered in the Madrid Commercial Register and began trading 10 million new shares with a par value of 10 euros each on 23 October 2018.

In 2019, the Universal General Shareholders' Meeting, at its meeting of March 21, approved a new capital increase, waiving the right of preferential subscription, and delegated to the Board of Directors the necessary powers to carry it out. This capital increase was approved by the CNMV on April 8, 2019, becoming effective through the issuance and circulation of 4 million new ordinary shares of 10 euros each as face value, resulting in an increase in the share capital of 40,000 thousand euros.

(Thousand euros)

Subsequently, as part of a new capital increase, the Company sign a subscription agreement with Ivanhoé Cambridge Holdings UK LTD, which compels it to subscribe and disburse 60,000 thousand euros for the new shares, with a maximum issue price of 10.40 euros each share. On 5 November 2019, the Universal General Shareholder's Meeting approved the resolutions concerning the capital increase, waiving the right of preferential subscription, and delegated to the Board of Directors the necessary powers to carry it out. This capital increase was approved by the CNMV on 15 November 2019, becoming effective through the issuance and circulartion of 14,423,076 new ordinary shares of 10 euros each as face value and 0.40 euros each as share premium, resulting in an increase in the share capital of 150,000 thousand euros.

As of 30 June 2020 and 31 December 2019 the breakdown of share capital is as follows:

	Thousand euros	
	At 30 June 2020	**At 31 December 2019**
Share capital	284,294	284,294
Share premium	5,769	5,769
	290,063	**290,063**

As of 30 June 2020, the share capital of the parent Company is 284,294 thousand euros and is represented by 28,429,376 shares with a par value of 10 euros each, all belonging to the same class and fully subscribed and paid. All the shares carry the same voting and dividend rights.

At 31 December 2019 the Company's share capital amounted to 284,294 thousand euros and consisted of 28,429,376 shares with a par value of 10 euros each. All shares were of the same class and are fully subscribed and paid in. All shares carried the same voting and dividend rights.

All the parent company's shares are listed on the Spanish Continuous Stock Market since 23 October 2018.

At 30 June 2020, the companies that held a share of 3% or more in the share capital are as follows:

Entity	**% voting rights allocated to shares**	**% voting rights held through financial instruments**	**Total %**
Bank of Montreal	8.400	-	**8.400**
Ivanhoe Cambridge, INC	20.293	-	**20.293**
Fundlogic SAS	3.234	-	**3.324**
Rodex Asset Management, S.L.	3.839	-	**3.839**
Pelham Long/Short small CAP Master Fund LTD	-	9.984	**9.984**
Ross Turner	-	9.984	**9.984**
	35.766	**19.968**	**55.734**

(Thousand euros)

At 31 December 2019, the companies that held a share of 3% or more in the share capital were as follows:

Entity	% voting rights allocated to shares	% voting rights held through financial instruments	Total %
Bank of Montreal	8.400	-	**8.400**
Ivanhoe Cambridge, INC	20.293	-	**20.293**
Morgan Stanley	5.498	-	**5.498**
Rodex Asset Management, S.L.	3.840	-	**3.840**
Pelham Long/Short small CAP Master Fund LTD	-	9.984	**9.984**
Ross Turner	-	9.984	**9.984**
Total	**38.031**	**19.968**	**57.999**

b) Treasury shares

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

	At 30 June 2020		At 31 December 2019	
	Number of treasury shares	Thousand euros	Number of treasury shares	Thousand euros
At the beginning of the period	**55,842**	**625**	**58,130**	**546**
Additions/purchases	381,743	3,926	138,340	1,518
Reductions	(21,251)	(912)	(140,628)	(1,439)
At the end of the period	**416,334**	**3,639**	**55,842**	**625**

The General Shareholders' Meeting of the Company agreed on 28 May 2020 to authorize, for a period of 5 years, the derivative acquisition of shares of Árima Real Estate SOCIMI, S.A. by the Company itself, under the provisions of articles 146 and concordant of the Capital Companies Act, complying with the requirements and limitations established in current legislation at all times, in the following terms: (i) the acquisitions may be made directly by the Company or indirectly through companies of its group, and they may be formalized, once or several times, through purchase, barter or any other legal transaction valid in Law. Acquisitions may also be made through an intermediary that acquires the shares on behalf of the Company under a liquidity contract subscribed between the Company and the intermediary; (ii) the nominal value of the shares to be acquired, added, where appropriate, to those already held, directly or indirectly, shall not exceed the maximum percentage legally permitted at any time; and (iii) the acquisition price per share will be at least the nominal value and, at most, the market price on the date of acquisition.

