Vía Célere Desarrollos Inmobiliarios, S.A. and subsidiaries

Auditor's report
Consolidated annual accounts at December 31, 2020
Consolidated 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 language version of our report takes precedence over this translation.

Independent auditor´s report on the consolidated annual accounts

To the shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.,

Opinion

We have audited the consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Most relevant aspects of the audit

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

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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Valuation of inventories	
The Group's inventories mainly comprise land, developments in progress and completed developments, mainly located in Spain, and constitute 83% of consolidated assets at December 31, 2020. The Group, as described in notes 2.4, 4.k) and 15, makes the appropriate valuation adjustments when the net realizable value of inventories is lower than their acquisition price or production cost. This net realizable value is based on valuations performed annually by an independent expert, applying widely accepted valuation standards as indicated in the aforementioned notes. The external valuation expert has issued their inventory valuation report on the basis of a material valuation uncertainty due to the effects of the COVID-19 pandemic. This report mentions that such valuations should be considered with a higher degree of caution and uncertainty than under normal conditions. Taking into account the relevance of the inventories line item in the accompanying consolidated annual accounts and the degree of estimation and judgment involved in the valuation of these types of assets, this aspect has been considered as one of the most relevant aspects of the audit.	We have obtained the valuations issued by management's independent expert, and performed the following procedures, among others: • Assessment of the competence, capability and independence of the expert by obtaining an independence confirmation and ascertaining their recognized prestige in the market. • Assessment of the reasonableness of the procedures and methodology used by the expert in their valuation. • Carrying out selective tests to assess the accuracy of the most relevant data supplied by management to the valuers and used by them in their evaluation. • Assessment, by mean of an understanding of their evolution and the involvement of our internal experts on real estate valuation, of the adequacy of the main assumptions used, taking into account current market conditions. We have analyzed the adequacy of the information included in note 15 of the consolidated annual accounts, where the aforementioned material valuation uncertainty is explained in relation to the inventories recorded in the consolidated statement of financial position. For this purpose, we have held meetings with the Parent company's management and have obtained sufficient evidence to contrast both their assessment of the valuation of inventories and the disclosures included in the consolidated annual accounts in relation to this aspect. In performing our procedures, we obtained sufficient, appropriate audit evidence to assess that the estimates and conclusions of the Parent company's management regarding the valuation of inventories are consistent with information currently available.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Recognition and recoverability of deferred tax assets	
The Group's deferred tax assets, which are detailed in note 21, amount to 68,635 thousand euros and constitute 5% of consolidated assets at December 31, 2020. The Group, as described in notes 2.4, 4.n) and 21, recognizes deferred tax assets to the extent that it is probable that sufficient future taxable profits will be available for their offset. As of December 31, 2020, the Group has capitalized an amount of 22.7 million euros relating to the carryforward of unused tax losses and has generated approximately 533 million euros of unused tax losses pending offset at year end. In order to assess their recoverability, the Parent company's directors take into account the valuation of inventories at year end, as well as the business plan prepared by management and the sales forecasts for the developments included in the aforementioned plan, taking into account the characteristics of the Spanish real estate sector. The relevance of the deferred tax assets line item in the accompanying consolidated annual accounts, and the degree of estimation and judgment involved in the evaluation of the projections of expected future results, mean that this matter is considered to be a relevant aspect of the audit.	We have obtained the projections of future tax results estimated by the Parent company's management, performing the following procedures, among others: • Assessment of the reasonableness of the methodology used by the Parent company's management in the construction of the economic projections used and their concordance with applicable tax regulations. • Evaluation of the reasonableness of the projections considered for future years based on the expected evolution of the Spanish real estate market, in accordance with the characteristics of the Group's real estate portfolio. • Comparison of the estimates included in the Group's projections for previous years with the results achieved, evaluating the impact of variances in such estimates. • Assessment of the consistency of the estimates of revenues, costs and development timeframes of the real estate portfolio with the evidence obtained via audit procedures carried out in this area and with public information provided by the Group. In addition, we have evaluated the sufficiency of the information disclosed in the consolidated annual accounts. As a result of the procedures performed, we have obtained sufficient audit evidence to corroborate the estimates made by the Parent company's directors relating to the recoverability of deferred tax assets.

Other matter

The consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated annual accounts on March 20, 2020.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2020 financial year, the formulation of which is the responsibility of the Parent company´s directors and does not form an integral part of the consolidated annual accounts.

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

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with the applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Fernando Chamosa Valín (21402)

March 2, 2021

Vía Célere Desarrollos Inmobiliarios, S.A. and subsidiaries

Consolidated annual accounts and consolidated management report for the year ended 31 December 2020

Drawn up in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS)

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

Assets	Note	31.12.2020	31.12.2019
Intangible assets	8	**62**	**66**
Computer softw are		57	61
Goodw ill	12	5	5
Property, plant and equipment	9	**4,717**	**4,434**
Land and buildings		3,134	2,954
Plant and machinery		619	681
Other property, plant and equipment		939	756
Work in progress		25	43
Investment property	10	**110**	**112**
Land		75	75
Buildings		35	37
Investments in associates		**1,833**	**5,079**
Equity instruments	13	1,833	5,079
Non-current financial assets	14	**3,600**	**1,801**
Deposits and guarantees		3,331	1,511
Derivative financial instruments		-	1
Loans to third parties		269	289
Deferred tax assets	21	**68,635**	**75,002**
Total non-current assets		**78,957**	**86,494**
Inventories	15	**1,251,159**	**1,416,688**
Raw material		101	740
Land and plots		515,242	632,826
Completed developments		152,160	116,313
Property developments in progress		582,447	656,038
Advances to suppliers		1,209	10,771
Trade and other receivables		**13,090**	**15,835**
Trade receivables for sales and services	14	119	1,818
Receivables from Group companies and associates	14, 24	305	498
Other receivables from public administrations	21.1	7,517	12,231
Current tax receivable	21.1	111	113
Other accounts receivable	14	5,038	1,175
Current investments in associates	14	**36**	**51**
Loans to associates		36	51
Current financial assets	14, 24	**9,596**	**12,263**
Loans to third parties		3,570	7,859
Other financial assets		6,026	4,404
Prepayments and accrued income		**5,263**	**6,342**
Cash and cash equivalents	14	**141,181**	**176,124**
Cash		13	17
Treasury		141,168	176,107
Total current assets		**1,420,325**	**1,627,303**
Total assets		**1,499,282**	**1,713,797**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

Equity	Note	31.12.2020	31.12.2019
Share capital	16.1	411,161	411,161
Share premium	16.2	736,387	736,387
Reserves		**(377,484)**	**(397,557)**
Legal reserve	16.3	30,090	29,908
Retained Earnings	16.3	(407,574)	(427,465)
Profit for the year		**49,657**	**22,435**
Total Equity		**819,721**	**772,426**
Non-current provisions	17	**10,056**	**12,147**
Non-current payables	18	**4,039**	**222,411**
Bank borrow ings		4,029	222,401
Other financial liabilities		10	10
Deferred tax liabilities	21	**3,014**	**12,621**
Total non-current liabilities		**17,109**	**247,179**
Current provisions	17	**11,009**	**7,058**
Current payables	18	**378,911**	**384,406**
Commercial paper program		1,700	-
Bank borrow ings		376,975	384,099
Other financial liabilities		236	307
Current related party payables	18, 24	**143**	**-**
Trade and other payables		**272,389**	**302,728**
Current payables to suppliers	18	110,220	122,704
Customer advances	18	128,718	163,015
Payable to employees	18	31	2,674
Taxes payable	21.1	28,473	13,681
Current tax liabilities	21.1	4,947	654
Total current liabilities		**662,452**	**694,192**
Total liabilities		**679,561**	**941,371**
Total equity and liabilities		**1,499,282**	**1,713,797**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED AS AT 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

