Árima Real Estate SOCIMI, S.A. and subsidiares

Report on limited review
Condensed consolidated interim financial statementes
for the six-month period ended June 30, 2023
Consolidated interim management report

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

Report on limited review of condensed consolidated interim financial statements

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

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Árima Real Estate SOCIMI, S.A. (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the interim balance sheet as at 30 June 2023, and the interim income statement, interim statement of comprehensive income, interim statement of changes in equity, interim cash flow statement and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting 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. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to note 2.1 of the condensed consolidated interim financial statements, in which it is mentioned that these mentioned interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2023 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2023. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Árima Real Estate SOCIMI, S.A. and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 100 of Law 6/2023, of March 17, on Securities Markets and Investment Services.

PricewaterhouseCoopers Auditores, S.L.

Original signed by

Fernando Pindado Rubio

26 July 2023

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 2023

ÁRIMA

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 2023

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2023
(Thousand euros)

ASSETS	Note	At 30 June 2023	At 31 December 2022
NON-CURRENT ASSETS			
Intangible assets	**5**	**235**	**246**
Property, plant and equipment	**6**	**187**	**212**
Investments properties	**7**	**402,400**	**379,700**
Non-current financial investments		**5,536**	**5,012**
Loans to third parties	8, 9	1,413	1,402
Financial hedging derivatives	8, 9, 15	2,497	2,517
Other non-current financial assets	8, 9	1,626	1,093
Prepayment for non-current assets	**8**	**738**	**808**
		409,096	**385,978**
CURRENT ASSETS			
Trade receivables and other receivable services		**4,524**	**5,327**
Trade receivables for sales and services	8, 9	2,833	1,564
Other receivables accounts	8, 9	17	-
Other credits held with Public Authorities	9, 14	1,674	3,763
Prepayment for current assets	**8**	**1,432**	**1,314**
Other current financial assets	**8, 9**	**20,025**	**20,054**
Cash and cash equivalents	**10**	**9,111**	**51,568**
Cash and banks		9,111	51,568
		35,092	**78,263**
		444,188	**464,241**

Notes 1 to 20 form an integral part of these condensed consolidated interim financial statements at 30 June 2023.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2023
(Thousand euros)

EQUITY AND LIABILITIES	Note	At 30 June 2023	At 31 December 2022
EQUITY			
Share capital	11	284,294	284,294
Share premium	11	5,769	5,769
Reserves		54,920	44,444
Profit (loss) for the period		(14,793)	10,478
Other equity instruments	17	1,033	525
Treasury shares	11	(18,051)	(17,072)
Hedging transactions	15	2,497	2,517
		315,669	**330,955**
NON CURRENT LIABILITIES			
Bank loans and credits	8, 12	116,153	118,886
Other non-current financial liabilities	8	2,033	1,996
		118,186	**120,882**
CURRENT LIABILITIES			
Bank loans and credits	**8, 12**	**4,367**	**1,322**
Other current financial liabilities	**8**	**34**	**103**
Trade and other payables	**8, 12**	**5,932**	**10,979**
Commercial creditors and other payables	8, 12	5,100	9,708
Personnel	8, 12	500	960
Other debts with Public Authorities	12, 14	332	311
		10,333	**12,404**
		444,188	**464,241**

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2023.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023
(Thousand euros)

	Note	Six-month period ended at 30 June 2023	Six-month period ended at 30 June 2022
Revenue	13	4,473	4,100
Changes in fair value of investment properties	7	(12,591)	23,722
Personnel costs	13, 17	(3,490)	(3,039)
Other operating income		1	-
Other operating costs	13	(2,273)	(1,579)
Depreciation of intangible assets	5	(11)	(11)
Depreciation of plant, property and equipment	6	(27)	(27)
OPERATING RESULTS		**(13,918)**	**23,166**
Financial income		631	11
Financial expenses		(1,506)	(629)
FINANCIAL RESULT	**13**	**(875)**	**(618)**
PRE-TAX RESULT		**(14,793)**	**22,548**
Income tax	14	**-**	**-**
PROFIT (LOSS) FOR THE PERIOD	**13**	**(14,793)**	**22,548**
Earnings per share attributable to the dominant's company owners (Euros per share)			
Basic and diluted earning per share	**11**	**(0.56)**	**0.83**

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2023.

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 2023
(Thousand euros)

	Note	Six-month period ended at 30 June 2023	Six-month period ended at 30 June 2022
Profit (loss) for the financial year	**13**	**(14,793)**	**22,548**
Other comprehensive income			
Entries that may subsequently be reclassified to results		**(20)**	**1,956**
Other results		-	-
Cash-flow hedges transactions	9, 15	(20)	1,956
Entries that won't subsequently be reclassified to results		**-**	**-**
Other comprehensive income for the period		**(20)**	**24,504**
Total comprehensive income for the period		**(14,813)**	**24,504**

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2023.

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 2023
(Thousand euros)

	Capital (Note 11)	Share Premium (Note 11)	Reserves (Note 11)	Profit (loss) for the period (Note 11)	Other equity instruments (Note 17)	Treasury Shares (Note 11)	Hedging Reserve (Note 15)	TOTAL
BALANCE AT 1 JANUARY 2022	**284,294**	**5,769**	**18,340**	**26,125**	**-**	**(8,163)**	**(700)**	**325,665**
Profit /(loss) for the financial year	-	-	-	22,548	-	-	-	22,548
Other comprehensive results for the financial year	-	-	-	-	-	-	1,956	1,956
Total comprehensive income for the financial year	**-**	**-**	**-**	**22,548**	**-**	**-**	**1,956**	**24,504**
Other movements	-	-	26,105	(26,125)	-	-	-	(20)
Others results in treasury shares (Note 11)	-	-	-	-	-	(4,475)	-	(4,475)
BALANCE AT 30 JUNE 2022	**284,294**	**5,769**	**44,445**	**22,548**	**-**	**(12,638)**	**1,256**	**345,674**
BALANCE AT 1 JANUARY 2023	**284,294**	**5,769**	**44.444**	**10,478**	**525**	**(17,072)**	**2,517**	**330,955**
Profit /(loss) for the financial year	-	-	-	(14,793)	-	-	-	(14,793)
Other comprehensive results for the financial year	-	-	-	-	-	-	(20)	(20)
Total comprehensive income for the financial year	**-**	**-**	**-**	**(14,793)**	**-**	**-**	**(20)**	**(14,813)**
Other movements	-	-	10,476	(10,478)	508	-	-	506
Other results in treasury shares (Note 11)	-	-	-	-	-	(979)	-	(979)
BALANCE AT 30 JUNE 2023	**294,294**	**5,769**	**54,920**	**(14,793)**	**1,033**	**(18,051)**	**2,497**	**315,669**

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2023.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023
(Thousand euros)

	Note	Six-month period ended at 30 June 2023	Six-month period ended at 30 June 2022
A) CASH-FLOW FROM OPERATING ACTIVITIES			
Pre-tax result for the period		**(14,793)**	**22,548**
Adjustments to profit/loss		**14,512**	**(22,466)**
Depreciation of intangible assets		11	11
Depreciation of property, plant and equipment	6	27	27
Financial income		(631)	(11)
Financial expenses		1,506	629
Changes in fair value of investment properties	7	12,591	(23,722)
Other adjustments to profit/loss		1,008	600
Changes in working capital		**(5,178)**	**1,006**
Debtors and other receivables	9	(1,286)	(179)
Other current assets		2,025	1,393
Creditors and other payables	13	(5,515)	(559)
Other current liabilities		(32)	168
Other non-current assets and liabilities		(370)	183
Cash-flow from operating activities		**(5,459)**	**1,088**
B) CASH-FLOW FROM INVESTMENT ACTIVITIES			
Payments on investments		**(35,291)**	**(12,489)**
Intangible assets		-	(46)
Property, plant and equipment	6	-	(6)
Investment properties	7	(35,291)	(12,437)
Cash-flow from investment activities		**(35,291)**	**(12,489)**
C) CASH-FLOW FROM FINANCING ACTIVITIES			
Receivables and payments on equity instruments		**(979)**	**(4,471)**
Acquisition of tresury shares	11	(979)	(4,471)
Receivables and payments on financial liabilities		**(728)**	**1,708**
Financial borrowings	13	(221)	2,700
Paid interest		(1,067)	(992)
Charged interest		560	-
Cash-flow from financing activities		**(1,707)**	**(2,763)**
NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENTS		**(42,457)**	**(14,164)**
Cash and cash equivalents at beginning of period		**51,568**	**88,884**
Cash and cash equivalents at end of period	**10**	**9,111**	**74,720**

Notes 1 to 20 form an integral part of the condensed consolidated interim financial statements at 30 June 2023.

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM STATEMENTS FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023
(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 4th floor, 28001 Madrid.

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

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

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

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

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

The Company may also engage in other ancillary activities, this being understood to mean activities that generate income accounting for less than 20% of the Company's total income over a single tax period. The Company carries out its activity at calle Serrano, 47 4th floor, 28001 Madrid.

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

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

During the six months period ended June 30, 2023, the corporate name of the parent company has not been modified.

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, and is therefore subject to Act 11 of 26 October 2009, with the amendments introduced by Act 16 of 27 December 2012 and others later, under which SOCIMIs are governed. Article 3 of Act 11 of 26 October 2009 sets out certain requirements that must be met by this type of company, namely:

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

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

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

The Company has been listed on the Spanish Stock Market since 23 October 2018 with its fiscal domain in calle Serrano, 47 4th floor, 28001 Madrid.

The individual annual accounts of Árima Real Estate SOCIMI, S.A. and the consolidated annual accounts of Árima Real Estate SOCIMI, S.A. and subsidiaries at 31 December 2022 were prepared on 22 February 2023 and approved, without modifications, by the Company's shareholders on 23 May 2023.