On 6 November 2019 Árima Real Estate SOCIMI, S.A. renovated into a 12 month liquidity contract with JB Capital Markets, Sociedad de Valores, S.A.U. in order to increase liquidity and favour the regular trading of the Company's shares. However, this liquidity contract is temporarily suspended since the buyback program of treasury shares is in force since 25 March 2020. The buyback contract has been signed with JB Capital Markets.

The General Shareholders' Meeting of 26 September 2018 resolved to implement the anincentive plan consisting of handing over shares or cash (on a discretionary basis) to the Company team(Note 2.17 and Note 17 of the consolidated annual accounts of the Group at 31 December 2019). Although this plan is in force as of 30 June 2020 no amount has been handed over. The Board of Directors, at its meeting on May 7, 2020, decided to postpone the delivery of the incentive plan, if it accrued, as a measure of support for the Company to face the current crisis situation caused by Covid-19.

The treasury shares held at 30 June 2020 represent 1.46% of the Company's share capital and amount to 416,334 shares (at 31 December 2019 represented 0.20% of the Company's share capital and amounted to 55,842 shares). The average cost of treasury shares has been 8.58 euros per share (the average cost of threasury shares in the same period of 2019 was 9,26 euros per share).

These shares are carried by reducing the Company's equity at 30 June 2020 by 3,639 thousand euros (at 31 December 2019 it was 625 thousand euros).

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

c) Profit (losses) per share

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

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

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

Basic and diluted earnings per share:

	At 30 June 2020	**At 30 June 2019**
Net income (thousand euros)	2,537	14,735
Weighted average number of issued shares (shares)	28,429,376	11,928,952
Weighted average number of common shares (shares)	28,228,998	11,871,405
Basic earning per share (euros)	0.09	1.24
Diluted earning per share (euros)	**0.09**	**1.24**

In relation to the calculation of earnings per share, there have been no transactions on ordinary shares or ordinary potential shares between the closing date of the condensed consolidated interim financial statements and the preparation thereof, which have not been taken into account in thecalculations for the period between 1 January 2020 and 30 June 2020.

(Thousand euros)

11. DEBTS AND OTHER PAYABLES

	Thousand euros	
	At 30 June 2020	At 31 December 2019
Debts and non-current liabilities:		
- Debts with credit entities	103,899	72,427
- Financial hedging instruments (Note 14)	1,372	735
- Guarantees	911	956
	106,182	**74,118**
Debts and current liabilities:		
- Debts with credit entities	208	210
- Other payables (Note 7)	2,031	2,314
-Other short-term debts	-	135
- Other debts held with Public Authorities (Note 13)	699	1,355
- Guarantees	167	250
	3,105	**4,264**

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

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

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

On January 28, 2019, the Group signed a financial agreement with a prestigious financial institution at a market interest rate. This financing was considered a bridge financing to continue with its investment activity, foreseeing its formalization in the long term in the following months. This financing was cancelled in the second quarter, in which two bilateral financing transactions were signed with prestigious financial institutions at a variable market interest rate by an amount of 64 million . Furthermore, in the third quarter of 2019 the Group has signed a new financial agreement of 20 million euros with a prestigious financial institution at a fixed interest rate.

Over the course of the six-month period ended at 30 June 2020, the Group has signed two financial agreements with prestigious financial institutions (Note 3.1a): a financing agreement with a mortgage guarantee at a fixed interest rate the first year and a market interest rate the following years for the amount fo 9 million euros, and another financing agreement with a mortgage guarantee at a fixed interest rate for the amount of 27 million euros.

This financing is recorded at amortized cost in the long-term liability under the heading "Debts with credit institutions". As of 30 June 2020 the amount of the amortized cost amounts to 1,895 thousand euros (1,317 thousad euros at 31 December 2019). The nominal maturities have been included in Note 7. This financing is guaranteed by the properties described in Note 6.

Under the heading "Short-term debt with credit entities" the amount of unpaid accrued interest in the amount of 208 thousand euros has been recorded.

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

(Thousand euros)

Additionally, the Group has contracted two interest rate swaps. The amount registered in the Derivative financial instruments headings correspond to the valuation of the derivative financial instruments as of 30 June 2020 (Note 14). The effective part of the changes in the fair value of derivatives that are designated and classified as hedges is recognized in the hedge reserve within equity.