	Note	31.12.2020	31.12.2019
Revenue	23.1	**656,968**	**362,714**
Sales		656,966	362,703
Services rendered		2	11
Other income		**3,845**	**9,532**
Changes in inventories of finished goods and work in progress	23.2	**(125,664)**	**150,835**
Raw materials and other consumables used		**(389,123)**	**(423,350)**
Raw materials and other consumables used		(87,630)	(105,482)
Work performed by other companies		(295,949)	(321,551)
Impairment losses on real estate inventories	15	(5,544)	3,683
Personnel expenses	13.4	**(30,032)**	**(25,451)**
Wages, salaries and similar		(24,740)	(20,056)
Employee benefits expense		(5,292)	(5,395)
Other expenses		**(30,033)**	**(40,605)**
Depreciation and amortisation charge	8, 9, 10	**(402)**	**(439)**
Impairment losses and gains/(losses) on disposal of non-current assets	23.11	**22**	**54**
Impairment and losses		-	54
Gains on disposals and others		22	-
OPERATING LOSS		**85,581**	**33,290**
Finance income	23.9	**467**	**538**
From marketable securities and other financial instruments		467	538
Finance cost	23.10	**(22,338)**	**(22,464)**
On payables to third parties		(22,338)	(22,464)
Change in fair value of financial instruments	23.13	**(1)**	**(24)**
NET FINANCE INCOME / (COST)		**(21,872)**	**(21,950)**
Share of loss on investments accounted for using the equity method	13	**(646)**	**6,940**
PROFIT BEFORE TAX		**63,063**	**18,280**
Income tax	21	(13,406)	4,155
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**49,657**	**22,435**
PROFIT FOR THE YEAR		**49,657**	**22,435**
Earning per share			
Basic earning per share (Euros) (Note 5)		0.72	0.33
Diluted earning per share (Euros) (Note 5)		0.72	0.33
Earning per share - Continuing operations			
Basic earning per share (Euros) (Note 5)		0.72	0.33
Diluted earning per share (Euros) (Note 5)		0.72	0.33
Profit attributable to Parent Company Shareholders		**49,657**	**22,435**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AS AT 31 DECEMBER 2020

(IN THOUSAND OF EUROS)

(Thousand of Euros)		
	Year 2020	**Year 2019**
Consolidated profit for the year	**49,657**	**22,435**
Total comprehensive income, net of taxes	**49,657**	**22,435**
a) Owners of the Parent	49,657	22,435

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020
(IN THOUSAND OF EUROS)

	Attributable to owners of the Company					
	Share Capital	Share premium	Legal reserve	Retained earnings	Total	Total Equity
Balance as at 1 January 2019	**204,187**	**239,294**	**20,814**	**(5,753)**	**458,542**	**458,542**
Total comprehensive income for the year	-	-	-	22,435	**22,435**	**22,435**
Total recognised income and expense, 2018	-	-	9,094	(9,094)	**-**	**-**
Aelca Merger Operation (Note 16.1;7 and 1)	190,482	457,484	-	(409,965)	**238,001**	**238,001**
Issue of ordinary shares (Note 16.1)	16,492	39,609	-	-	**56,101**	**56,101**
Other equity	-	-	-	(2,653)	**(2,653)**	**(2,653)**
Balance as at 31 December 2019	**411,161**	**736,387**	**29,908**	**(405,030)**	**772,426**	**772,426**
Total comprehensive income for the year	-	-	-	49,657	**49,657**	**49,657**
Total recognised income and expense, 2019	-	-	182	(182)	**-**	**-**
Other equity	-	-	-	(2,362)	**(2,362)**	**(2,362)**
Balance as at 31 December 2020	**411,161**	**736,387**	**30,090**	**(357,917)**	**819,721**	**819,721**

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AS AT 31 DECEMBER 2020

(IN THOUSAND OF EUROS)

	Note	31.12.2020	31.12.2019
CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES			
Loss for the year		**49,657**	**22,435**
Adjustments for		**35,490**	**19,242**
Depreciation and amortisation charge	**8, 9, 10**	403	442
Impairment losses	**16**	(162)	(2,129)
Changes in provisions	**18**	6,614	11,367
Gains on derecognition and disposal of non-current assets	**23.11**	(22)	(12)
Finance income	**23.9**	(467)	(538)
Finance cost	**23.1**	22,338	22,347
Tax income		6,139	(4,043)
Change in fair value of financial instruments		1	24
Others income / cost		-	(1,392)
Share of loss on investments for using the equity method	**14**	646	(6,824)
Changes in working capital		**152,137**	**(94,903)**
Inventories		176,290	(106,797)
Trade and other receivables		3,743	3,999
Trade and other payables		(24,384)	13,706
Other current assets and liabilities		1,242	(2,176)
Other non-current assets and liabilities		(4,754)	(3,635)
Other cash flows from/(used) in operating activities		**(29,695)**	**(24,364)**
Income taxes paid	**21**	(7,900)	853
Dividends received		2,600	9,089
Interest paid	**23**	(24,419)	(34,844)
Interest received	**23.9**	24	538
Total net cash flows from/(used) in operating activities		**207,589**	**(77,590)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due/proceeds from investing activities		**(3,661)**	**(164,318)**
Associated companies		-	(166,772)
Acquisition of intangible assets	**8**	(41)	(17)
Acquisition of property, plant and equipment	**9**	(617)	(918)
Acquisition of subsidiary, net of cash acquired		-	-
Other financial assets		(3,003)	3,389
Proceeds from sale of investments		**-**	**71,877**
Investments in associates		-	2,685
Intangible assets		-	25
Business Combination (merger)		-	71,617
Other financial assets		-	(2,450)
Total net cash flows (used in)/from investing activities		**(3,661)**	**(92,441)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments	**16.1, 16.8**	-	37,177
Proceeds from bank borrowings		285,300	331,015
Repayment of bank borrowings		(524,171)	(78,273)
Total net cash flows from financing activities		**(238,871)**	**289,919**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(34,943)**	**119,888**
Cash and cash equivalents at 1 January	**14.3**	176,124	56,236
Cash and cash equivalents at 31 December	**14.3**	141,181	176,124

Notes 1 to 27 and the Appendix I are an integral part of the 2020 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

1. Consolidated Annual Accounts. Nature, activities and composition of the Group

A. GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A. (hereinafter, the Parent Company or the Company) was incorporated in Pontevedra on 16 August 1989 under the name "Confecciones Udra, S.A.", which changed in 1993 to "Inmobiliaria Udra, S.A.", in June 2008 to "San José Desarrollos Inmobiliarios, S.A." and in June 2016 to "Dos Puntos Desarrollos Inmobiliarios S.A.". On 20 June 2017, the Extraordinary General Shareholders' Meeting of the Company resolved to change its name to "Vía Célere Desarrollos Inmobiliarios, S.A." and to change its registered office and the consequent amendment to the bylaws, with the new registered office at calle Carlos y Guillermo Fernández Shaw 1, 28007 Madrid (Spain).

The Parent Company is the Parent of a group of companies engaging in residential property development activities and which together constitute the Vía Célere Desarrollos Inmobiliarios Group ("hereinafter the Group").

The Group's activity consists of providing the following services through Group companies: the development of all types of real estate; construction in general, whether for its own account or for that of third parties; the purchase and sale of construction, urban development and gardening equipment; the execution of public works in general; and the purchase and sale of all types of property, whether transportable or not, and both rural and urban real estate. The Group's activity is carried out in Spain and Portugal.

The Parent Company is controlled by investment funds managed by Värde Partners, Inc. which together account for 76.4% of the shareholding.

B. MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L. (hereinafter "minority shareholder"), with the companies Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. (hereinafter "the majority shareholders"), with the companies in which the former have an interest, with Aelca Desarrollos Inmobiliarios, S.L. ("Aelca" or "ADI") and with certain of its investees, for which the parties agreed to carry out the following transactions:

i) Acquisition by the Company of the minority shareholdings held by the minority shareholder (minority shareholdings of around 10-20% of the share capital) in Promyva Inmuebles, S.L., Myvain Inmuebles, S.L., Nalentia Urbana, S.L., Inmavy Urbana, S.L., Nirbe Inmuebles, S.L., Nirbe Meseta, S.L. and Nirbe Costa Norte, S.L. (hereinafter referred to as "parent companies"). These parent companies owned 100% of the share capital of 70 residential development companies (hereinafter the "project companies" (see Appendix I).

ii) Acquisition by the Company of 100% of the ownership interest held by Aelca in Habitatio Urbana, S.L.U., Campuslar Inmuebles, S.L.U., Novosolum Urbana, S.L.U., Segeslar Inmuebles, S.L.U., Velan Urbana, S.L.U., Generlar Inmuebles, S.L.U. and Numen Inmuebles, S.L.U. (hereinafter "Aelca operating companies").

iii) Merger by absorption of the Company (as absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former. In consideration of the merger operation majority shareholders received shares of the Company equivalent to 80-90% of the share capital in the absorbed entities through a non-monetary contribution (issuance and delivery of new VCDI shares to these shareholders)).

On 30 October 2018, the transaction was authorised by the Comisión Nacional del Mercado y Competencia (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

As a preliminary step to executing the transactions indicated in points i, ii and iii, on 2 January 2019 the Parent Company signed a senior syndicated financing agreement for 223,000 thousand of euros as the original borrower, undertaking to comply with certain financial covenant obligations over the term of the loan and relating to its quarterly consolidated financial statements (see Note 18.1.43).

On 9 January 2019, the merger deed was executed and it was registered at the Companies Registry of Madrid on 8 March 2019. The accounting effects of the merger are considered from 1 January 2019 as a transaction under common control (See Note 7).

Therefore, this merger by absorption implied (i) the dissolution and extinction of the absorbed entities, and (ii) the block transfer of their corporate assets to the Company that acquires, by universal succession, all the rights and obligations of the absorbed companies.

The issue of these new shares is equivalent to 48.26% of the Company's capital, while the remaining shareholders of the Company hold shares equivalent to 51.74% of the Company's capital.

The detail of the assets acquired and liabilities assumed as at the date of the business combination and the pro-forma consolidated annual accounts as at 31 December 2018 with those assets and liabilities are detailed in Note 7.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Financial reporting standards framework applicable to the Group

These consolidated annual accounts have been prepared on the basis of the accounting records of the Company and its subsidiaries in accordance with International Financial Reporting Standards adopted by the European Union (EU-IFRS) (the 2020 consolidated annual accounts) in order to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 31 December 2020, of the results of its consolidated operations, of its consolidated cash flows and of the changes in consolidated equity for the year then ended.

The Parent Company's Board of Directors considers that the 2020 consolidated annual accounts, which were authorised for issue on 26 February 2021, will be approved by the shareholders at the Annual General Shareholders' Meeting without any material changes.

The Group's accounting policies are detailed in Note 4.

Changes in accounting policies and disclosures

The changes in application for the calendar year beginning on 1 January 2020 are as follows:

Amendments and/or interpretations	
Amendments to IAS 1 and IAS 8 Definition of 'Materiality'	In particular, the amendments clarify that the reference to obscuring information addresses situations where the effect is similar to omitting or distorting that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of "primary users of general purpose financial statements" to whom those financial statements are addressed, defining them as "current and potential investors, lenders and other creditors" who need to rely on general purpose financial statements for much of the financial information they need.
Amendment to IFRS 3 Definition of Business	The modified definition of business requires an acquisition to include an input and a substantive process that together contribute significantly to the ability to produce products. The definition of the term "outputs" is modified to focus on goods and services provided to customers, generating investment and other income, and excludes returns in the form of lower costs and other economic benefits. The changes are likely to result in more acquisitions being accounted for as asset acquisitions.
Amendments to IFRS 7, IFRS 9 and IAS 39 Reference Interest Rate Reform	These amendments provide certain exemptions in relation to interest rate reference rate (IBOR) reform. The exemptions relate to hedge accounting and provide that IBOR reform generally should not cause hedge

	accounting to cease. However, any hedge ineffectiveness should continue to be recorded in the income statement.
Conceptual Framework for Financial Reporting (Revised)	Key changes include: • increasing the importance of management in the preparation of financial information • reintegrating prudence as a component of neutrality • defining a reporting entity, which may be a legal entity, or a part of an entity • reviewing the definitions of an asset and a liability • removing thresholds for recognition and adding guidance on de-recognition • adding guidance on different valuation bases, and • establishing that the result for the year is the main performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this improves the relevance or true and fair view of the financial statements. No changes will be made to any of the current accounting rules. However, entities that rely on the Framework to determine their accounting policies for transactions, events or conditions that are not otherwise treated under accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The amended standards and interpretations have not had a significant impact on the Group's consolidated annual accounts.

a) Standards and interpretations issued but not yet effective

The new standards, amendments and interpretations that must be applied in years subsequent to the calendar year beginning on 1 January 2020 are:

Not yet approved for use in the European Union at the date of formulation		
IFRS 17 Insurance contracts	IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. It requires a current valuation model where estimates are revalued in each reporting period. Contracts are valued using the basic components of: probability-weighted discounted cash flows; explicit risk adjustment, and a contractual service margin (CSM) representing the unearned contract profit that is recognised as ordinary income during the hedge period. The standard provides a choice between recognising changes in discount rates in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurance companies account for their financial assets in accordance with IFRS 9. A simplified and optional premium allocation approach is allowed for the remaining coverage liability for short-	2 January 2021 (1)

	duration contracts, which are often underwritten by non-life insurance companies. A modification of the general valuation model known as the "variable fee approach" exists for certain contracts entered into by life insurance companies where the policyholders share the returns on the underlying assets. When applying the variable fee approach the entity's share of changes in the fair value of the underlying items is included in the contractual service margin. The results of insurance companies using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities issuing insurance contracts or investment contracts with discretionary participation components.	
Amendments to IFRS 16 Rent Reductions related to Covid-19	As a result of the COVID-19 pandemic, lease concessions have been granted to tenants. Such concessions can take various forms, including payment holidays and deferment of lease payments. In May 2020, the IASB made an amendment to IFRS 16 *Leases* that provides lessees with an option to treat qualifying lease concessions in the same way as they would if they were not modifications to the lease. In many cases, this will result in accounting for concessions as variable lease payments over the period in which they are granted. Entities applying the practical expedient must disclose this fact if the expedient has been applied to all qualifying rental concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss derived from rental concessions.	1 June 2020
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	The limited scope amendments to IAS 1 clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period in question. The classification is not affected by the entity's expectations or events after the reporting date (for example, receipt of a waiver or breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions in determining classification and for some liabilities that may be converted to equity. They should be applied retrospectively in accordance with the normal requirements of IAS 8. In May 2020, the IASB issued a Draft proposing to defer the effective date of the amendments to 1 January 2023.	1 January 2022 (2)
Amendments to IAS 16 Property, Plant and Equipment: Revenue earned before intended use	It is prohibited to deduct from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use. The amendment also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant for this assessment.	1 January 2022

	Entities shall disclose separately the amounts of revenues and costs related to items produced that are not a result of the entity's ordinary activities.	
Amendments to IFRS 3 Reference to the Conceptual Framework	Minor amendments were made to IFRS 3 to update references to the 2018 Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 and Interpretation 21. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Amendments to IAS 37 Onerous Contracts - Cost of fulfilling a contract	The amendment clarifies that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the performance of contracts. Before recognising a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the contract.	1 January 2022
Annual Improvements to IFRS - 2018-2020 Cycle	The following upgrades and modifications were completed in May 2020: • IFRS 9 "Financial Instruments": Clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 – Leases Illustrative Example 13 has been amended to remove the illustration of lessor payments in relation to leasehold improvements and to eliminate any potential confusion about the treatment of lease incentives. • IFRS 1 "First-time Adoption of IFRS": This allows entities that have measured their assets and liabilities at the carrying amounts recorded in their parent company's books to also measure cumulative translation differences using the amounts recorded by the parent company. This amendment shall also apply to associates and joint ventures that have adopted the same exemption in IFRS 1. IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for tax purposes when measuring fair value under IAS 41. This amendment is intended to align with the standard's requirement to discount after-tax cash flows.	1 January 2022
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB has made limited amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 Business Combinations).	n/a (3)

	When non-monetary assets constitute a business, the investor shall recognise the entire gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of other investors' interests in the associate or joint venture. The amendments apply prospectively.	
Amendments to IAS 1 and IAS 8 Definition of 'Materiality'	Amendments to IAS 1 and IAS 8 to align the definition of 'materiality' with that contained in the conceptual framework.	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of the benchmarks.	1 January 2020

(1) The IASB has proposed that it be postponed to 1 January 2023
(2) Possibly deferred to 1 January 2023
(3) The IASB decided to defer the implementation date of this amendment until such time as the IASB has completed its research project on the equity method.