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 2023 and 31 December 2022, Árima Real Estate SOCIMI, S.A., is the dominant company of a Group of companies (hereinafter, the "Group") which is comprised of the next subsidiaries:

30 June 2023:

Name	Adress	Activity	Share %
Árima Investigación Desarrollo e Innovación, S.L.U.	Calle Serrano 47, 4th floor, 28001 Madrid	Real Estate Business Sustainability projects Exploitation of industrial property rights	100
Árima Investments, S.L.	Calle Serrano 47, 4ª planta, 28001 Madrid	Acquisition and development of urban properties intended for lease	100

(Thousand euros)

31 December 2022:

Name	Adress	Activity	Share %
Árima Investigación Desarrollo e Innovación, S.L.U.	Calle Serrano 47, 4th floor, 28001 Madrid	Real Estate Business Sustainability projects Exploitation of industrial property rights	100
Árima Investments, S.L.	Calle Serrano 47, 4ª planta, 28001 Madrid	Acquisition and development of urban properties intended for lease	100

Árima Investigación, Desarrollo e Innovación, S.L.U. was incorporated on 10 December 2018 as Árima Real Estate Investments, S.L.U. Its trade name was modified on 7 November 2019 to the current Árima Investigación, Desarrollo e Innovación, S.L.U.

On 28 September 2021, the Group acquired 100% of the shares of Inmopra, S.L. This Company, which, like the Group, is engaged in real estate investment, owned a leased office building located in Chamartin (Madrid), of 1,950 sqm. This transaction was considered and defined as an asset acquisition, as it did not meet the definition of a business in accordance with IFRS 3. This company benefited from the special regime of SOCIMIs on 29 September 2021. Subsequently, its corporate name was changed on 4 October 2021, acquiring the current name of Árima Investments, S.L.

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

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

2.1 Bases for presentation

These condensed consolidated interim financial statements for the six-month period ended at 30 June 2023 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 2022, 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 2022 fiscal year, except as described in Note 2.3.

These condensed consolidated interim financial statements have been developed and prepared by the Board of Directors on 26 July 2023. These condensed consolidated interim financial statements have been subject to a limited review, but have not been audited.

2.2 Comparative information

For comparative purposes, the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flow as of 30 June 2023 are presented comparatively with information relating to the six months ended 30 June 2022. The condensed consolidated interim balance sheet is presented with information relating to the year ended 31 December 2022.

2.3 IFRS Interpretation Committee and IFRIC modifications

Standards, modifications and mandatory interpretations for all years beginning on 1 January 2023:

- IFRS 17 – "Insurance contract."
- IFRS 17 (Modification) – " Initial application of IRFS 17 and IFRS 19 – Comparative Information."
- IAS 1 (Modification) – " Presentation of Financial Statements."
- IAS 8 (Modification) – "Definition of accounting estimates."
- IAS 12 (Modification) – " Deferred tax related to assets and liabilities arising from a single transaction."

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

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

As of the date of preparation of these condensed consolidated interim financial statements, the IASB and the IFRS Interpretations Committee have not issued any standards, amendments, or interpretations that have not yet become effective and could be adopted in advance.

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

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

- IFRS 10 (Modification) and IAS 28 (Modification) – " Sale of contribution of assets between an investor and its associates of joint venture."
- IFRS 16 (Modification) – " Lease liability in a sale and leaseback."
- IAS 1 (Modification) – " Clasification of liabilities as current or non-current."
- IAS 1 (Modification) – " Non-current liabilities with covenants."
- IAS 12 (Modification) – " International Tax Reform – Pillar Two Model Rules."
- IAS 7 (Modification) and IFRS 7 (Modification) – " Supplier Finance Agreemets."

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 2022.

3. FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

a) Market risk

The Group's interest rate risk arises from the financial debt. Loans issued at variable rates expose the Group to interest rate risk of cash flows. During the six-month period ended at 30 June 2023, the Group has formalized new bank financing with a prestigious credit entity at a variable interest rate. The loands are remunerated at an interest rate referenced to EURIBOR plus a spread between 1.40% and 1.70%. As of 30 June 2023, the amount drawn down in nominal terms from this variable rates financial agreements amounts to 78,781 thousand euros (75,483 thousand euros at 31 December 2022). Additionally, the Group has a remunerated deposit at a market interest rate referenced to EURIBOR plus a spread ranging from 0.05% to 0.20%.

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

These analyses take into account:

- Economic environment in which it carries out its activity: design of different economic scenarios modifying the key variables that may affect the group (interest rates, share price,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 investment property rental, as well as from various debtors. The Group's risk control establishes the credit quality that the client must possess, taking into account its financial position, past experience and other factors. The Group considers that it does not have significant concentrations of credit risk, this being understood to refer to the possible impact that a default on receivables could have on the income statement.

(Thousand euros)

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

c) Liquidity risk

Cash flow predictions are carried out by the Group's Finance Department. This Department monitors forecasts of the Group's liquidity requirements in order to ensure that it has sufficient cash to meet its operational needs while maintaining sufficient available liquidity at all times to ensure that the Group continues to comply with its financing limits and covenants (Note 12).

d) Tax risk

As mentioned in Note 1, the Company is covered by the special tax regime for the Spanish the Real Estate Investment Trusts (SOCIMI). According to the provisions of Article 6 of Act 11/2009, of October 26, 2009, modified by Law 16/2012, of December 27 and later, companies that have opted for this regime are obliged to distribute in the form of dividends to their shareholders, once the corresponding commercial obligations have been fulfilled, the profit obtained in the year, its distribution must be agreed within six months of the end of each financial year and paid within the month following the date of the distribution agreement. Additionally, as detailed in the amendments incorporated in Act 11/2021 of 9 July 2021, the entity will be subject to a special tax of 15% on the amount of profits obtained in the year that is not subject to distribution.

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

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 2023 and 31 December 2022 are as follows:

	30.06.2023	**31.12.2022**
Financial debt	120,520	120,208
Equity	315,669	330,955
Leverage	**27.63%**	**26.64%**

The Board of Directors considers the Group's level of indebtedness as low. At 30 June 2023, the leverage amounted to 27.63% (24.64% at 31 December 2022).

(Thousand euros)

3.3 Estimation of fair value

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

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

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

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

30 June 2023

				Thousand euros
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term financial investments				
Investment property (Note 7)	-	-	402,400	402,400
Financial hedging instruments				
Financial hedging instrumentos (Note 15)	-	2,497	-	2,497
Total assets	**-**	**2,497**	**402,400**	**404,897**

At 30 June 2023 the Group has not financial liabilities valued at fair value.

31 December 2022

				Thousand euros
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term financial investments				
Investment property (Note 7)	-	-	379,700	379,700
Financial hedging instruments				
Financial hedging instrumentos (Note 15)	-	2,517	-	2,517
Total Assets	**-**	**2,517**	**379,700**	**382,217**

At 31 December 2022 the Group has not financial liabilities valued at fair value.

(Thousand euros)

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

4. FINANCIAL INFORMATION BY SEGMENT

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

All assets are located in the Community of Madrid, so the segments are not broken down by geographical area.

30 June 2023				Thousand euros
	Offices	Logistics	Corporate	Total
Net amount of turnover	3,351	1,122	-	4,473
Changes in the estimated fair value of investment properties	(10,574)	(2,017)	-	(12,591)
Operating costs	(1,313)	(75)	(4,374)	(5,762)
Fixed assets amortization	-	-	(38)	(38)
Operating Results	**(8,536)**	**(970)**	**(4,412)**	**(13,918)**
Financial income	248	2	381	631
Financial expenses	(1,252)	(232)	(22)	(1,506)
Financial Result	**(1,004)**	**(230)**	**359**	**(875)**
Pre-tax result	**(9,540)**	**(1,200)**	**(4,053)**	**(14,793)**
Income tax	-	-	-	-
Profit (loss) for the period	**(9,540)**	**(1,200)**	**(4,053)**	**(14,793)**

30 June 2022				Thousand euros
	Offices	Logistics	Corporate	Total
Net amount of turnover	3,192	908	-	4,100
Changes in the estimated fair value of investment properties	21,867	1,855	-	23,722
Operating costs	(666)	(68)	(3,884)	(4,618)
Fixed assets amortization	-	-	(38)	(38)
Operating Results	**24,393**	**2,695**	**(3,922)**	**23,166**
Financial income	-	-	11	11
Financial expenses	(533)	(95)	(1)	(629)
Financial Result	**(533)**	**(95)**	**10**	**(618)**
Pre-tax result	**23,860**	**2,600**	**(3,912)**	**22,548**
Income tax	-	-	-	-
Profit (loss) for the period	**23,860**	**2,600**	**(3,912)**	**22,548**

(Thousand euros)

100% of the income corresponds to transactions carried out in Spain in both the six months ended 30 June 2023 and the six months ended 30 June 2022.

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

30 June 2023				**Thousand euros**
	Offices	**Logistics**	**Corporate**	**Total**
Non-current assets	**373,895**	**33,336**	**1,865**	**409,096**
Investments properties	369,400	33,000	-	402,400
Other non-current assets	4,495	336	1,865	6,696
Current assets	**4,545**	**631**	**29,916**	**35,092**
Non-current liabilities	**108,178**	**10,035**	**(27)**	**118,186**
Current liabilities	**5,204**	**2,132**	**2,997**	**10,333**

31 December 2022				**Thousand euros**
	Offices	**Logistics**	**Corporate**	**Total**
Non-current assets	**346,332**	**35,240**	**4,406**	**385,978**
Investments properties	344,800	34,900	-	379,700
Other non-current assets	1,532	340	4,406	6,278
Current assets	**9,521**	**4,078**	**64,664**	**78,263**
Non-current liabilities	**110,000**	**10,883**	**-**	**120,883**
Current liabilities	**8,105**	**1,341**	**2,957**	**12,404**

(Thousand euros)

5. INTANGIBLE ASSETS

The following table contains a breakdown of the entries shown for "Intagible assets" and the relevant movements:

	Thousand euros	
	Development and Software	**Total**
Balance at 1 January 2022	**218**	**218**
Cost	227	227
Accumulated depreciation	(9)	(9)
Net book value	**218**	**218**
Added	50	50
Allocation to depreciation	(22)	(22)
Balance at 31 December 2022	**246**	**246**
Cost	277	277
Accumulated depreciation	(31)	(31)
Net book value	**246**	**246**
Added	-	-
Allocation to depreciation	(11)	(11)
Balance at 30 June 2023	**235**	**235**
Cost	277	277
Accumulated depreciation	(42)	(42)
Net book value	**235**	**235**

a) Losses due to impairment

During the six-month period ended at 30 June 2023 and 2022, no entries were made or reversed in respect of value correction for impairment in relation to any property, plant and equipment item.

b) Fully depreciated property, plant and equipment

No item had been fully depreciated property, plant and equipment at 30 June 2023 neither at 31 December 2022.