12. INCOME AND EXPENSES

a) Net turnover figure

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

		Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
Market	**Percentaje**		**Thousand euros**
Domestic	100%	3,057	1,926
	100%	**3,057**	**1,926**

The net turnover figure breaks down as follows:

	Thousand euros	
	Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
Revenue		
Rents	2,549	1,603
Reinvoicing of costs	508	323
	3,057	**1,926**

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

b) Personnel costs

	Thousand euros	
	Six-month period ended at 30 June 2020	Six-month period ended at 30 June 2019
Wages, salaries and associated costs	(6,648)	(900)
Welfare charges:		
- Other welfare charges	(100)	(90)
	(6,748)	**(990)**

Under the heading "Wages, salaries and associated costs" is booked the amount related to the incentive plan approved by the shareholders (Note 16).

At 30 June 2020 there was no compensation for dismissals and neither as of 30 June 2019.

(Thousand euros)

The average number of employees during the six-month period ended at 30 June 2020 is 11 people, shown by professional grade, was as follows:

Categories	**2020**	**2019**
Management	8	7
Employees with degrees	3	2
Administrative personnel and others	2	1
	13	**10**

In addition, at 30 June 2020, Company personnel details broken down by gender were as follows:

			2020
Grades	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	1	3
Administrative personnel and others	1	1	2
	9	**4**	**13**

At 30 June 2019, Company personnel broken down by gender were as follows:

			2019
Grades	**Men**	**Women**	**Total**
Management	5	2	7
Employees with degrees	2	-	2
Administrative personnel and others	1	1	2
	8	**3**	**11**

c) External services

The following table gives a breakdown of the external services:

	Thousand euros	
	Six-month period ended at 30 June 2020	**Six-month period ended at 30 June 2019**
External services directly attributable to real estate assets	(798)	(488)
Other external services	(945)	(461)
	(1,743)	**(949)**

d) Financial expenses

Financial expenses accrued in the six-month period ended at 30 June 2020 are associated with the financing obtained in the period (Note 11).

(Thousand euros)

13. INCOME TAX AND TAX POSITION

The expense for income tax is recognized based on Management's estimate of the expected weighted average tax rate for the entire financial year. The estimated annual average tax rate for the six-month period ended June 30, 2019 is 0%, according to Law 11/2009, of October 26, and the amendments incorporated to it by Law 16/2012 , of December 27, by which the SOCIMIs are regulated.

Tax inspections

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

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may be raised in the event of a tax inspection. In any case, the Directors believe that any such liabilities, in the event that they arise, will not have any significant effect on the balance sheet or the income statement for the six-month period ended at 30 June 2020.

At 30 June 2020 and 31 December 2019, the amounts receivable and the amounts payable by the Company in respect of the Public Authorities broke down as follows:

		Thousand euros
	At 30 June 2020	**At 31 December 2019**
Accounts receivable		
Receivables from Spanish Tax Authorities (VAT)	4,358	476
	4,358	**476**
Payment commitments		
Payables to Spanish Tax Authorities (withholdings collected)	(231)	(579)
Payables to Social Security Bodies	(21)	(18)
Stamp duty on the acquisition of investment properties (Note 6)	(447)	(758)
	(699)	**(1,355)**

The accounts receivable from Spanish Tax Authorities correspond, mainly, to the Value Added Tax generated in the purchase agreement signed in June 2020 (Note 6).

(Thousand euros)

14. FINANCIAL HEDGING DERIVATIVES

						Thousand euros
			2020			
			Non-current		Current	
	Covered principal	Maturity	Asset	Liability (*)	Asset	Liability
Interest rate swap	22.700	2026	-	1,051	-	-
Interest rate swap	21.626	2024	-	321	-	-
			-	**1,372**	**-**	**-**

(*) See Note 7.b

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

The interest rate swap derivative (financial swap) allows to change a variable interest rate to a fixed interest rate in bank loans signed by the Group. The cashflow covered is the foreseen future payments of interests related to the financial debts (Note 11). Changes in fair value of the interest rate swap are registered in “Adjustements for changes in value” inside Equity.

15. PROVISIONS AND CONTINGENCIES

Contingent liabilities

Neither at 30 June 2020 nor 31 December 2019 has the Company any contingent liabilities.

16. BOARD OF DIRECTORS AND OTHER PAYMENTS

Remuneration of members of the Board of Directors

During the period between 1 January 2020 and 30 June 2020, the remuneration of the members of the Board of Directors of the Company has amounted to 1.202 thousand euros (339 thosand euros at 30 June 2019). In addition, during the period ended 30 June 2020, the parent company has paid the amount of 19 thousand euros in premiums for liability insurance covering the members of the Board of Directors of the parent company for the exercise of its office (26 thousand in 2019).