These approved and pending approval standards and interpretations are not expected to have a significant impact on the Group's consolidated annual accounts in future years.

2.2 Comparative information

In accordance with current corporate legislation, these consolidated annual accounts present, for comparative purposes, the information for the year ended 31 December 2019.

2.3 Basis of measurement

These 2020 consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, when applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value, provided that it is not a transaction under common control.
- Derivative financial instruments, which are recognised at fair value.

2.4 Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information contained in these 2020 consolidated annual accounts is the responsibility of the Company's board of directors.

These 2020 Consolidated Annual Accounts have certain relevant accounting estimates, judgements and assumptions that must be made when applying the Group's accounting policies. In this regard, the areas requiring a greater degree of judgement or which are more complex, and the areas in which the assumptions and estimates made are significant considering the 2020 consolidated annual accounts as a whole, are summarised below:

- <u>Significant estimates and assumptions</u>

  - Impairment of inventories: assumptions used to calculate the net realisable value. The comparative method of valuation (of completed developments) and static and dynamic residual methods (for land and property developments in progress) are used to calculate inventories' fair value. Key assumptions for determining these values include growth rates of sale prices, constructions costs, discount rates and expected investment returns. The estimates, including the methodology used, may have a significant impact on the values and on impairment. For this reason, the Group uses valuations made by prestigious independent experts for the inventories (see Note 4.k).

- Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.m).
- The assessment of recoverable amounts of tax credits (See Note 4.n). The tax credits generated in corporate income tax are capitalised when it is probable that the Group will have future taxable profits that allow the application of these assets. Management makes estimates of the tax benefits of the tax group and the recoverability of the capitalised tax credits. The Group has recognised deferred tax assets as at 31 December 2020 amounting to 68,635 thousand of euros (75,002 thousand of euros as at 31 December 2019) relating to deductible temporary differences and part of the tax loss carryforwards (see Notes 4.n and 21).

- Changes in estimates

These estimates were made on the basis of the best information available as at 31 December 2020. However, future events may require them to be modified *(upwards or downwards)* in subsequent years. Under IAS 8, any change in accounting estimates is accounted for prospectively and the impact of changes in estimates is recognised in the consolidated income statement for the year of the change.

No significant changes have occurred during financial year 2020 to the estimates made at the end of financial year 2019.

- Determination of fair values

Certain Group accounting policies and details require the measurement of fair values, for both financial and non-financial assets and liabilities.

The valuation of the inventories is subject to significant unobservable criteria and adjustments in their valuation.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the year in which the change takes place.

The following notes contain more information on the assumptions used in determining fair values:

- Notes 14 and 18: Short and long-term financial assets and liabilities.

2.5 Functional and presentation currency

These consolidated annual accounts are presented in thousand of euros. The euro is the functional currency of the economic area in which the Group operates.

2.6 Companies included in the consolidation perimeter

a) Subsidiaries

The companies included in the consolidation perimeter 2020 and 2019 are as follows:

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Udralar, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Douro Atlántico, S.A.	PWC Portugal	Rua Castilho nº 13 D. Edificio Espaço Castilho nº 6-D, Lisboa.	Real estate development	7,432	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Rua Castilho nº 13 D. Edificio Espaço Castilho nº 6-D, Lisboa.	Real estate development	3,400	100%
Maywood Invest, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	285	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	12,140	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	3,329	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	451	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2020.

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Copaga, S.A.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Udralar, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Douro Atlántico, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificio Espaço Castilho nº 6-D, Lisboa.	Real estate development	6,944	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	KPMG Portugal	Rua Castilho nº 13 D. Edificio Espaço Castilho nº 6-D, Lisboa.	Real estate development	10,171	100%
Maywood Invest, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	31,914	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	7,336	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	16,180	100%
Vía Célere Gestión de Proyectos, S.L.U.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	381	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Building contractor	1	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2019.

In 2019, Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos, S.A. changed their registered offices to Rua Castilho nº 13 D. Edificio Espaço Castilho no. 6-D, Lisbon.

In 2020 and 2019 there were no changes to the consolidation perimeter.

b) Associates

The associates included in the consolidation perimeter as at 31 December 2020 and 2019 are as follows:

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	1,833	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2020.

Name	Audit firm	Registered Office	Activity	Thousand of Euros Cost of the share (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	KPMG Spain	C/Carlos y Guillermo Fernández Shaw nº 1, Madrid	Real estate development	5,079	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2019

In 2020 and 2019, there were no changes to the consolidation perimeter.

3. Distribution of the result of the Parent Company's profit

The Parent company's profit for 2020 amounted to 80,223,322.87 euros, the proposed distribution of which was made by the administrative body and is pending approval by the General Shareholders' Meeting, the offsetting of losses from previous years amounting to 71,497,262.47 euros, the allocation to retained earnings amounting 703,728.11 euros and the allocation to the legal reserve amounting to 8,022,332.29 euros.

The distribution of the Parent Company's profit for 2019, approved by the General Shareholders' Meeting on 1 April 2020, was to set aside the legal reserve in the amount of 181,794.81 euros and to offset the losses of previous years by 1,636,153.31 euros.

The amount of the non-distributable reserves is limited to the balance of the legal reserve, which amounts to 30,090 thousand of euros as at 31 December 2020 (29,908 thousand of euros as at 31 December 2019).

As at 31 December 2020 and 2019, the Parent Company maintains limitations on dividend distributions as a result of the corporate financing agreement signed on 2 January 2019 and novated on 26 June 2020 (Note 18.1.3).

With the exception of the preceding paragraph, there are no significant limitations on the distribution of dividends, except that the total equity remaining after the distribution of any dividend must not fall below half of the share capital.

4. Accounting policies

The accounting policies set out below have been applied consistently in the consolidated annual accounts.

a) Basis of consolidation

Subsidiaries

Subsidiaries, including structured entities, are defined as entities over which the Parent Company exercises control, either directly or indirectly through subsidiaries. The Parent Company controls a subsidiary when it is exposed to or entitled to variable returns and when it has the ability to influence those returns. The Parent Company has capacity when it holds sufficient voting rights to provide it with the ability to manage the significant business activities of the investee. The Parent Company is exposed to, or is entitled to, variable returns from its involvement in the subsidiary when the returns it obtains from such involvement may vary depending on the economic performance of the entity (IFRSs 10.6, 10 and 15). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is the date on which the Group effectively obtains control over them. Subsidiaries are excluded from consolidation from the date on which control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated in the consolidation process. However, unrealised losses have been considered as an indicator of impairment of the transferred assets.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events in similar circumstances.

The annual accounts of the subsidiaries used in the consolidation process refer to the same reporting date and period as those of the Parent Company.

Business combinations

The Group applies the acquisition method in business combinations with the exception of the cases indicated in this Note. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the fair values of the assets transferred at the acquisition date, the liabilities incurred or assumed, the equity instruments issued and any contingent payments on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

The consideration given does not include any payment that is not part of the exchange of the acquired business. Acquisition costs are recognised as an expense when they are incurred.

At the acquisition date, the Group recognises the assets acquired and the liabilities assumed at fair value. Non-controlling interests in the company acquired are recognised for the proportional share in the fair value of the net assets acquired. The criterion applies only to non-controlling interests that provide access at that time to the economic benefits and the right to a pro rata share of the net assets of the acquiree in the event of liquidation.

Except for lease and insurance contracts, assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the date of acquisition.