(Thousand euros)

6. PROPERTY, PLANT AND EQUIPMENT

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

	Property, plant and equipment	Total
		Thousand euros
Balance at 1 January 2022	**259**	**259**
Cost	348	348
Accumulated depreciation	(89)	(89)
Net book value	**259**	**259**
Added	7	7
Allocation to depreciation	(54)	(54)
Balance at 31 December 2022	**212**	**212**
Cost	355	355
Accumulated depreciation	(143)	(143)
Net book value	**212**	**212**
Added	2	2
Allocation to depreciation	(27)	(27)
Balance at 30 June 2023	**187**	**187**
Cost	357	357
Accumulated depreciation	(170)	(170)
Net book value	**187**	**187**

c) Losses due to impairment

During the six-month period ended at 30 June 2023 and 2022, no entries were made or reversed in respect of value correction for impairment in relation to any property, plant and equipment item.

d) Fully depreciated property, plant and equipment

No item had been fully depreciated property, plant and equipment at 30 June 2023 neither at 31 December 2022.

(Thousand euros)

7. INVESTMENT PROPERTIES

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

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

	Thousand euros
	Investment properties
Balance at 1 January 2022	**343,600**
Acquisitions	-
Subsequent capitalized disbursements	23,108
Gains/(loss) net of adjustments at fair value	12,992
Balance at 31 December 2022	**379,700**
Acquisitions	29,750
Subsequent capitalized disbursements	5,541
Gains/(loss) net of adjustments at fair value	(12,591)
Balance at 30 June 2023	**402,400**

During the six-month period ended on 30 June 2023, the Group has acquired an office building for an amount of 29,750 thousand euros (excluding acquisition costs). The property is located in Madrid, in Torrelaguna street,75, in the business district M30-A2, and has an area of 11,174 sqm and 303 parking spaces. Additionally, costs, rehabilitation and improvement projects worth 5,541 thousand euros have been executed.

In 2022, the Group has continued with its rehabilitation and improvement projects, which have involved an investment of 23,108 thousand euros. All framed in its corporate strategy of value creation and in accordance with the established deadlines.

At 30 June 2023 and 31 December 2022 no new mortgage guarantees have been constituted on 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 2023	Six-month period ended at 30 June 2022
Rental Income (Note 13)	4,473	4,100
Operating expenses resulting from investment properties that generate rental income	(867)	(734)
Operating expenses resulting from investment properties that do not generate rental income	(521)	-
	3,085	**3,366**

b) Operating leases

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

	Thousand euros	
	30 June 2023	30 June 2022
Less than one year	9,187	4,913
Between one and two years	8,446	6,990
Between two and three years	4,740	5,899
Between three and four years	3,978	2,406
Between four and five years	2,574	2,197
More than five years	2,930	4,834
	31,855	**27,239**

c) Insurances

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

d) Liabilities

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

(Thousand euros)

e) Valuation process

The following is the cost and fair value of the real estate investments as of 30 June 2023 and 31 December 2022:

	30 June 2023		31 December 2022	
	Net book value	Fair value	Net book value	Fair value
Investment properties	324,947	402,400	291,437	379,700

Thousand euros

The valuations of these real estate assets have been carried out using "market value" hypothesis, these valuations being made in accordance with the statements *Professional Standards of assessment* by the *Royal Institution of Chartered Surveyors* of January 2022 – 'Red Book'. The "market value" of the Group's properties has been determined on the basis of evaluation carried out by independent expert valuers (CBRE Valuation Advisory, S.A.).

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

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

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

The Directors requested an assessment on 30 June 2023 of all real estate investments. Derived from this valuation, a negative variation in the fair value of the investment properties has been recorded in the consolidated summary interim income statement of 12,591 thousand euros (23,722 thousand euros positive at 30 June 2022).

Based on the simulations performed on these valuations, the recalculated impact on the fair value of the properties in the portfolio at 30 June 2023, of a variation of 0.25% in the exit yield rate, would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 418,500 thousand euros.

- in the case that the yield was increased by 0.25%, the market value of these properties would be 387,600 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 439,200 thousand euros.
- in the case that the market rents were reduced by 10%, the market value of these properties would be 365,400 thousand euros.

As of 31 December 2022, the following simulations were carried out, in yields and market income increases, on the valuations of the same, as well as the recalculated impact on the fair value of properties acquired from a variation of 0.25% in the exit yield rate of return, would produce:

- in the event that the yield was reduced by 0.25%, the market value of these properties would be 396,800 thousand euros.
- in the case that the yield was increased by 0.25%, the market value of these properties would be 364,200 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 415,100 thousand euros.
- in the event that market rents were reduced by 10%, real estate investments would amount to 344,000 thousand euros.

As of 30 June 2023, the exit yields used in the valuations of offices located in the prime area would be between 3.85% and 4.60% and for those that are decentralized the yields would be between 4.50% and 5.50% (between 3.60% and 4.35% for the prime area and between 4.25% and 5.10% for descentralized in December 2022). The discount rates used would be between 5.85% and 7.75% (5.85% and 7.35% respectively in December 2022).

As of 30 June 2023, the exit yields used in the industrial valuations that are decentralized would be 5.65% (5.25% in December 2022). The discount rates used would be around 7.90% (7.50% in December 2022).

The valuation of real estate investments has been framed within level 3 according to the definition described in Note 3.3 above. In this sense, the fair value of the investment properties has been carried out by independent valuation experts through the use of valuation techniques.

(Thousand euros)

8. FINANCIAL INSTRUMENTS ANALYSIS

a) Analysis by category

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

Thousand euros

	Non-current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Loans to third parties	-	-	1,413	1,402	-	-
Derivatives	2,497	2,517	-	-	-	-
Other long-term financial assets	-	-	1,626	1,093	-	-
Prepayments for non-current assets	-	-	738	808	-	-
Total long-term financial assets	**2,497**	**2,517**	**3,777**	**3,303**	**-**	**-**

	Current financial assets					
	Fair value with changes in comprehensive income		Amortized cost		Fair value with changes in the income statement	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Trade receivables for sales and services (Note 9) and other assets	-	-	22,875	21,618	-	-
Prepayments for current assets	-	-	1,432	1,314	-	-
Total short-term financial assets	**-**	**-**	**24,307**	**22,932**	**-**	**-**

(Thousand euros)

	Non-current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
Thousand euros	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Debts and other financial liabilities (Note 12)	116,153	118,886	-	-	2,033	1,996
Total long-term financial liabilities	**116,153**	**118,886**	**-**	**-**	**2,033**	**1,996**

	Current financial liabilities					
	Debts with credit entities		Debentures and other marketable securities		Financial hedging instruments and other liabilities	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Debts and other payables (Note 12)	4,367	1,322	-	-	5,634	10,771
Total current financial liabilities	**4,367**	**1,322**	**-**	**-**	**5,634**	**10,771**

b) Analysis by maturity date

At 30 June 2023 and 31 December 2022, 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 2023

Thousand euros	Financial assets						
	2024	**2025**	**2026**	**2027**	**2028**	**Subsequent years**	**Total**
Trade receivables:							
- Trade receivables	2,850	-	-	-	-	-	**2,850**
Non-current investments:							
- Loans to third parties	-	1,413	-	-	-	-	**1,413**
- Derivatives	570	-	1,927	-	-	-	**2,497**
- Other financial assets	21,457	1,134	119	-	52	321	**23,083**
	24,877	**2,547**	**2,046**	**-**	**52**	**321**	**29,843**

(Thousand euros)

	Financial liabilities						
	2024	**2025**	**2026**	**2027**	**2028**	**Subsequent years**	**Total**
Debts:							
- Debts with credit entities	3,778	15,399	78,525	23,231	-	-	**120,933**
Trade payables:							
- Trade and other payables	5,600	-	-	-	-	-	**5,600**
- Other financial liabilities	34	1,520	130	-	58	325	**2,067**
	9,412	**16,919**	**78,655**	**23,231**	**58**	**325**	**128,600**

At 31 December 2022

	Thousand euros						
	Financial assets						
	2023	**2024**	**2025**	**2026**	**2027**	**Subsequent years**	**Total**
Trade receivables:							
- Trade receivables	1,564	-	-	-	-	-	**1,564**
Non-current investments:							
- Loans to third parties	-	1,402	-	-	-	-	**1,402**
- Derivatives	-	528	-	1,989	-	-	**2,517**
- Other financial assets	21,368	369	358	119	-	247	**22,461**
	22,932	**2,299**	**358**	**2,108**	**-**	**247**	**27,944**

	Financial liabilities						
	2023	**2024**	**2025**	**2026**	**2027**	**Subsequent years**	**Total**
Debts:							
- Debts with credit entities	1,322	6,375	14,884	76,235	22,575	-	**121,391**
Trade payables:							
- Trade and other payables	10,668	-	-	-	-	-	**10,668**
- Other financial liabilities	103	145	1,223	132	-	496	**2,099**
	12,093	**6,520**	**16,107**	**76,367**	**22,575**	**496**	**134,158**

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

(Thousand euros)

9. LOANS AND RECEIVABLES

	Thuosand euros	
	At 30 June 2023	At 31 December 2022
Non-Current financial investments:	**5,536**	**5,012**
- Loans to third parties	1,413	1,402
- Financial hedging derivatives	2,497	2,517
- Guarantees ("Other long-term financial assets")	1,626	1,093
Trade receivables and other accounts receivables:	**4,524**	**5,327**
- Trade receivables for sales and services	2,833	1,564
- Other accounts receivable	17	-
- Other credits held with Public Authorities (Note 14)	1,674	3,763
Other short-term financial assets:	**20,025**	**20,054**
- Short-term guarantees	-	29
- Short-term deposits	20,025	20,025
	30,085	**30,393**

Long-term loans to third parties correspond to loans granted to staff (including executive Directors) of the dominant Company at a market interest rate on the same terms as 31 December 2022.