The members of the Parent Company's Board of Directors do not have pension funds or similar obligations for their benefit. During the periods ended June 30, 2020 and June 30, 2019, there are no Senior Management personnel who do not belong to the Parent Company's Board of Directors

Additionally, there is a compensation plan based on the hanging out of shares whose beneficiary is the Company’s team(Note 2.17 of the Annual Accounts for the financial year ended at 31 December 2019). This plan, which is in force, has a annual accrual when, for each calculation period (between 1 July and 30 June of the following year) are accomplished certain value generation conditions. The first calculation period ends at 30 June 2020, and the parent Company has booked associated to that plan a cost amounting to 3.790 thousand as of 30 June 2020 (5,610 as of 31 December 2019) under the caption other equity instrumentsof the Balance Sheet. Although this plan is in force, as of 30 June 2020 no amount has been handed out. The Board of Directors, at its meeting on May 7, 2020, decided to postpone the delivery of the incentive plan, if it accrued, to support the Company to face the current crisis situation caused by Covid-19.

The non executive members of the parentCompany’s Board of Directors have not received shares or share options during the six-month period ended at 30 June 2020 and six-month period ended at 30 June 2019, nor have exercised options or have options pending to exercise.

17. RELATED-PARTY TRANSACTIONS

As of 30 June 2020, there are no pending balances with group companies and related parties. As of 31 December 2019, there were no pending balances with group companies and related parties. During the six-month periods ended at 30 June 2020 and 30 June 2019 there have been no transactions with related parties.

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

a) Reserves from financial years prior to the application of the tax rules set out in Act 11/2009, as amended by Act 16 of 27 December 2012.

Not applicable.

b) Reserves from financial years in which the tax rules set out in Act 11/2009, as amended by Act 16 of 27 December 2012, have been applied.

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

(Thousand euros)

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

	Property	Localization	Date acquired
1	María de Molina	Calle María de Molina, on the corner with Calle Príncipe Vergara, Madrid	21 December 2018
2	Paseo de la Habana	The junction of Paseo de la Habana and Avenida de Alfonso XIII, Madrid	21 December 2018
3	Edificio Botanic	Calle Josefa Valcárcel, 42, Madrid	29 January 2019
4	Edificio Play	Vía de los Poblados, 3 -Parque Empresarial Cristalia, Edificio 4B, Madrid	29 January 2019
5	María de Molina	Calle María de Molina, on the corner with Calle Príncipe Vergara, Madrid	28 February 2019
6	Nave Guadalix	Barranco Hondo, San Agustín de Guadalix	12 April 2019
7	Ramírez de Arellano, 21	Calle Ramírez de Arellano, 21, Madrid	28 June 2019
8	Vía de los Poblados, 7	Vía de los Poblados 7, Madrid	30 December 2019
9	Manoteras, 28	Calle Manoteras, 28, Madrid	11 June 2020

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

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

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

Not applicable

19. SUBSEQUENT EVENTS

From 30 June 2020 to the date on which these interim consolidated financial statements were authorised for issue, there were no significant events to disclose.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020

1. ORGANIZATION STRUCTURE AND FUNCTIONING

Árima Real Estate SOCIMI, S.A. (Árima, the Company or the dominant Company) was created in Spain on 13 June 2018 as Árima Real Estate, S.L. in accordance with the Ley de Sociedades de Capital by issuing 300 shares with a nominal value of 10 euros each. Subsequently, on 25 July 2018, the Company became a limited company and increased its capital by issuing 6,000 new shares with a nominal value of 10 euros each one.

On 27 September 2018, the Company informed the Spanish tax authorities of its application of the Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (SOCIMI).

On 1 October 2018, was held a General Shareholder's Meeting in which was approved a capital increase, waiving the pre-emptive subscription rights of the shareholers in an offer to subscribe for the Company's shares. Subsequently, on 23 October 2018, Árima went public through a capital increase of 100 million euros by issuing 10 million ordinary shares with a nominal value of 10 euros each one.

In 2019, the Universal General Shareholders' Meeting, at its meeting of March 21, approved a new capital increase, waiving the right of preferential subscription, and delegated to the Board of Directors the necessary powers to carry it out. This capital increase was approved by the CNMV on April 8, 2019, becoming effective through the issuance and circulation of 4 million new ordinary shares of 10 euros each as face value, resulting in an increase in the share capital of 40 million euros.