The difference (excess) between the consideration paid plus the value assigned to non-controlling interests and the net amount of the assets acquired and liabilities assumed is recognised as goodwill. After assessing the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, any difference is recognised in consolidated profit or loss.

In addition, the Company's management body concludes the following from an accounting point of view for the following transactions:

- In accounting for acquisitions of subsidiaries between entities under common control, in the case of consideration transferred in non-cash form, the Group applies fair value accounting by recording any result of the transaction in the consolidated reserves, as was the case in the Aelca merger agreement (see Notes 1 and 7).

- In accounting for acquisitions of subsidiaries between entities under common control, in the case of consideration transferred in the form of cash, the Group applies fair value accounting based on the IFRS 3 methodology, as the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole, as occurred in the acquisition of Maywood Invest, S.L.U. in 2017.

Associates

These are entities over which the Group has the capacity to exercise significant influence, without effective control or joint management. This ability is usually manifested in a holding (direct or indirect) of 20 % or more of the voting rights of the investee.

The Group's investments in associates are accounted for in the consolidated annual accounts using the equity method from the date on which significant influence commences until the date on which influence ceases. Gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate, less any impairment of individual interests. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Any excess of the cost of acquisition over the portion of the fair values of the identifiable net assets of the associate attributable to the Group at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any deficiency of the cost of acquisition in relation to the portion of the fair values of the identifiable net assets of the associate held by the Group at the date of acquisition is recognised in consolidated profit or loss in the year of acquisition.

If, as a result of losses incurred by an associate, its equity were negative, the Group's consolidated statement of financial position would include a zero value, unless the Group had an obligation to provide financial support for the associate.

The accounting policies of equity accounted investees are changed when necessary to ensure consistency with the policies adopted by the group.

Note 2.6.b to these 2020 consolidated annual account details the associates included in the consolidation perimeter and the information relating to these companies.

Impairment

The Group applies the criteria for impairment described in the accounting policy for financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

The Group applies the criteria indicated in the accounting policy for financial instruments, including valuation adjustments for impairment to other financial instruments to which the equity method is not applied, including those that form part of the net investment in the associated entity.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Impairment is calculated by comparing the carrying amount of the net investment in the subsidiary with its recoverable amount. Recoverable value is the higher of value in use and fair value less costs to sell. In this regard, value in use is calculated on the basis of the Group's share of the present value of the estimated cash flows from ordinary activities and the income generated on the final disposal of the associate.

No impairment losses are assigned to goodwill or other assets implicit in the investment in associates arising from the application of the equity method. In subsequent years, reversals of investments are recognised in consolidated profit and loss to the extent that the recoverable amount increases. Impairment losses are presented separately from the Group's share of the results of associates.

Joint ventures

Investments in joint ventures are accounted for using the equity method. This method involves including the value of the net assets and any possible goodwill relating to the interest in the joint venture of companies accounted for using the equity method in the consolidated statement of financial position. The net annual profit/(loss) corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as profit/(loss) for the year of the companies carried by the equity method.

The distribution of dividends from joint ventures is recorded as a decrease in the value of the investments. Joint venture losses attributable to the Group are limited to the extent of its net investment, unless the Group has legal obligations or payments have been made on behalf of the joint ventures.

Non-controlling interests

Non-controlling interests are initially measured by the proportional interest in the identifiable net assets of the acquired company at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The companies comprising the Group have no non-controlling interests.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions and balances and flows

(i) Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency by applying the spot exchange rates between the functional currency and the foreign currency at the dates when the transactions take place.

Monetary assets and liabilities denominated in foreign currencies were translated to euros at the year-end exchange rate, while non-monetary assets and liabilities measured at historical cost were translated at the exchange rates applied on the date of the transaction. Finally, non-monetary assets that are valued at fair value have been translated into euros at the exchange rate on the date when the asset was recorded.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currency are translated to euros at the exchange rates prevailing on the date on which the flows occurred.

Differences resulting from the settlement of foreign currency transactions and the translation to euros of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated income statement. However, exchange differences arising on monetary items forming part of the net investment in foreign operations are recorded as translation differences in other comprehensive income.

During 2020 and 2019, the Group has not carried out any transactions in foreign currency.

c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, the calculation of interest income returns to the gross basis.

d) Borrowing costs

The Group includes in the cost of intangible assets, property, plant and equipment, investment property and inventories that require a period of more than one year to be ready for use, operation or sale, the borrowing costs related to specific or generic financing directly attributable to the acquisition, construction or production.

To the extent that financing has been specifically obtained, the amount of interest to be capitalised is determined on the basis of the related financial expenses incurred during the year, less the returns obtained on investments of temporary funds. In cases where the financing has not been used temporarily to fund assets under construction, the related financial expenses are not capitalised. The amount of interest to be capitalised relating to general non-trade financing is determined by applying a weighted average interest rate to the investment in progress, discounting the portion specifically financed, up to the limit of total accumulated interest expense in the consolidated income statement.

The capitalisation of interest begins when the interest on the expenses related to the inventories has been incurred and the activities necessary to prepare the assets, or part of them, for their intended use or sale are being carried out, and ends when all or substantially all the activities necessary to prepare the assets or part of the assets for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods of interrupted activity if those periods are significantly extended, unless the temporary delay is necessary to bring the asset into operating condition or to sell it.

The capitalisation of interest is recognised under "Finance Costs" in the consolidated income statement (see Note 23.10).

e) Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised over their useful lives.

i) Goodwill

Goodwill is the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and is measured at cost less accumulated impairment. The gain or loss on the sale of an entity includes the carrying amount of goodwill related to the entity sold.

ii) Computer software

Computer software acquired and developed by the Group, including website development expenses, are recognised to the extent that they meet the conditions indicated for development expenses. Expenditure on the development of a website for promotional purposes or to advertise the Group's products or services is recognised as an expense when incurred. IT maintenance expenses are expensed as incurred.

iii) Patents, licences, brands and similar

The Group has recorded in this account the costs incurred in the new image and brand.

iv) Amortisation

Computer software, patents, licences, brands and similar items are amortised on a straight-line basis over their useful lives at the following rates:

Description	Years	Rate
Patents, licenses, brands and similar	10	10%
Computer software	4	25%

The Group evaluates and determines impairment losses and reversals of impairment losses on intangible assets in accordance with the criteria set out in Note 4-h.

f) Property, plant and equipment

i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less any accumulated depreciation and any accumulated impairment loss.

The cost of assets comprises the acquisition price, less trade discounts or rebates, and plus any costs directly related to locating the asset in its intended use and to establishing conditions necessary for it to be capable of operating in the manner intended by the governing body, the initial estimate of the costs of dismantling or removing the asset and restoring the place where it is located, provided that they constitute obligations incurred as a result of use and for purposes other than the production of inventories.

Any gain or loss on the sale of an item of property, plant and equipment (calculated as the difference between the profit obtained and the carrying value of the item) is recognised in consolidated income.

ii) Subsequent costs

Subsequent expenses are capitalised only when it is probable that future economic benefits related to the expense will flow to the Group. Ongoing repair and maintenance costs are recorded as expenses when incurred.

iii) Depreciation

Depreciation of tangible fixed assets is carried out on a straight-line basis over their useful life. For these purposes, the depreciable amount is understood to be the cost of acquisition less its residual value.

Items are depreciated from the date they are installed and ready for use.

Depreciation of assets is determined as follows:

Description	Rate
Buildings	2%
Plant and machinery	10%-33%
Other property, plant and equipment	20%-25%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each year. Possible modifications to the initial criteria are recognised as a change in estimate.

The Group assesses and determines the losses and reversals of impairment losses on non-financial assets in accordance with the criteria set forth in Note 4-h.

g) Investment property

Investment property is property (including property in progress or under development for future use as investment property) that is held wholly or partly to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for sale in the ordinary course of business. Investment property is initially recognised at cost, including any transaction costs.

The interest and other financial expenses incurred during the construction period of the buildings intended to be rented and accrued for the specific financing received for that purpose are considered as capitalisation of the corresponding buildings. No amount was recognised in this connection in 2020 and 2019.