The amounts recorded under the heading "Other long-term financial assets" correspond, mainly, to the amount of guarantees associated with lease contracts deposited with the corresponding public authorities, amounting to 1,387 thousand euros as of 30 June 2023 (945 thousand euros as of 31 December 2022).

The heading of "Other short-term financial assets" includes a deposit for an amount of 20,000 thousand euros, formalized by the Group in the previous year, which is associated with a credit policy agreement for which there are no amounts willing to close. During the six-month period ended at 30 June 2023 this liquidity deposit has accrued financial income of 300 thousand euros with June 2024 as maturity date.

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 2,812 thousand euros relating to invoices pending issuance (1,508 thousand euros at 31 December 2022) as a result of linealization of rental income.

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

Additionally, the Group contracted two interest rate swaps in 2019. The amount registered in the "Financial hedging instruments" correspond to the valuation of the derivative financial instruments as of 30 June 2023 (Note 15). The effective part of the changes in the fair value of derivatives that are designated and classified as hedges is recognized in the hedge reserve within equity.

(Thousand euros)

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

	Thousand euros	
	At 30 June 2023	At 31 December 2022
Up to 3 months	20	56
Between 3 and 6 months	-	-
More than 6 months	-	-
	20	**56**

10. CASH AND CASH EQUIVALENTS

		Thousand euros
	At 30 June 2023	At 31 December 2022
Cash and banks	9,111	51,568
	9,111	**51,568**

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

Due to the liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U., detailed in Note 11.b, at 30 June 2023 the dominant Company holds 303 thousand euros of total cash destined for the cash account unded that contract (303 thousand euros at 31 December 2022).

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

a) Share capital and share premium

As of 30 June 2023 and 31 December 2022 the breakdown of share capital is as follows:

		Thousand euros
	At 30 June 2023	At 31 December 2022
Share capital	284,294	284,294
Share premium	5,769	5,769
	290,063	**290,063**

As of 30 June 2023 and 31 December 2022, the share capital of the dominant Company is 284,294 thousand euros and is represented by 28,429,376 shares with a par value of 10 euros each, all belonging to the same class and fully subscribed and paid. All the shares carry the same voting and dividend rights.

The share premium is considered a freely distributable reserve.

All the dominant company's shares are listed on the Spanish Stock Market.

At 30 June 2023, the companies that held a share of 3% or more in the share capital are as follows:

(Thousand euros)

Entity		% voting rights allocated to shares	% voting rights held through financial instruments	Total %
Fidelity Select Portfolios		3.548	-	**3.548**
Ivanhoe Cambridge, INC.		20.293	-	**20.293**
Rodex Asset Management		5.020	-	**5.020**
Torrblas, S.L.		5.000	-	**5.000**
TR Property Investment Trust PLC		5.008	-	**5.008**
Asua de Inversiones, S.L.		7.951	-	**7.951**
	Total	**46.820**	**-**	**46.820**

At 31 December 2022, the companies that held a share of 3% or more in the share capital were as follows:

Entity		% voting rights allocated to shares	% voting rights held through financial instruments	Total %
Fidelity Select Portfolios		3.548	-	**3.548**
Ivanhoe Cambridge, INC.		20.293	-	**20.293**
Rodex Asset Management		5.020	-	**5.020**
Torrblas, S.L.		5.000	-	**5.000**
TR Property Investment Trust PLC		5.008	-	**5.008**
Asua de Inversiones, S.L.		7.951	-	**7.951**
	Total	**46.820**	**-**	**46.820**

b) Treasury shares

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

	At 30 June 2023		At 31 December 2022	
	Number of treasury shares	Thousand euros	Number of treasury shares	Thousand euros
At the beginning of the period	**2,022,249**	**17,072**	**926,067**	**8,163**
Additions/purchases	131,228	979	1,096, 182	8,909
Reductions	-	-	-	-
At the end of the period	**2,153,477**	**18,051**	**2,022,249**	**17,072**

The General Shareholders' Meeting of the Company agreed on 23 May 2023 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 2022 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.

In addition, there is a compensation plan based on the delivery of shares or cash at the discretion of the dominant Company, which was initiated with its IPO, the beneficiary of which is the Company's team (Note 2.17 of the consolidated annual accounts at 31 December 2022). This plan accrues annually when, for each calculation period (between 1 July and 30 June of the following year), certain value creation conditions are met. In relation thereto, the General Shareholders' Meeting of 29 June 2021 resolved, at the request of the dominant Company Board of Directors, to adapt the calculation conditions from which the plan accrues, to the current economic environment and the Group's situation (size and future growth profile), all with the aim of continuing to create value for shareholders.

The first period in which these adaptations take effect is between 1 July 2020 and 30 June 2021, and mainly concern the total shareholder return - the threshold of which is 8% - and delivery periods. This return is measured as the revaluation of the Net Asset Value plus the total dividends distributed, excluding certain capital increases, whether cash or non-cash, and weighted by the period of time during which they occurred during the calculation period. This remuneration thus remains focused on the generation of shareholder return, obtained through active management.

When the conditions for vesting of the plan are met, the dominant Company will deliver one third of the shares to the beneficiaries, provided that they do not cease to be employees for any reason attributable to them, 12 months plus one day after the end of the applicable calculation period, one third of the shares 18 months plus one day after the end of the applicable calculation period and one third after 24 months plus one day after the end of the applicable calculation period. Team members must remain on staff at the time of delivery.

The treasury shares held at 30 June 2023 represent 7.57% of the Company's share capital and amount to 2,153,477 shares (at 31 December 2022 represented 7.11% of the Company's share capital and amounted to 2,022,249 shares). The average cost of treasury shares has been 8.61 euros per share (8.j15 euros per share at 31 December 2022).

These shares are carried by reducing the Company's equity at 30 June 2023 by 18,051 thousand euros (at 31 December 2022 it was 17,072 thousand euros).

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

c) Profit (losses) per share

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

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

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

Basic and diluted earnings per share:

	At 30 June 2023	At 30 June 2022
Net income (thousand euros)	(14,793)	22,548
Weighted average number of issued shares (shares)	28,429,376	28,429,376
Weighted average number of common shares (shares)	26,312,167	27,295,141
Basic earning per share (euros)	**(0.56)**	**0.83**
Diluted earning per share (euros)	**(0.56)**	**0.83**

In relation to the calculation of earnings per share, there have been no transactions on ordinary shares or ordinary potential shares between the closing date of the condensed consolidated interim financial statements and the preparation thereof, which have not been taken into account in the calculations for the period between 1 January 2023 and 30 June 2023.

(Thousand euros)

12. DEBTS AND OTHER PAYABLES

	Thousand euros	
	At 30 June 2023	**At 31 December 2022**
Debts and non-current liabilities:		
- Debts with credit entities	116,153	118,886
- Guarantees	2,033	1,996
	118,186	**120,882**
Debts and current liabilities:		
- Debts with credit entities	4,367	1,322
- Other payables (Note 8)	5,100	9,708
- Other short-term debts	500	960
- Other debts held with Public Authorities (Note 14)	332	311
- Guarantees	34	103
	10,333	**12,404**

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 (Note 7).

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

The Group signed a financial agreement in the year 2022 with a prestigious financial credit entity, amounting to 2,700 thousand euros at a variable interest rate, associated with energy efficiency improvement works as part of the Group's sustainability strategy.

As of 30 June 2023 and 31 December 2022, 100% of the financing obtained by the Company has been classified as ‘green’ by financial institutions, given the sustainable characteristics of the financed real estate properties, fulfilling the objective set by the Group in this regard.

The long-term debt of the Group is recorded at amortized cost in the long-term liabilities under the heading “Debts with credit entities”. At 30 June 2023, the amount of the amortized cost is 922 thousand euros (at 31 December 2022 it amounted 1,184 thousand euros). Their norminal maturities have been included in Note 8. The real estate assets that guarantee the aforementioned loans, through mortgage commitment, have a market value at 30 June 2023 of 288,100 thousand euros (at 31 December 2022 it amounted 296,700 thousand euros).

Under the heading "Short-term debt with credit entities" the amount of unpaid accrued interest and principal repayments in the amount of 509 thousand euros and 3,858 thousand euros, respectively, at 30 June 2023 (158 thousand euros and 1,164 thousand euros, respectively, at 31 December 2022).

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)

13. INCOME AND EXPENSES

a) Net turnover figure

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

		Six-month period ended at 30 June 2023	Six-month period ended at 30 June 2022
Market	**Percentage**		**Thousand euros**
Domestic	100%	4,473	4,100
	100%	**4,473**	**4,100**

The net turnover figure breaks down as follows:

	Thousand euros	
	Six-month period ended at 30 June 2023	Six-month period ended at 30 June 2022
Revenue		
Rents	3,943	2,811
Reinvoicing of costs	530	453
Other revenue	-	836
	4,473	**4,100**

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 2023	Six-month period ended at 30 June 2022
Wages, salaries and associated costs	(3,353)	(2,881)
Welfare charges:		
- Other welfare charges	(137)	(158)
	(3,490)	**(3,039)**

Under personnel expenses, there has been recorded the remuneration to the parent Company's team, both fixed and prospective.

There have been no compensation for dismissals at 30 June 2023 neither 2022.

(Thousand euros)

Under the heading of wages, salaries and associated costs, a bonus expense accrual of 500 thousand euros as of 30 June 2023 is recorded (600 thousand euros as of 30 June 2022).

The average number of employees in the various companies comprising the Group during the six-month period ended at 30 June 2023 and 30 June 2022 is 14 people.