In the last quarter of 2019, as part of a new capital increase, the Company sign a subscription agreement with Ivanhoé Cambridge Holdings UK LTD, which compels it to subscribe and disburse 60 million euros for the new shares, with a maximum issue price of 10.40 euros each share. On 5 November 2019, the Universal General Shareholder's Meeting approved the resolutions concerning the capital increase, waiving the right of preferential subscription, and delegated to the Board of Directors the necessary powers to carry it out. This capital increase was approved by the CNMV on 15 November 2019, becoming effective through the issuance and circulartion of 14,423,076 new ordinary shares of 10 euros each as face value and 0.40 euros each as share premium, resulting in an increase in the share capital of 150 million euros.

Árima is a company that was created without assets –"*blind pool*"- in order to take advantage of the opportunities of the Spanish real estate sector. At 31 December 2018, in just two months from its flotation , the Group invested 110 million euros, making its debut in the market with the adquisition and investment commitment of four prime office assets located in the most consolidated áreas of Madrid.

The Board of Directors of the dominant Company carries out its activity in accordance with the corporate governance standards set forth, mainly, in the Bylaws, in the Regulations of the Shareholders' Meeting and in the Regulations of thr Board of Directors, also following the maximum commitment of compliance, the recommendations of the Good Governance Code.

The dominant Company's Board of Directors is the supervisory and control body for the Company's activity, with jurisdiction over matters such as the approval of the Group's general policies and strategies, corporate governance and corporate social responsibility policy, the risk control and management policy and compliance with the requirements necessary to maintain SOCIMI status.

The Board of Directors has two fundamental committes: an Audit and Control Committee and additionally the appointments and remuneration committee whose main function is to support the Board of Directors in their tasks of supervising and controlling the Group's ordinary management.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020

The Group's Shareholders include important national and international funds highly interested in the opportunities existing in the Spanish real estate market and in the hability of the management team to maximize and optimize the performance and value of the portfolio.

2. EVOLUTION AND RESULTS OF BUSINESS

The Group, since its launch on the stock market in October 2018, has carried out various operations to acquire real estate assets, which have resulted in a positive consolidated result of 2,537 thousand euros in the first six months of 2020.

During the financial year 2019, the Group materialized the acquisition commitments that it had acquired at the end of the previous financial year, and made four additional investments for the amount of 98 milion euros. Following the Group's strategy, these are three prime office assets located in the most consolidated business areas of Madrid, and a logistic warehouse located in San Agustín de Guadalix, the second logistic ring of Madrid, an excellent location of distribution to all Spain.

Following these acquisitions, the Group's portfolio collectively totals more than 75,000 leaseable square meters and more than 770 parking spaces. The properties are faithful to the investment model of the listed company: they make up a balanced portfolio of offices for the rent with great potential for appreciation for SOCIMI shareholders.

In June 2020, the Group has signed a purchase agreement for a property in the business area of Manoteras, Madrid. The plot has 5,000 m^2 and the office building will have 11,962 m^2 and between 240 and 280 parking places. The Group has made the first payment, for the amount of 16,750 thousand euros.

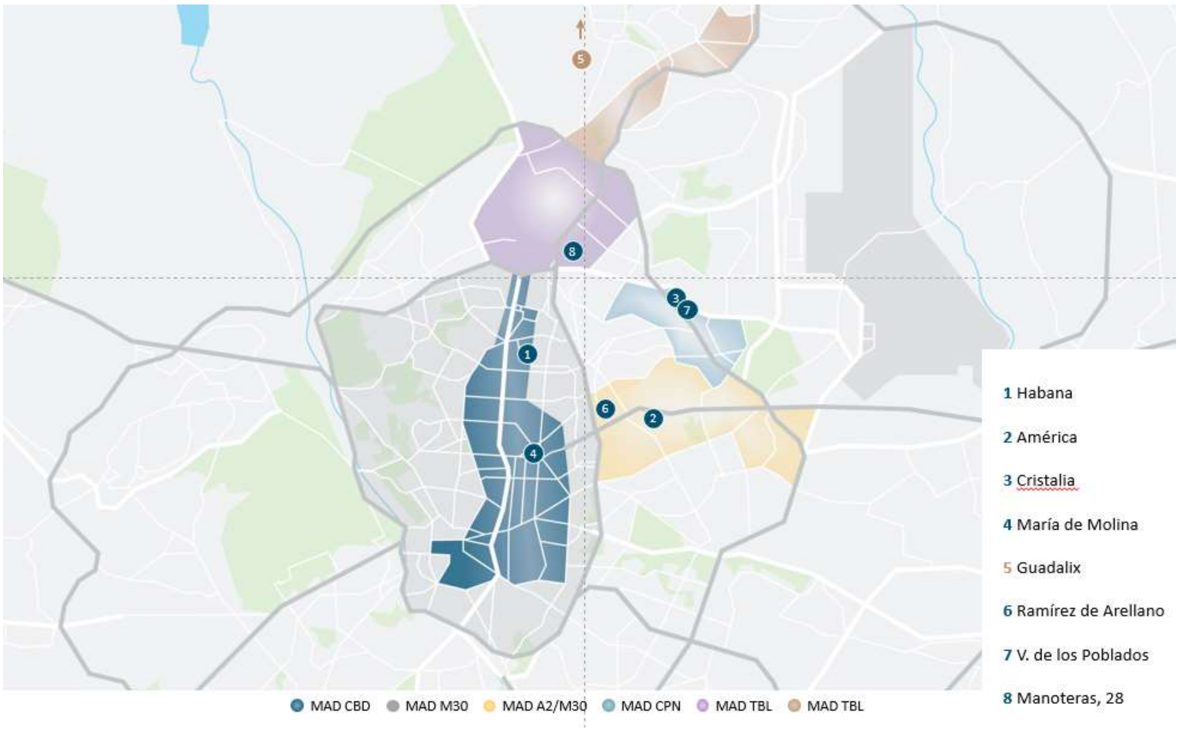
ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020