The same criteria are used for the measurement and amortisation of investment property, the estimation of its respective useful lives and the recognition of any impairment losses as those described in relation to property, plant and equipment, as indicated in Note 4-f.

The Group reclassifies an investment property to property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies an investment property to inventories when it commences work to produce a substantial transformation of the property with the intention of selling it.

The Group reclassifies property, plant and equipment to investment property when it ceases to use the property in the production or supply of goods or services, or for administrative purposes, and uses it to obtain income or capital gains or both.

The Group reclassifies inventories of investment property when the property becomes the subject of an operating lease.

h) Impairment of non-financial assets

The Group evaluates whether there is any indication that non-financial assets (except inventories and deferred tax assets) subject to depreciation or amortisation may be impaired, in order to ascertain whether their carrying amount exceeds their recoverable amount, which is taken to be the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the consolidated income statement.

The recoverable amount should be calculated for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The Group assesses at each closing date whether there is any indication that the impairment loss recognised in prior years no longer exists or may have decreased. Impairment losses on goodwill, if any, are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable value.

The reversal of the impairment loss is recognised with a credit to the consolidated income statement. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation, had no impairment been recognised.

Once the valuation adjustment for impairment or reversal has been recognised, the amortisation of subsequent years is adjusted to the new carrying amount.

However, if the specific circumstances of the assets reveal a loss that is irreversible, this loss is recognised directly as a loss on non-current assets in the consolidated income statement.

i) Financial instruments

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Financial assets. Classification and subsequent measurement*

At initial recognition, IFRS 9 contains three main categories in the classification of financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financials instrument as a whole is assessed for classification.

Financial Assets	**Classification under IFRS 9**
Loans and receivables	Amortised cost
Cash and Cash equivalent	Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Subsequent measurement:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) *Financial liabilities. Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the income statement.

(iv) *Basis of offsetting*

A financial asset and a financial liability are only off-set when the Group has a legally enforceable right to offset the recognised amounts and has the intention of liquidating the net amount or of realising the asset and settling the liability simultaneously.

(v) *Derecognition*

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred, and the Group has substantially transferred the risks and rewards incidental to their ownership.

Full derecognition of a financial asset involves recognition of a gain/loss arising from the difference between its carrying amount and the total consideration received, net of transaction costs, including assets obtained or liabilities accepted, and any deferred gain or loss in recognised income and expense under equity.

A financial liability, or part of it, is derecognised when the Group either discharges the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group recognises the difference between the carrying amount of the financial liability, or part thereof, cancelled or transferred to a third party and the consideration paid, including any asset transferred different to the cash or liability assumed, charged or credited to the income statement.

(vi) *Impairment of financial assets*

IFRS 9 uses a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The Group recognises in the consolidated income statements a value adjustment due to expected credit losses of the financial assets valued at amortised cost, fair value with changes in other comprehensive income, accounts receivable for financial leases, assets by agreement, loan commitments and financial guarantees.

For the financial assets appraised at fair value with changes in other comprehensive income, the expected credit loss is recognised in other comprehensive income and the fair value of the assets is not reduced.

At each closing date, the Group values the valuation adjustment at an amount equal to the expected credit losses over the following twelve months, for financial assets for which the credit risk has not significantly increased since the initial recognition date or when it considers that the credit risk of a financial asset has not significantly increased.

At the end of each year, the Group estimates whether the credit risk of an individual instrument or a group of instruments considered collectively has increased significantly since initial recognition.

(vii) *Financial liabilities*

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss, are initially recognised at fair value, less any transaction costs directly attributable to their issue. Subsequent to initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

However, financial liabilities are measured at their nominal value if they do not have an established interest rate, the amount matures or is expected to be received in the short term and the effect of discounting is not significant.

(viii) *Surety deposits*

The bonds received as a result of the operating lease contracts are measured in accordance with the criteria set out for financial liabilities. The difference between the amount received and its fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

The bonds provided as a result of operating leases are valued according to the criteria set out for financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment and is charged to the consolidated income statement over the lease term.

In accordance with the legislation of the autonomous communities in which the Group operates, the Group deposits rental and guarantee deposits at government offices that request them to reasonably ensure the guarantees received from the tenants of the investment properties owned by the Group. These bonds are valued according to the criteria for financial assets. The difference between the amount delivered and the fair value is recognised as an advanced collection which it is taken to the consolidated income statement during the term of the lease (during the period in which the service is rendered).

The advances to be applied over the long term are subject to discounting at the close of each financial period depending on the market interest rate at the time of its initial recognition. In the case of short-term guarantees, cash flows are not discounted if their effect is not significant.

(ix) *Hedge accounting*

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objective and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

j) Shareholders distribution

IFRIC 17 "Distributions of Non-cash Assets to Owners" does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

Furthermore, as indicated in paragraph 3 of IFRIC 19 " Extinguishing Financial Liabilities with Equity Instruments", the Group will not apply this Interpretation to transactions in which the creditor is also a direct or indirect shareholder and is acting in its current capacity as a direct or indirect shareholder.

IAS 8, "Accounting policies, changes in accounting estimates and errors", paragraph 10, states that "in the absence of an IFRS that is directly applicable to the transaction, other event or circumstance, management shall apply its judgement in developing and applying an accounting policy".

Consequently, the Company's administrative body has analysed these transactions and concluded the following from an accounting point of view:

- Dividends, in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at the Annual General Shareholders' Meeting. The liability is recognised at the time the dividend is approved, measured at the fair value of the assets to be delivered. At the settlement date, the difference between the carrying amount of the assets delivered recognised in the consolidated annual accounts under EU-IFRSs at the date of the transaction and the amount of the liability is recognised in reserves in the consolidated statement of changes in equity.

- In accounting for division transactions, including distributions in kind, whether in the form of non-monetary assets, businesses or investments in other entities or groups, which are carried out between entities under common control, the Group applies book value accounting (predecessor).

- The capitalisation of loans granted by shareholders to the Company in the form of equity instruments is not within the scope of IFRIC 19. Therefore, the Group chose as its accounting policy the derecognition of the debt at its carrying amount, recording the equity instrument to be delivered at fair value and recognising the difference between those amounts as a gain or loss in the consolidated income statement. Equity instruments issued should be initially recognised and measured at the date on which the liability arises. IFRS 13 *Fair Value Measurement*was applied in the valuation of newly issued equity instruments.

Acquisitions and disposals that do not give rise to a change of control are accounted for as equity transactions in other reserves and no gain or loss is recognised in the consolidated income statement and goodwill is not remeasured. The difference between the consideration given or received and the decrease or increase in minority interest (non-controlling interest), respectively, is recognised in reserves.

As at 31 December 2020 and 2019, the Parent Company had restrictions on the distribution of dividends as a result of the corporate financing agreement signed on 2 January 2019 (see Note 18.1.3).

k) Inventories

This heading in the consolidated statement of financial position includes the assets that the Group holds:

- Maintains for sale in the ordinary course of its business.
- It is under construction or development for sale;
- It is expected to be consumed in the production process or in the provision of services.

The Group considers that its inventories do not meet the requirements of IAS 40 to be considered as investment property. Therefore, land and other properties held for sale or for inclusion in a property development in the ordinary course of the Group's business are deemed to be inventories and not for appreciation or rental purposes.

The Group uses the following criteria in the valuation of its inventories:

- Land and plots acquired for disposal or for the development of real estate developments are recorded at their acquisition price, which includes the expenses directly related to their purchase (registration expenses, fees, expenses for studies and technical projects prior to the acquisition of plots, etc.).
- The Group does not capitalise, as an increase in the value of the land and plots, any financial expense accrued on loans obtained to finance their purchase during the period between the date of acquisition and the time when the building licence is applied for.
- As "Property Developments in Progress", the costs incurred at source in the developments in the execution phase are recorded. These costs include, for each development, the amounts corresponding to the acquisition price of the plot, development and construction costs, as well as other costs directly related to the development (studies and projects, licences, etc.) and the financial expenses accrued by the specific financing obtained during the construction period.

Short-cycle Property Developments in Progress are all those accumulated costs of developments whose completion period (undertaking and development) is estimated not to exceed 12 months.