The breakdown of the average number of employees at 30 June 2023 and 2022 by category is as follows:

Categories	**30 June 2023**	**30 June 2022**
Management	8	8
Employees with degrees	4	4
Administrative personnel and others	2	2
	14	**14**

The gender distribution at 30 June 2023 is as follows:

			30 June 2023
Categories	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	1	2	3
	9	**6**	**15**

At 30 June 2022, Company personnel broken down by gender were as follows:

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

(Thousand euros)

c) External services

The following table gives a breakdown of the external services:

	Thousand euros	
	Six-month period ended at 30 June 2023	**Six-month period ended at 30 June 2022**
External services directly attributable to real estate assets	(1,388)	(734)
Other external services	(885)	(845)
	(2,273)	**(1,579)**

d) Financial expenses

Financial expenses accrued in the six-month period ended at 30 June 2023 are associated with the financing obtained (Note 12).

14. INCOME TAX AND TAX POSITION

The expense for income tax is recognized based on Management's estimate of the expected weighted average tax rate for the entire financial year. The estimated annual average tax rate for the six-month period ended at 30 June 2023 is 0%, according to Act 11/2009, of October 26, and the amendments incorporated to it by Act 16/2012, of December 27, and by Act 11/2021, of June 30, by which the SOCIMIs are regulated.

Tax inspections

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

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may be raised in the event of a tax inspection. In any case, the Directors believe that any such liabilities, in the event that they arise, will not have any significant effect on the balance sheet or the income statement for the six-month period ended at 30 June 2023.

(Thousand euros)

At 30 June 2023 and 31 December 2022, 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 2023	At 31 December 2022
Accounts receivable		
Receivables from Spanish Tax Authorities (VAT)	1,674	3,763
	1,674	**3,763**
Payment commitments		
Payables to Spanish Tax Authorities (withholdings collected)	(310)	(291)
Payables to Social Security Bodies	(22)	(20)
	(332)	**(311)**

15. FINANCIAL HEDGING DERIVATIVES

						Thousand euros
			30 June 2023			
			Non-current		Current	
	Covered principal	Maturity	Asset (*)	Liability	Asset	Liability
Interest rate swap	22,700	2026	1,927	-	-	-
Interest rate swap	21,626	2024	570	-	-	-
			2,497	**-**	**-**	**-**

						Thousand euros
			31 December 2022			
			Non-current		Current	
	Covered principal	Maturity	Asset(*)	Liability	Asset	Liability
Interest rate swap	22,700	2026	1,989	-	-	-
Interest rate swap	21,626	2024	528	-	-	-
			2,517	**-**	**-**	**-**

(*) See Note 8.b

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

(Thousand euros)

The interest rate swap derivative (financial swap) allows to change a variable interest rate to a fixed interest rate in bank loans signed by the Group. The cashflow covered is the foreseen future payments of interests related to the financial debts (Note 12). Changes in fair value of the interest rate swap are registered in "Adjustements for changes in value" inside Equity.

16. PROVISIONS, CONTINGENCIES AND BANK GUARANTEES

Contingent liabilities

Neither at 30 June 2023 nor 31 December 2022 has the Company any contingent liabilities.

Bank Guarantees

At 30 June 2023 and 31 December 2022 the Group has contracted a bank guarantee in the amount of 129 thousand euros with a prestigious financial institution.

17. BOARD OF DIRECTORS AND OTHER PAYMENTS

Remuneration of members of the Board of Directors

During the period between 1 January 2023 and 30 June 2023, the remuneration of the members of the Board of Directors of the Company has amounted to:

	Thousand euros	
	Six-month period ended at 30 June 2023	**Six-month period ended at 30 June 2022**
Remuneration of executive directors	1,468	1,176
Allowance of non-executive directors	212	212
	1,680	**1,388**

In addition, during the period ended 30 June 2023, the dominant company has paid the amount of 36 thousand euros in premiums for liability insurance covering the members of the Board of Directors of the dominant company for the exercise of its office (36 thousand euros at 30 June 2022).

The members of the dominant Company's Board of Directors do not have pension funds or similar obligations for their benefit. During the periods ended at 30 June 2023 and 2022, there are no Senior Management personnel who do not belong to the dominant Company's Board of Directors.

The other non executive members of the dominant Company's Board of Directors have not received shares or share options during the six-month period ended at 30 June 2023 and six-month period ended at 30 June 2022, nor have exercised options or have options pending to exercise.

Additionally, there is a compensation plan based on the hanging out of shares whose beneficiary is the Company's team, including the Executive Director (Note 11.b and note 2.17 of the Annual Accounts for the financial year ended at 31 December 2022). Said 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. For the second period of validity of this plan, which ends on 30 June 2022, the Management of the dominant Company evaluated compliance with these conditions and as a result, 306,584 shares will be delivered in accordance with the schedule described in note 11.b of these Consolidated Financial Statements. Similarly, following the same schedule, the dominant Company has provisioned 509 thousand euros as 30 June 2023. For the third period of validity of the compensation plan, which ends on 30 June 2023, the dominant Company has evaluated compliance with the value generation conditions, and, as a result, no associated cost has been recorded.

18. RELATED-PARTY TRANSACTIONS

As 30 June 2023, there is a balance with the related party "Rodex Asset Management, S.L." for an amount of 852 thousand euros, for the formalization of a loan for assumption of debt of a member of the Board of Directors of the parent Company (822 thousand euros at 31 December 2022). This amount is registered under the heading of the Consoidated Balance Sheet "Loans to third parties".

During the six-month period ended on 30 June 2023, transactions have occurred with the related party "Rodex Asset Management, S.L." in relation to the accrual of interest for the aforementioned loan.

During the six-month period ended on 30 June 2022, no transactions have been conducted with related parties.

19. INFORMATION REQUIREMENTS RESULTING FROM SOCIMI STATUS, ACT 11/2009, AS AMENDED BY ACT 16/2012 AND ACT 11/2021

a) Reserves from years prior to the application of the tax regime established in this Act.

Not applicable.

b) Reserves arising from years in which the tax regime established in this Act has been applied, differentiating the part that comes from income subject to a tax rate of 0%, 15% or 19%, with respect to those that, where applicable, have been taxed at the general rate.

Not applicable

c) Dividends distributed against profits each year in which the tax rules contained in this Act applied, with differentiation between the portion originating from income subject to tax at a rate of 0%, 15% or 19%, and the portion originating from income subject to tax at the general rate.

Not applicable

d) In the case of distribution against reserves, identifying the year from which the reserves applied originate, and whether they were taxed at 0%, 15%, 19% or the general rate.

Not applicable

(Thousand euros)

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

Not applicable

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

Property	Location	Date acquired	Segment
María de Molina	Calle María de Molina, on the corner with Calle Príncipe Vergara, Madrid	21 December 2018	Offices
Paseo de la Habana	The junction of Paseo de la Habana and Avenida de Alfonso XIII, Madrid	21 December 2018	Offices
Edificio Botanic	Calle Josefa Valcárcel, 42, Madrid	29 January 2019	Offices
Edificio Play	Vía de los Poblados, 3 -Parque Empresarial Cristalia, Edificio 4B, Madrid	29 January 2019	Offices
María de Molina	Calle María de Molina, on the corner with Calle Príncipe Vergara, Madrid	28 February 2019	Offices
Nave Guadalix	Barranco Hondo, San Agustín de Guadalix	12 April 2019	Logistic
Ramírez de Arellano, 21	Calle Ramírez de Arellano, 21, Madrid	28 June 2019	Offices
Cadenza	Vía de los Poblados 7, Madrid	30 December 2019	Offices
Manoteras, 28	Calle Manoteras, 28, Madrid	11 June 2020	Offices
Pradillo, 54	Chamartín district	27 October 2020	Offices
Pradillo, 56	Chamartín district	28 September 2021	Offices
Pradillo, 58	Chamartín district	30 September 2021	Offices
Torrelaguna, 75	Calle de Torrelaguna, 75, Madrid	12 June 2023	Offices

g) Identification of assets taken into account when calculating the 80% referred to in Article 3.1 of this Act, the 19th of June 2023.

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.

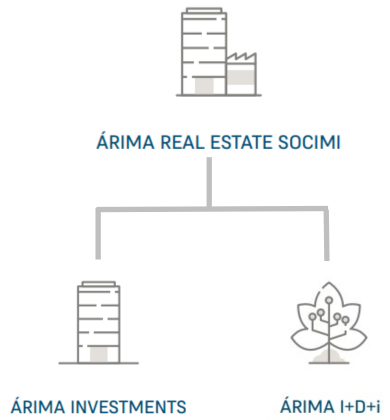
20. SUBSEQUENT EVENTS

From 30 June 2023 to the date on which these interim consolidated financial statements were authorised for issue, there were no significant events to disclose.

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023

1. ORGANIZATION STRUCTURE AND FUNCTIONING

Árima Real Estate SOCIMI, S.A. (hereinafter Árima, or the Company or the dominant Company) is the dominant Company of a Group whose main objective is the creation of a real estate portfolio focused mainly on the office and logistics sector in Madrid, with the aim of obtaining income from rents through an active management of the portfolio. The goal is to create value for shareholders, offer the best quality spaces for tenants and ensure the construction of a sustainable and technologically advanced environment.



The Group's strategy responds, with a clear focus on value creation, to the lack of quality office space (Class A) and respectful of the environment. Relying on the competitive advantage provided by the great experience of his team, Árima manages to identify excellent investment opportunities to – through intelligent reforms – reposition assets.

Árima is built on the proven experience of the members of its management team who bring, on average, two decades in the real estate sector and several years of experience working together on different projects. Their deep knowledge of the sector together with corporate values such as transparency, excellence, sustainable profitability and tangible revaluation make Árima capable of repeating success of previous projects. In addition, the team maintains a strong alignment with the interests of its shareholders thanks to its significant shareholding.

The Group's shareholding includes major national and international funds that are very interested in the opportunities in the Spanish real estate market and in the management team's ability to maximise and optimise the performance and value of the portfolio.

The dominant Company has a suitable governmental structure that guarantees the proper functioning of the governing bodies and compliance with the standards and regulations governing its activity.