Árima focuses its business strategy on investments in high-quality rental assets with strong growth potential. The commercial policy is based, mainly, on operating offices in the financial centers of Madrid and Barcelona, as well as in other consolidated enclaves outside the urban center, logistics properties in the most important distribution centers in Spain and, to a lesser extent, other tertiary assets.

The investments made by the Group result in the composition of a very balanced portfolio with excellent indicators such as the internal rate of return and the initial profitability on the acquisition cost, all of them aligned with the Group's commitments detailed in the IPO Prospectous and the Capital Increase Brochures.

The investments made respond to a disciplined strategy in which a product with great potential for generating value in highly consolidated areas of the metropolitan area and the border area of Madrid has been sought, as shown in the following map:



ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020

The properties that make up the Group's portfolio are as follows:

Habana

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD CBD	4,200 m²	65	€4,017/m²	€25,000/p.s.

María de Molina, 39

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	CBD	3,897.20 m²	24	€5,737/m²	€55,000/p.s.

Josefa Valcárcel 42

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD A2/M30	9,272 m²	193	€2,264/m²	€15,000/p.s.

Edificio Play

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD A2/CN	10,928m²	202	€3,222/m²	€20,000/p.s.

Guadalix

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Logistics	MAD S. Agustín de Guadalix	25,694 m²	177	€638/m²	€0/p.s.

Ramírez de Arellano 21

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD M30-A2	6,759 m²	110	€4,233/m²	€35,000/p.s.

Vía de los Poblados 7

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD A2/CN	14,651 m²	228	€2,265/m²	€20,000/p.s.

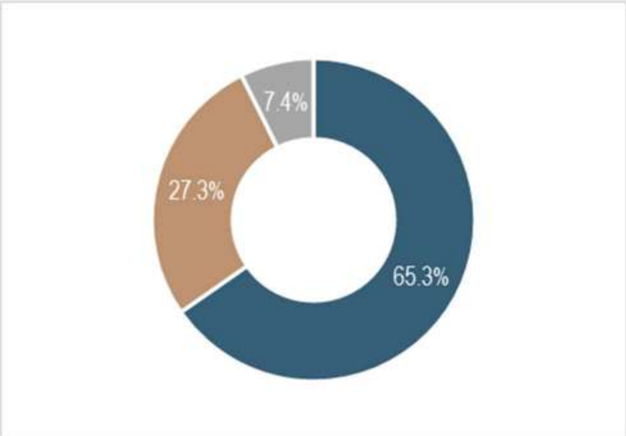
Manoteras, 28

TYPE	LOCATION	GLA	PARKING SPACES	PRICE GLA	PRICE PARKING/SPACE
Offices	MAD M30 A1	11.962 m²	245	2.805€/m²	22.000 €/pks

The Revenue derived from the lease of the real estate assets acquired amounted to 3,057 thousand euros in the first six months of the financial year 2020 (1,926 thousad euros as of 30 June 2019). EBITDA – profit before interest, taxes, depreciation and amortization – amounts to 3,116 thousand euros.