At the end of each development, the Group follows the procedure of transferring the cost corresponding to those developments still pending sale from the Property Developments in Progress account to the Completed Property Developments account.

The Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of the inventories is lower than their acquisition price or production cost. This net realisable value is based on valuations performed by an independent expert.

Valuation adjustments and reversals for impairment of inventories are recognised under "Changes in inventories of finished goods and work in progress" or "Raw materials and other consumables used", depending on whether they are developments in progress or completed or land and plots of land.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in demand deposits at banks. This also includes other short-term, highly liquid investments with an original maturity of three months or less are also included, provided they can readily be converted to specific cash amounts and where the risk of change in value is insignificant. In the balance sheet, bank overdrafts are classified as financial debt under current liabilities.

This item includes cash and banks received as advances from the customer and deposited in a special account separately from the rest of the Group's funds allocated to cover the costs arising from the corresponding development.

m) Provisions and contingencies

In preparing the consolidated annual accounts, the Parent Company's management body differentiates between

a) Provisions: credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.

b) Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recognised in the consolidated annual accounts but are disclosed in the notes to the consolidated annual accounts, unless the possibility of an outflow is considered to be remote.

The amounts recognised in the consolidated statement of financial position for provisions correspond to the best estimate at the closing date of the disbursements required to settle the present obligation, after considering the risks and uncertainties related to the provision and, where significant, the financial effect of the discount, provided that the disbursements to be made in each year can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date. No provisions are recognised for future operating losses.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, except in the event of a legal link by which part of the risk has been externalised and by virtue of which the Group is not liable. In this situation, the compensation will be taken into account to estimate the amount for which the corresponding provision will be made, if any.

Provisions are reversed in the consolidated income statement when it is not probable that an outflow of resources will be required to settle the obligation.

Contingent liabilities recognised in a business combination

A contingent liability in a business combination is initially recognised at fair value. Subsequently, this contingent liability is recognised until it is settled, cancelled or expires at the higher of the amount initially recognised, less the amounts to be allocated to consolidated profit or loss in accordance with the rule for measuring income from customer contracts and the amount resulting from the rule for measuring provisions.

n) Corporate income tax

The income tax expense or benefit for the year is the tax payable or receivable on the taxable income for the current year based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Therefore, the tax expense or benefit comprises both current and deferred tax.

Assets or liabilities due to current taxes on profits are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax rates and regulations in force or approved and pending publication at year-end.

Current and deferred tax is recognised in the consolidated income statement, unless it arises from a transaction or economic event that is recognised, in the same or another year, directly in equity, or from a business combination.

As at 31 December 2020, all the Group companies, except for Célere Fórum Barcelona S.L., Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos S.A., belonged to a tax group for income tax purposes, of which the Parent Company was the head.

The corporate taxes payable by companies filing a consolidated return are determined taking into account, in addition to the corresponding parameters for individual taxation, the following:

- Temporary and permanent differences arising from the elimination of gains or losses on transactions between companies in the tax group arising from the process of determining the consolidated tax base.
- The deductions and tax credit corresponding to each company in the tax group under the consolidated tax return regime. For these purposes, the deductions and allowances are allocated to the company that carried out the activity or obtained the yield necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from the elimination of profit or loss between companies in the tax group are recognised in the company that generated the profit or loss and are measured at the tax rate applicable to it.

As a result of the negative tax results from some of the companies in the tax group that have been offset by the other companies in the tax group, a reciprocal credit and debit arises between the companies to which they correspond and the companies that offset them. In the event that there is a tax loss that cannot be offset by other companies in the consolidated tax group, the tax credits for offsetting losses are recognised as deferred tax assets and the tax group is considered the taxpayer for recovery purposes.

The Parent Company records the total amount payable (refundable) for consolidated corporate income tax with a charge /(credit) to Credits (Debts) with group companies and associates.

The amount of the receivable/(payable) corresponding to the subsidiaries is recorded with a credit/debit to accounts receivable from/payable to Group companies and associates.

(i) *Recognition of deferred tax liabilities*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(ii) *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that

- It is likely that there will be sufficient future taxable profits to offset them or when tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the government. However, assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the date of the transaction affects neither accounting profit nor taxable profit are not recognised;
- Relate to temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profit is expected to be generated to offset the differences.

The Group recognises the conversion of a deferred tax asset into a receivable from the government when it becomes due under current tax legislation. For this purpose, the derecognition of the deferred tax asset is recognised with a charge to the deferred income tax expense and the account receivable is recognised with a credit to current income tax. Similarly, the Group recognises the exchange of a deferred tax asset for government debt securities when title is acquired.

The Group recognises the payment obligation arising from the provision of equity as an operating expense with a credit to the government debt.

It is considered probable that the Group has sufficient taxable profits to recover deferred tax assets provided that there are sufficient taxable temporary differences related to the same tax authority and relating to the same taxpayer that are expected to reverse in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against prior or subsequent gains. When the only future taxable temporary differences arise, deferred tax assets arising from offsetting tax losses are limited to 70% of the amount of deferred tax liabilities recognised.

In order to determine future taxable profits, each Group takes tax planning opportunities into account whenever it intends to adopt them or is likely to adopt them.

(iii) *Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that will apply to the years when the assets are expected to be realised or the liabilities are expected to be settled, based on the regulations and rates that are substantially effective or approved, and after considering the tax consequences that will arise from the manner in which each company expects to recover the assets or settle the liabilities. For these purposes, each Group considered the deduction for reversal of temporary measures developed in transitional provision thirty-seven of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of depreciation in 2013 and 2014.

The Group reviews the carrying amount of deferred tax assets at the end of the year to reduce the value of these assets to the extent that it is not probable that there will be any future taxable income to offset them.

Deferred tax assets that do not meet these conditions are not recorded in the consolidated statement of financial position. At the end of the year, the Group reconsiders whether the conditions for recognition of deferred tax assets that had not been previously recognised are met.

(iv) *Offsetting and classification*

The Group only offsets deferred tax assets and liabilities when it has a legal right to do so and the assets and liabilities relate to the same tax authority and the same taxpayer, or to different taxpayers who expect to settle or realise current tax assets and liabilities for their net amount, or to realise the assets and settle the liabilities simultaneously, in each of the future years in which significant deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

Tax benefits acquired as part of a business combination that do not meet the criteria for separate recognition at that date will be recognised subsequently if information about the facts and circumstances changes. The adjustment is treated as a reduction of goodwill (provided that it does not exceed such goodwill) if it was incurred during the measurement period, or is recognised in the consolidated income statement.

o) Revenue from contracts with customers

Sales of goods

The Group recognises ordinary income so that the transfer of committed goods or services to its customers is recognised at the amount that reflects the consideration that the entity expects to receive in exchange for those goods or services, analysed as follows:

- Identification of the contract.
- Identification of the different performance obligations.
- Determination of the transaction price.
- Allocation of the transaction price to each of the performance obligations.
- Recognise revenue at the time when performance obligations are satisfied.

As the characteristics of the contracts entered into with customers do not differ significantly, and in accordance with the standard, the Group applies a collective accounting treatment to these contracts. With regard to sales of real estate developments, the Group companies recognise sales and the cost thereof when the properties and land have been delivered and the ownership of the properties and land has been transferred. For these purposes, it is understood that the sale of the completed residential product takes place when the keys are handed over, which coincides with the execution of the public deed. Otherwise, the sale is not deemed to be completed for accounting purposes.

Ordinary income does not include discounts, VAT and other sales-related taxes. The Group recognises the income upon delivery of the property to the customer, although three different documents are signed throughout the process (the pre-reservation and/or reservation, and the private deed of sale contract). Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Customer advances

Customers make advances on the future delivery of the homes, which are recognised as a contractual liability. Since the period between delivery of the advance and recognition of the income exceeds twelve months, the Group recognises a finance charge with a credit to the liability from the time when the advance is collected until the income is recognised. The interest rate used to recognise the interest expense is determined by the discount rate that would be reflected in a stand-alone financing transaction between the Group and the customer at the inception of the contract. However, since customer advances are specifically used to finance work in progress, financial expenses are capitalised in inventories in progress, as indicated in section 4.k.