GENERAL SHAREHOLDERS' MEETING

By-Laws	Regulation of the General Meeting of Shareholders	Good Governance Code of Listed Companies	Internal Code of Conduct for Stock Exchanges

BOARD OF DIRECTORS

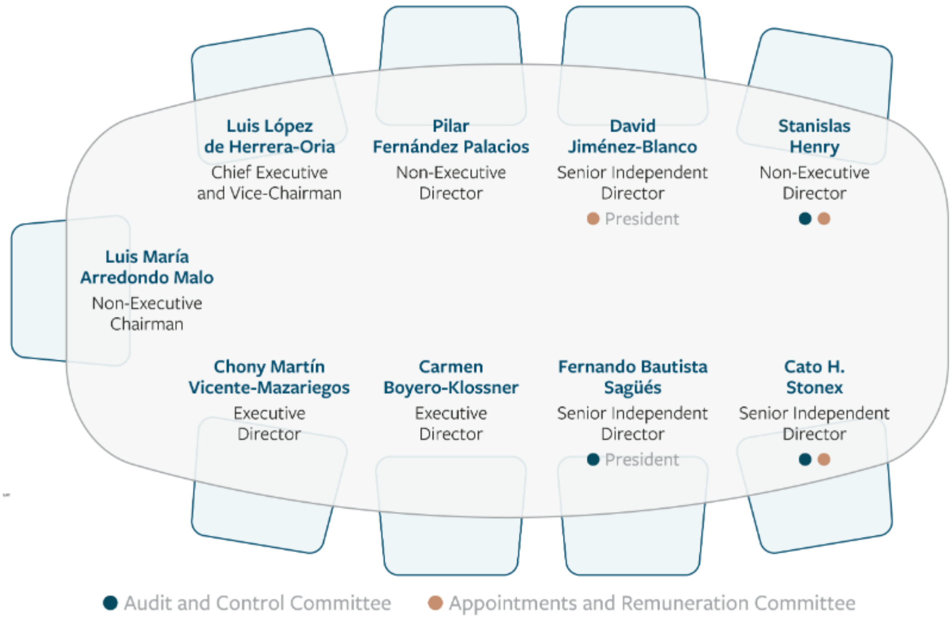
Regulations of the Board of Directors

Audit and Control Committee	Appointments and Remuneration Committee
General Policy for Corporate Social Responsibility	Board Member Remuneration Policy
Policy for Communication	Code of Conduct
ESG Committee/ Environmental Policy	Policy for Selecting Candidates for Membership of the Board
Ethics Committee/ Whistleblower channel	
Selection Policy and Supplier Recruitment	
Risk Management Model	
Data Protection Policy	
Employee Safety Manual	

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

The Board of Directors reports to the Shareholders' Meeting, overseeing the Company's daily business operations. The members of the Board are responsible for reviewing the Company's strategy and objectives, always adapting them to the needs and trends of the market. Árima has a majority of Independent Directors who bring years of experience and expertise in the real estate, financial and legal sectors, at national and international level. Thanks to their connections in the market and their extensive background, they are also well versed in environmental, social and corporate governance related matters.

The Board of Directors carries out its activities in accordance with the rules of corporate governance contained mainly in the Company's Bylaws, the Regulations of the Shareholders' Meeting and the Regulations of the Board of Directors, also following the recommendations of the Good Governance Code with the maximum commitment to compliance. It also has two fundamental committees, whose essential function is to support this body in its tasks of supervision and control of the ordinary management of the Group: The Audit and Control Committee and, on the other hand, the Appointments and Remuneration Committee.



2. BUSINESS EVOLUTION AND RESULTS

Since its listing on the stock market in October 2018, the Group has carried out various operations involving the acquisition of real estate assets. These investments result in the composition of a diversified portfolio, made up of 10 assets that provide stability and great growth potential. As of June 30, 2023, the market value of this portfolio amounts to 402,400 thousand euros.

Since April 2022, the 12-month Euribor -reference rate- crossed the 0% barrier, where it had been located since 2016, to begin a rise promoted by the European Central Bank (ECB) to combat the increase in inflation. As of June 30, the index was above 4%, impacting the profitability required of real estate investments. This expansion of yields has been widespread in the sector, affecting the value of assets. As a result of this market situation, the Company has recorded an asset value adjustment – as established by international financial regulations (IFRS) – of €12,591 thousand, with a negative consolidated result of €14,793 thousand as of June 30, 2023.

Despite the moment that the market is going through, Árima has a solid strategy and a defensive portfolio. During the six-month period ended June 30, 2023, the Group has carried out the acquisition by public auction of an office building on Torrelaguna Street, 75 for an amount of 29,750 thousand euros (not including acquisition costs). The property, located in the consolidated office submarket of Avenida de América-Torrelaguna in Madrid, has a leasable area of 11,174 sqm and 303 parking spaces and is 100% rented to a single tenant. Additionally, progress has been made in negotiations for the lease of 8,000 m2 in one of its recently renovated buildings. Likewise, the renegotiation of the contract of a tenant in the María de Molina asset, 39 for an area of 575 sqm, has been signed, achieving an increase in rent of more than 30%. All this contributes to improving the growth expectations of turnover, which is supported by an annualized topped-up gross income that at the end of the semester stands at 11,052 thousand euros. As of June 30, 2023, the Group has 2 reforms in progress that continue to progress, and that will allow significant increases in value and income thanks to the contracts signed once the work is completed.

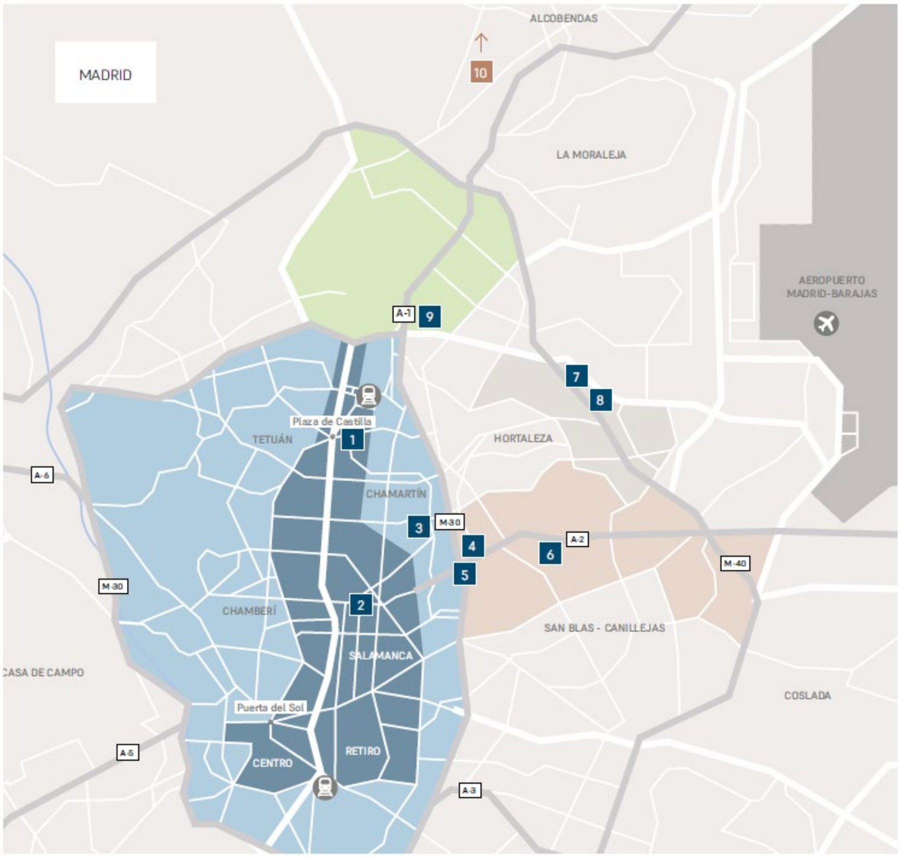
ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023

The Group has continued to reinforce its commitment to its stakeholders, especially shareholders and investors, strengthening communication and continuous contact. In addition, it pays special attention to ensuring that its impact on society is positive, through its engagement programs and its well-being surveys.

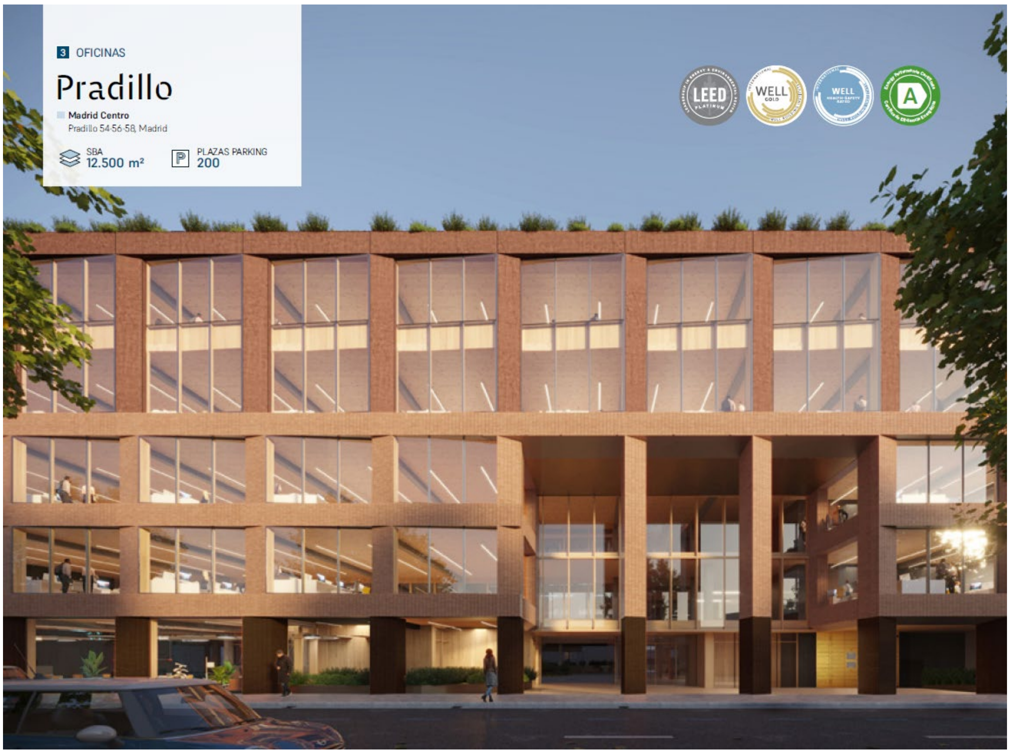
After the Torrelaguna, 75 operation in June 2023, the portfolio totals 113,100 sqm leasable and 1,584 parking spaces. The properties are faithful to the investment model of the listed company. They make up a balanced portfolio of rental assets and buildings with great potential for revaluation for the shareholders of the SOCIMI, always looking for a product with great potential for generating value in highly consolidated areas of the metropolitan area and bordering Madrid, as shown in the following map.