The following graph breaks down the objective value creation of the portfolio, taking into account the nature of the management and strategy for each of the properties after a detailed analysis of them and of the market: through the commercialization of empty spaces, of the remodeling of the acquired properties or the integral rehabilitation of the assets:

Gestión activa	GAV (€m)	GAV (%)
Repositioning & Improvement	179.8	65.3%
Re-gearing & Re-leasing	75.2	27.3%
Leasing vacant	20.3	7.4%
Total	**275.2**	**100.0%**



3. EPRA INFORMATION

The NAV of the Group following the best practice recommendations of the *European Public Real Estate Association* (EPRA) is detailed below:

EPRA Net Asset Value (NAV)

	Thousand euros	
	30/06/2020	**31/12/2019**
NAV	**302,436**	**299,778**
Effect of options, convertibles bonds and other interest	-	-
Diluted NAV	302,436	299,778
Excluded:		
Hedging transactions	(1,372)	(735)
EPRA NAV	**303,808**	**300,513**
Number of issued shares (without treasury shares)	28,013,042	28,373,534
EPRA NAV per share (euros)	**10.8**	**10.6**

4. EVOLUTION OF THE SHARES

The share price at 30 June 2020 is 8.80 euros per share. The share prices as of 30 June 2019 was 9.90 euros per share.

5. TREASURY SHARES

The movement of treasury shares in the period/year is as follow:

	At 30 June 2020		At 31 December 2019	
	Number of treasury shares	**Thousand euros**	**Number of treasury shares**	**Thousand euros**
At the beginning of the period/year	**55,842**	**625**	**58,130**	**546**
Additions/purchases	381,743	3,926	138,340	1,518
Reductions	(21,251)	(912)	(140,628)	(1,439)
At the end of the period/year	**416,334**	**3,639**	**55,842**	**625**

The shares held by the parent Company on 30 June 2020 accounted for 1.46% of the parent Company's share capital and totalled 416,334 shares (on 31 December 2019 it accounted for 0.20% and tottalled 55,842 shares). Te average cost of treasury shares was €8.58 per share in 2020 (€9.26 per share in the same period of 2019).

These shares are registered, thus reducing the value of the Group equity on 30 June 2020 in the amount of 3,639 thousand euros (625 thousand euros on 31 December 2019).

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

6. DIVIDEND POLICY

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

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

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

c) At least 80% of the remaining profits obtained

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

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

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

	Miles de euros	
	30/06/2020	**30/06/2019**
Result for the period - *Spanish GAAP*	**(7,031)**	**(923)**
Adjustments:		
(I) Consolidation	(1)	-
(II) Amortization of investment properties	1,019	625
III) Changes in value of investment properties	8,550	15,033
Result for the period - *IFRS*	**2,537**	**14,735**

7. RISK MANAGEMENT

Árima has established a risk control system that covers its activity and is appropiate to its risk profile. Risk management policies are monitored by the dominant Company's Board of Directors. The main risk to achieve the Group's objectives is compliance with the regulatory requirements necessary to maintain its status as SOCIMI. The risk monitoring system also includes the mamagement of financial risk. Note 3 of the Notes to the consolidated annual accounts gives details of the Group's risk management activities.

8. THE TEAM

The team of professionals who make up Árima is one of the Group's main strenghts. Since its incorporation, it has selected the highty qualified personnel necessary to develop its strategies and achieve its objetives.

Árima Real Estate is an internally managed real estate investment group that integrates the management team into its organisational structure. This internal team Works exclusively and full time for the Group and its shareholders. The team comprises specialist professionals with extensive experience and a proven track record in the real estate sector as well as a Deep understanding of the market. This expert group of professionals is able to undertake highly complet investment operations over short periods of time and complete all aspects of value creation process, from identification of the investment to the active management of the property and its potential turnaround.

The Group is supervised by a Board of Directors with a large majority of independent directors who have a combination of skills in the real estate, financial, international and legal sectors. The Board is advised by and investment Committee, an Appointments and Remuneration Committee and an Audit and Control Committee that ensure compliance with the investment and profitability requirements established.

Árima has assembled a solid team of real estate professionals, whose members have more tan 100 years of professional experience. The Team Works exclusively to the creation of value for the Group and its shareholders and to the satisfaction of its clientes. Their specialist skills and existing contact network provide the management team with Access to unique investment opportunities in the Spanish real estate market.

9. ALTERNATIVE PERFORMANCE MEASURES

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

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

Alternative performance measures relating to the income statement

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

Alternative performance measures realting to the balance sheet

- Gross Asset Value (GAV): this it the value of the portfolio according to its most recent external valuation by an independent expert. This figure is used to determine the value generated as a resulto f the Group's management of its asset portfolio. See Note 6 of these condensed consolidated interim statements.

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

10. SUBSEQUENT EVENTS

From 30 June 2020 to the date of preparation of these consolidated condensed interim statements, there have been no subsequent significant events that require disclosure.

11. PRINCIPAL RISKS AND UNCERTAINTY

The Group's business is subject to a range of risks that are inherent in the sector, such as changes to tax rules, developments in the real estate market, the search for further potencial acquisitions in the Spanish prime assets market and the availability of financing and resources to undertake these acquisitions.

The Group therefore undertakes its activities with close attention to risk management, with the aim of acquiring real estate investments that match its strategy and that Will offer maximun value for shareholders in the medium and long term . The Group has investment resources that result from its cash flows, with the capacity to finance the assets that still requiere financing, thus allowing it to continue to pursue its investment strategy centred on real estate assets in Spain.

On the other hand, the emergence and expansion worldwide of COVID-19 coronavirus, rated as a pandemic by the World Health Organization, is significantly affecting the global economy due to disruption or slowing supply chains and a significant increase in economic uncertainty, evidenced by an increase in asset price volatility, exchange rates and a reduction in long-term interest rates. At the moment, however, the impact on the economy and the results of the responses that different international governments and monetary institutions are beginning to develop are still uncertain.

For Árima Real Estate SOCIMI, S.A., taking into account that, from an operational point of view, all our assets in operation have remained open and accessible to tenants during this period, with all the services available and enhanced measures of cleanliness, disinfection and air filtration, the evolution of the business has followed a favorable path, without significant impacts that have led to the adoption of extraordinary measures.

During this period, our main objective has been to protect the health and safety of our employees, tenants, contractors and suppliers, while maintaining the company's activity. Following the pandemic and alarm status statements in our country, measures have been taken to make hygiene extremely clean, travel has been limited, telework processes have been implemented, and the safety of all workers in the descaling process has been ensured.

From a financial point of view, Árima has a strong balance to overcome this challenging period, with a reduced leverage (38% LTV) and a cash position and equivalents of 154 million euros as of June 30, 2020, which translates into a positive maneuvering fund of 156 million and a net debt amount (positive) of 48 million at that date. In addition, 95% of the debt service facing the Company will take place in 2025 and subsequent years, minimizing the Group's liquidity risk. In addition, Arima has a high-quality tenant base that has allowed the rental collection terms not to be altered. On the other hand, rehabilitation projects take their course without altering the Group's strategy.

In order to support and contribute to the ongoing effort to combat the pandemic, Árima has made donations, providing disinfection equipment and health protection equipment during this period for a total amount of 323 thousand euros. The Board of Directors and the management team unanimously decided to temporarily and voluntarily waive 50% of their remuneration during the alarm state, which has been 65% of what was provided. It also decided to postpone the delivery of the incentive plan, if accrued, as a support measure to the Company to face the current crisis situation caused by Covid-19.

See the additional information included in Note 3.1.e) of the the condensed consolidated interim financial statements as of 30 June 2020.

12. USE OF DERIVATIVES

The coverage of cash flows through interest rate swaps (financial swap) allows to exchange debt at variable interest rate for fixed-rate debt, where future cash flows to be covered are future interest payments on contracted loans. Changes in the fair value of derivatives are reflected in "Hedging Reserve" in equity. See Note 14 of these consolidated interim financial statements.

ÁRIMA

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2020

The Board of Directors of the company Árima Real Estate SOCIMI, S.A. on 24 July 2020 proceeds to prepare the condensed consolidated interim financial statements for the six-month period ended at 30 June 2020.

Mr. Luis María Arredondo Malo
President

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

Mr. David Jiménez-Blanco Carrillo de Albornoz
Board Member

Mr. Cato Henning Stonex
Board Member

Mr. Fernando Bautista Sagüés
Board Member

Mr. Stanislas Henry
Board Member

Mrs. Chony Martín Vicente-Mazariegos
Board Member

Notice extended by the Secretary to the Board, placing on record that, following the preparationby the members of the Board of Directors of Árima Real Estate SOCIMI, S.A. and subsidiaries of the condensed interim consolidated financial statements and consolidated interim management report for the period of six months ended at 30 June 2020 at the 24 July 2020 meeting, all directors have signed this document and stamped their signature on this last page, to which I bear witness, in Madrid, on 24 July 2020. I also certify that these condensed interim consolidated financial statements are the same as those approved by that Board of Directors, and therefore I sign all pages.

Mr. Iván Azinovic Gamo