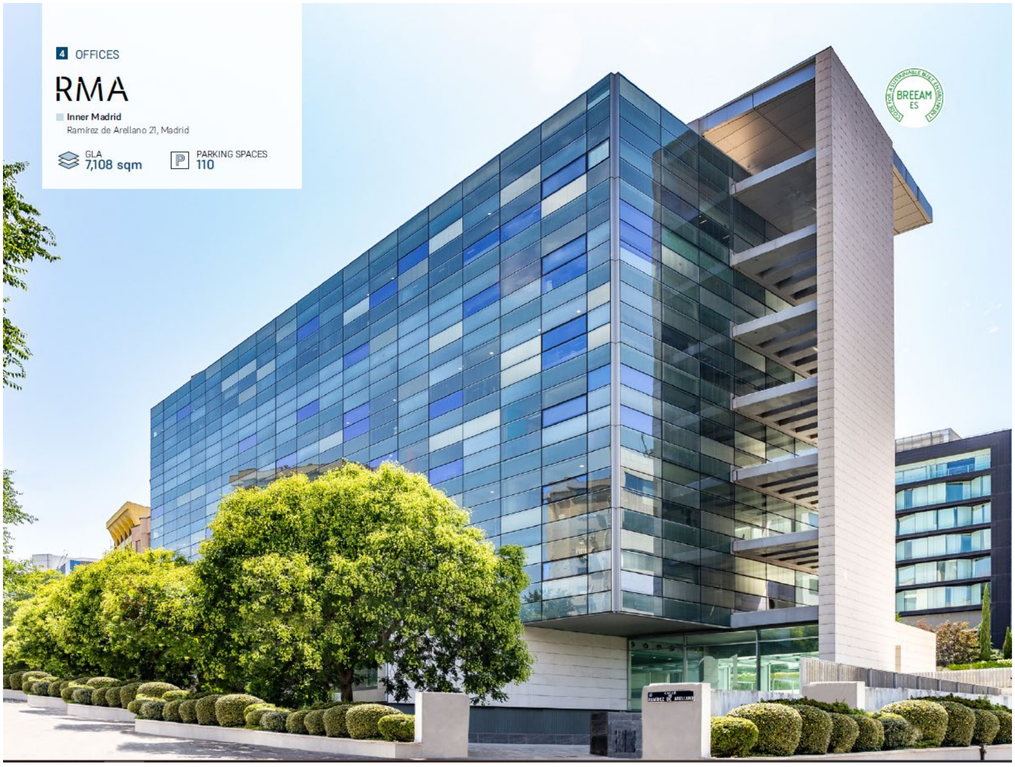
The properties that currently make up the Group's portfolio are the following:




1 OFICINAS
Habana
CBD
Fray Bernardino Sahagún 24, Madrid
SBA
4.356 m²
PLAZAS PARKING
65
LEED
WELL
A
ONTIER


2 OFICINAS
MM39
CBD
María de Molina 39, Madrid
SBA
4.025 m²
PLAZAS DE PARKING
24


3 OFICINAS
Pradillo
Madrid Centro
Pradillo 54-56-58, Madrid
SBA
12.500 m²
PLAZAS PARKING
200
LEED
WELL
A


4 OFFICES
RMA
Inner Madrid
Ramírez de Arellano 21, Madrid
GLA
7,108 sqm
PARKING SPACES
110
BREEAM ES

ÁRIMA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED AT 30 JUNE 2023


7 OFICINAS
Cristalia
Campo de las Naciones, Madrid
Vía de los Poblados 3, Madrid
SBA
10.936 m²
PLAZAS PARKING
202
LEED


8 OFICINAS
Cadenza
Campo de las Naciones, Madrid
Vía de los Poblados 7, Madrid
SBA
14.565 m²
PLAZAS PARKING
215
LEED
WELL
A

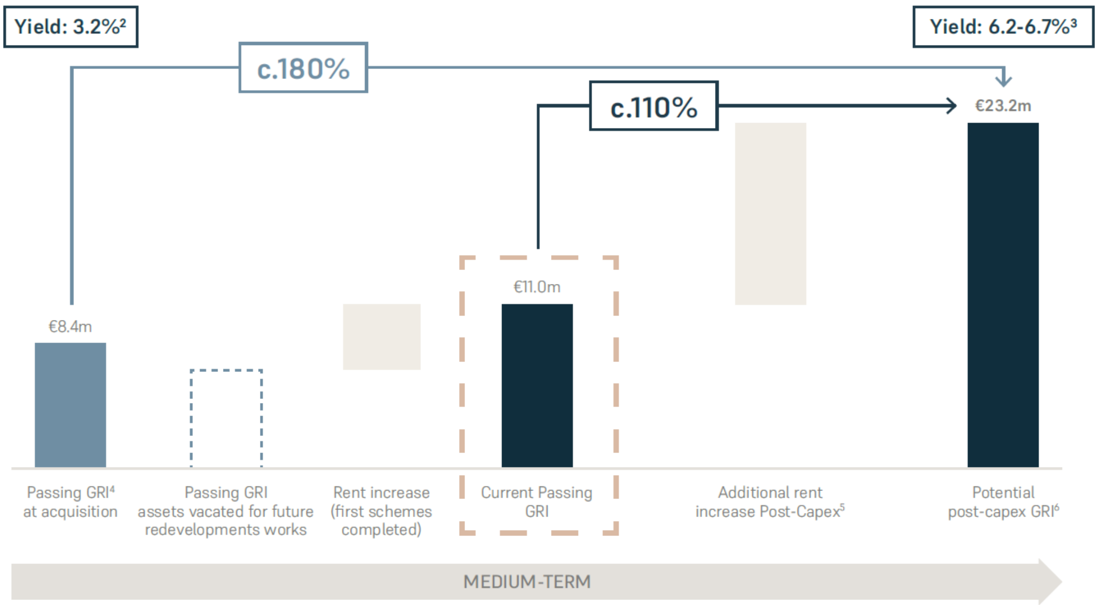

9 OFFICES
Dune
Las Tablas/Manoteras Madrid BD
Avenida de Manoteras 28, Madrid
GLA
12,842 sqm
PARKING SPACES
241
LEED
WELL
A


10 LOGISITICS
Guadalix
Madrid 2nd Ring
A-1 highway, Km.32, San Agustín de Guadalix, Madrid
GLA
25,694 sqm
LOADING BAYS
29
BREEAM ES
A
EROSKI

The net amount of turnover, derived from the lease of the real estate assets owned, amounted to 4,473 thousand euros as of June 30, 2023 (4,100 thousand euros as of June 30, 2022). EBITDA - earnings before interest, taxes, depreciation and amortization - amounts to (13,888) thousand euros.
The market value of the Group's assets as of June 30, 2023, amounting to €402,400 thousand (€379,700 thousand as of December 31, 2022), represents a like-for-like revaluation of -2.34%.

Below, the revenue projection of the current portfolio is shown, reflecting expected rent growth (at current market levels).

Current portfolio[1] – gross rental income expected evolution (at current market rents)



(1) Includes the new asset acquired in the period (Torrelaguna); **(2)** Passing gross yield defined as passing gross rents over total portfolio acquisition price; **(3)** Yield on cost defined as post-capex GRI divided by total investment (acquisition costs plus expected capex); **(4)** Annualized gross rents; **(5)** Expected increase in rents from capex investments; **(6)** Expected gross rental income after realizing reversionary potential and effects from capital expenditures; **(7)** Source: CBRE as of Q1 2023

3. EPRA INFORMATION

The European Public Real Estate Association (EPRA) defines three metrics for calculating Net Asset Value (NAV) in its best practice guide: Net Reinstatement Value, Net Tangible Assets and Net Disposal Value. Considering its activity and usual market practice, the metric that best represents the nature of the Company is Net Tangible Asset:

EPRA *Net Asset Value Metric: Net Tangible Assets*

		Thousand euros
	30/06/2023	**31/12/2022**
IFRS Equity attributable to shareholders:	**315,669**	**330,955**
Hybrid instruments	-	-
Diluted NAV	315,669	330,955
Exclude:		
Fair value of financial instruments	2,497	2,517
Intangibles as per the IFRS balance sheet	235	246
EPRA NTA	**312,937**	**328,192**
Fully diluted number of shares	26,275,899	26,407,127
EPRA NAV per share (euros)	**11.9**	**12.4**

During the first six months of 2023, the Net Tangible Asset has experienced a variation of -4%, mainly due to the evolution of the market and the increase in interest rates.

4. SHARE PRICE PERFORMANCE

The share price as of June 30, 2023 is 8.60 euros per share. The share price as of December 31, 2022 was €7.50 per share.

5. TREASURY SHARES

As of June 30, 2023, the Company holds shares representing 7.57% of the share capital of the parent Company and totaling 2,153,477 shares (as of December 31, 2022 they represented 7.11% and totaled 2,022,249 shares). The average cost of treasury shares was €8.61 per share in 2023 (€8.15 per share at 31 December 2022).

These shares are recorded reducing the value of the Group's equity as of June 30, 2023 by an amount of 18,051 thousand euros (as of December 31, 2022 by an amount of 17,072 thousand euros).

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

	At 30 June 2023		At 31 December 2022	
	Number of treasury shares	Thousand euros	Number of treasury shares	Thousand euros
At the beginning of the period	**2,022,249**	**17,072**	**926,067**	**8,163**
Additions/purchases	131,228	979	1,096, 182	8,909
Reductions	-	-	-	-
At the end of the period	**2,153,477**	**18,051**	**2,022,249**	**17,072**

The parent company complies with the obligations arising from article 509 of the Capital Companies Law which, in relation to shares listed on an official secondary market, establishes that the nominal value of the shares acquired, in addition to those already held by the parent company and its subsidiaries, must not exceed 10% of the capital. The Subsidiary Companies do not own their own shares or those of the parent Company.

6. DIVIDEND POLICY

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

a) 100% of the profits resulting from dividends or profit shares received 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 purpose. The remainder of these profits must be reinvested in other property or investments related to the performance of this corporate purpose within three years of the transfer date. Otherwise, these profits must be distributed in full together with any profit earned, where applicable, in the year in which the reinvestment period expires. If the items in which the reinvestment has been made are transferred prior to the end of the holding period, profits must be distributed in full, together, where applicable, with the part of the profits attributable to the years in which the Company was not taxed under the special tax scheme provided for in the before mentioned Act.

c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month of the distribution agreement. When dividends are distributed with a charge to reserves originating from profits for a year in which the special tax rules were applied, the distribution must compulsorily be approved by means of the resolution referred to above. Additionally, the amendment to Law 11/2021 imposes a 15% tax on undistributed profits through dividends.

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

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

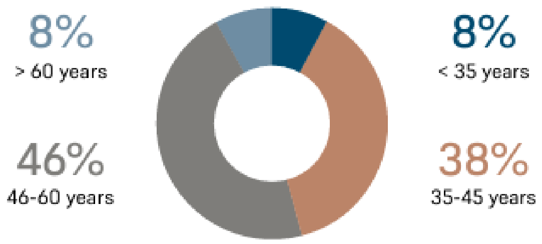
		Thousand euros
	30/06/2023	30/06/2022
Result for the period- *Spanish GAAP*	**(3,897)**	**(2,223)**
Adjustments:		
(I) Consolidation	(86)	69
(II) Amortization of inv. Properties	1,781	980
(III) Value adjust. of investment properties	(12,591)	23,722
Resultado del ejercicio - *IFRS*	**(14,793)**	**22,548**

7. TEAM

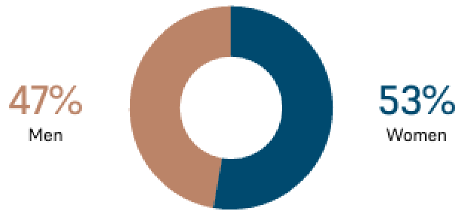
Árima bases its activity on professional solvency, deep knowledge of the sector and the high level of connection of its management team with the market.

To continue building on Árima's achievements, the management team works to distinguish the best investment operations. The team is responsible for all phases of the value creation chain from the identification of assets for investment to their management and their potential repositioning or improvement and addressing issues such as regulatory compliance and sustainability. In turn, the management team is under the umbrella of the Board of Directors, whose members supervise the activity of the Company.

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



During the first six months of fiscal year 2023, the Company has endeavored to collect and present team-related sustainability metrics for 2022. Among them we highlight the training hours, which have amounted to 34 hours per employee (22 hours per person in the first half of 2022). All employees receive ESG training and have the flexibility to balance training with working hours.



In addition, the Company calculates the gender pay-gap once a year, which currently stands at 2.11%, confirming that in Árima there are no differences in remuneration derived from gender.

Below, we show the evolution of the average workforce of the Company:

The breakdown of the average number of employees at 30 June 2023 and 2022 by category is as follows:

Categories	**30 June 2023**	**30 June 2022**
Management	8	8
Employees with degrees	4	4
Administrative personnel and others	2	2
	14	**14**

The gender distribution at 30 June 2023 is as follows:

	30 June 2023		
Grades	**Men**	**Women**	**Total**
Management	6	2	8
Employees with degrees	2	2	4
Administrative personnel and others	1	2	3
	9	**6**	**15**

8. ALTERNATIVE PERFORMANCE MEASURES

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

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

Alternative performance measures relating to the income statement

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

Alternative performance measures relating to the balance sheet

- Gross Asset Value (GAV): this is the value of the portfolio according to its most recent external valuation by an independent expert. This figure is used to determine the value generated as a result of the Group's management of its asset portfolio. See Note 7 of these condensed consolidated interim statements.

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

At 30 June 2023, 100% of the financing obtained by the Company is classified as "green" by the financial institutions, given the sustainable characteristics of the properties financed.

9. USE OF DERIVATIVES

The coverage of cash flows through interest rate swaps (financial swap) allows to exchange debt at variable interest rate for fixed-rate debt, where future cash flows to be covered are future interest payments on contracted loans. Changes in the fair value of derivatives are reflected in "Hedging Reserve" in equity. See Note 15 of these condensed consolidated interim financial statements.

10. RISK MANAGEMENT

Continuing with its goal to create a strict internal monitoring system, Árima has implemented a number of management guidelines that are included in its Risk Control and Management (RMS) Policy and are explained in further detail in its Risk Management Manual.

Risk management and control is a continuous process based on: (i) identifying and evaluating potential risks to the Company posed by strategic and business objectives; (ii) determining action plans and controls for critical risks; and (iii) supervising the effectiveness of the designed controls and the evolution of residual risk in order to report these to the Company's governing bodies.

With the aim of ensuring that the risks, controls and governance framework set out in Árima's Risk Management Model, i.e. the Risk Management System (RMS), the Model for the Detection and Prevention of Criminal Activity (MDPCA) and the System for Internal Control over Financial Reporting (ICFR) are managed in the required way by the Board of Directors, Árima has implemented its Oversight Manual. This establishes the rules that allow it to confirm that:

- → Risks are being managed properly, in accordance with the requirements set out by Management.
- → Response plans and controls are efficient, or action plans are being implemented whenever this is deemed necessary.
- → The governance framework is suitable and the relevant reporting is being made.

The specific aims set out in the Oversight Manual are:

- → Establishing responsibilities with regard to the activities of overseeing, managing and updating the RMS, MDPCA and ICFR.
- → Defining the criteria, procedures and working methodology to be used for the monitoring of risk and controls, including their testing.
- → Defining the procedure for communications and reporting between the various players involved in the process for the regular oversight of the RMS, MDPCA and ICFR.

The Annual Oversight Plan for 2022, which was approved by the Board of Directors at the end of the 2021 financial year, reflected the application of an internal approach to oversight, based on the view that, given the volume and complexity of Árima's business activities, its existing resources were sufficient to cover the planning and implementation of the agreed oversight activities.

The main activity to be engaged in to ensure the proper performance of the Annual Oversight Plan consists of evaluating the correct design, appropriate level of implementation and proper efficiency of the controls identified within the Group in the framework of the RMS, MDPCA and ICFR.

Oversight of the Company's control environment, pursuant to the Annual Oversight Plan for 2022, has been satisfactory, and the selected controls received a positive evaluation, once the supporting information recording compliance with these controls had been reviewed. As a consequence of this evaluation, and with the aim of documenting the oversight process and adhering to the Management's commitment to reporting, the relevant Annual Oversight Report has been issued.

Note 3 of the condensed consolidated interim statements gives details of the Group's risk management activities.

11. MAIN RISKS AND UNCERTAINITY

The Group's activity is subject to various risks specific to the sector, such as changes in the evolution of the real estate market, tax regulations, defaults, environmental risks, the search for potential acquisitions of new prime assets in the national market and the availability of financing and obtaining resources to undertake them.

For this reason, the Group carries out its work with a committed risk management, as described in the previous section, with the aim of acquiring real estate investments that fit within its strategy and that provide maximum value to its shareholders in the medium and long term. Árima has investment resources associated with the treasury and the financing capacity of the assets pending financing, which will allow it to have firepower to continue with its investment strategy focused on real estate assets in Spain.

From a financial point of view, Árima has a solid balance sheet to face this period, with a low leverage (23% net LTV) and a cash and equivalent position of 9 million euros as of June 30, 2023, which translates into a positive working capital of 25 million euros and a net debt amount of 111 million euros at that date. Additionally, more than 80% of the debt service that the parent company has to face will take place in 2026 and beyond, minimizing the Group's liquidity risk. Likewise, Árima has a high-quality tenant base that has allowed rent collection deadlines to remain unchanged. On the other hand, rehabilitation projects are ongoing in accordance with the Group's strategy.

12. TECHNOLOGY, SUSTAINABILITY AND HEALTH

Since its establishment, Árima has conceived sustainability as one of the pillars on which its strategy is based. Care for the environment and good work have guided the team's actions since the creation of the SOCIMI, and continue to play an important role in corporate decisions and portfolio management.

The Group is committed to creating quality assets by generating sustainable and innovative, attractive and healthy spaces, inspiring creativity and talent retention.

During the first six months of 2023, the focus has continued to be on obtaining the sustainability certifications of the assets whose reforms have already been completed. Thus, it has been possible to obtain the certifications and / or precertifications of LEED and WELL for Botanic, Habana and Cadenza in addition to the BREEAM certification for the logistics warehouse of San Agustín de Guadalix.

In line with the corporate decarbonisation strategy defined in 2022, ways have been sought to reduce both the consumption of assets in operation and the emissions generated during the renovation works.

On the one hand, an energy audit of the Cristalia asset has been carried out to identify measures to achieve a reduction in costs and consumption. Thus, an independent third party has evaluated the facilities and practices in the asset and has proposed modifications that will achieve savings of 14% of the consumption of the asset and more than € 20,000.

In addition, 9 months of full performance of the photovoltaic plant installed in the Guadalix warehouse have already been reached. During the first six months of 2023, the energy consumption of the asset has been reduced by 55% compared to the same period of 2019 (base year for the calculation).

On the other hand, the Group continues to strive to measure the carbon footprint of its reforms and to be able to quantify the Company's impact on the environment. Currently, the emissions generated with the Habana work and the savings thanks to the reuse of the structure and other materials are being quantified.

13. SUBSEQUENT EVENTS

From 30 June 2023 to the date on which these interim consolidated financial statements were authorised for issue, there were no significant events to disclose.