Consequently, the application of IFRS 15 resulted in the recognition of 4,307 thousand of euros as at 31 December 2020 (4,746 thousand of euros as at 31 December 2019) under "Inventories" to recognise the aforementioned financial component (see Note 15).

Commissions

In some property developments there are commissions for sales that are granted to a third party. These commissions are normally charged to property developments within the indirect costs charged. The commissions are specific to each contract and would not have been incurred if the contract had not been obtained. These commissions arise at two moments: at the signing of the private purchase contract and at the formalisation of the deed of sale. The second part of the commission is paid at the moment of the transfer of control. IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognised as an asset if certain criteria are met. Any capitalised contract costs assets must be amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

p) Classification of assets and liabilities between current and non-current

The Group distinguishes between current and non-current assets and liabilities in its consolidated statement of financial position. Except as mentioned in Note 18, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised or sold or consumed in the course of the Group's normal operating cycle, are held primarily for trading purposes, are expected to be realised within twelve months after the balance sheet date or are cash or equivalent liquid assets, except in those cases in which they cannot be exchanged or used to settle a liability, at least within twelve months after the balance sheet date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, are held primarily for trading, have to be settled within twelve months from the balance sheet date or the Group does not have the unconditional right to defer the settlement of liabilities for twelve months from the balance sheet date.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for more than twelve months and there is a refinancing or restructuring agreement for long-term payments that was concluded after the balance sheet date and before the consolidated annual accounts were prepared.

q) Exchanges of property, plant and equipment and/or inventories (swap)

An item of property, plant and equipment and/or inventory is deemed to be acquired by exchange when it is received in exchange for the delivery of non-monetary assets or a combination thereof with monetary assets.

In exchanges of a commercial nature, property, plant and equipment and/or inventories received are measured at the fair value of the asset delivered plus the monetary consideration given in exchange, unless there is clearer evidence of the fair value of the asset received and with the limit of the latter. Any differences arising from the derecognition of the item delivered in exchange shall be recognised in the consolidated income statement for the period in which the difference arises.

An exchange of a commercial nature has been considered when:

- The risk, timing and amount of cash flows of the asset received differs from the configuration of the cash flows of the asset delivered; or
- The present value of the after-tax cash flows of the Company's activities affected by the exchanges as a result of the exchange.

When the exchange is not of a commercial nature or when a reliable estimate of the fair value of the items involved in the transaction cannot be obtained, the property, plant and equipment and/or inventories received are measured at the lower of the carrying amount of the asset delivered plus, where appropriate, the monetary consideration that would have been given in exchange, up to the limit, where available, of the fair value of the asset received.

These criteria also apply to exchanges of building land in exchange for completed dwellings, which are valued at the fair value of the completed dwellings to be delivered in the future.

r) Foreclosed assets in payment of loans

The Group recognises non-monetary assets awarded in payment of loans at the lower of the book value of the loans, plus any expenses incurred as a result of the transaction, or the fair value of the non-monetary assets.

If the non-monetary assets meet the conditions for classification as non-current assets held for sale at the grant date, they are measured at the lower of the carrying amount of the loans plus any expenses incurred as a result of the transaction and the fair value less costs of disposal of the foreclosed assets.

s) Statement of cash flows

In the consolidated statement of cash flows, prepared under the indirect method, the following terms are used with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, i.e. short-term, highly liquid investments with no significant risk of changes in value.
2. Operating activities: the Group's main source of ordinary income, as well as other activities that cannot be classified as investment or financing activities.
3. Investing activities: the acquisition or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of net equity and liabilities that are not part of operating activities.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn ordinary income and incur expenses, whose operating results are reviewed regularly by the Group's chief operating decision maker to decide on the resources to be allocated to the segment in order to assess its performance and for which differentiated financial information is available (see Note 6).

u) IFRS 16 – Leases

IFRS 16 came into force on 1 January 2019. The Group assessed the impact of the application of IFRS 16 on its consolidated annual accounts, as described below, and concluded that it has no impact on them.

IFRS 16 introduced a single lease accounting model in the consolidated statement of financial position for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. the lessor continues to classify leases as finance or operating leases.

IFRS 16 superseded existing lease guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC-15 *Operating Leases: Incentives* and SIC-27 *Evaluation of the substance of transactions taking the legal form of a lease.*

Leases in which the Group is a lessee

In 2019, the Group evaluated the impact of this standard and concluded that it was not relevant and in 2020 the Group has not identified any new assets or liabilities for its office, car rental and construction site operating leases in application of the recognition exemptions described in the preceding paragraphs. If identified in the future, the nature of the expenses related to the leases will change because the Group will have to recognise a depreciation charge for the right-of-use asset and interest expense on the lease obligations.

At year-end there was no impact on the Group's finance leases.

v) Employee benefits and severance payments

Except in the case of dismissal for cause, companies are obliged to compensate their employees when they terminate their services.

In the absence of any foreseeable need for abnormal termination of employment and since employees who retire or terminate their services voluntarily do not receive severance payments, severance payments, when they arise, are expensed at the time that a valid expectation has arisen vis-à-vis those affected that the termination of employment will occur.

The Group does not have any employee benefits that are settled with equity instruments.

5. Earnings per share

Basic earnings per share

Basic earnings per share are determined by dividing the net profit attributable to shareholders of the Parent Company (after tax and non-controlling interests) by the weighted average number of shares outstanding during the year, excluding the number of treasury shares held in the same period. According to it:

	2020 Thousand of Euros
Profit for the year attributable to Parent Company shareholders (Thousand of Euros)	49,657
Weighted average ordinary shares in circulation (thousands of shares)	68,527
Basic earnings per share (Euros)	**0.72**

	2019 Thousand of Euros
Loss for the year attributable to Parent Company shareholders (Thousand of Euros)	22,435
Weighted average ordinary shares in circulation (thousands of shares)	67,100
Basic earnings per share (Euros)	**0.33**

The weighted average number of common shares is calculated as follows:

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

In thousand of euros	2020	2019
Shares outstanding at 1 January	68,527	34,031
Effect of shares issued	-	33,069
Weighted average number of ordinary shares outstanding at 31 December	**68,527**	**67,100**

Diluted earnings per share

Diluted earnings per share are established on a similar basis to that of basic earnings per share. However, the weighted average number of shares outstanding is increased by the number of shares outstanding for all dilution effects inherent in potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, the Board of Directors considers that there is only one segment, the residential development business.

The Parent Company does not make decisions or prepare separate financial information for each line of business (developments and non-strategic) and, therefore, considers that there is only one operating segment.

7. Business combinations

MERGER AGREEMENT BETWEEN AELCA GROUP AND VIA CELERE REAL ESTATE DEVELOPMENTS

On 28 September 2018 the Parent Company signed certain agreements with Myjoja Inversiones, S.L., Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. and with the companies in which the aforementioned companies have an interest, with Aelca Desarrollos Inmobiliarios, S.L. and with certain of its investees (see Note 1).

On 30 October 2018, the transaction was authorised by the Comisión Nacional del Mercado y Competencia (CNMC) and approved by the Company's Extraordinary General Shareholders' Meeting on 31 October 2018.

Based on IFRS 3 *Business Combinations*, paragraph B1 of the application guidance for IFRS 3 *Business Combinations of entities under common control* states that 'a business combination of entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory'. The Parent Company, with the support of advisors and experts, concluded that the transactions described in Note 1(ii) and (iii) were transactions under common control because they were shared by the same majority shareholder, i.e. Värde Partners. As a result, and in accordance with paragraph 10 of IAS 8 on defining an accounting policy for transactions not covered by EU-IFRSs, the management body chose to record the contribution to the carrying amounts at which the assets and liabilities received were recognised in the books, rather than at the amounts at which the contribution was made. The difference between the values at which the contribution was made (item iii) and the consideration paid in cash (items i and ii) and the carrying amount of the assets and liabilities received was recognised in 2019 under "Voluntary Reserves".

The Board of Directors of the Parent Company considered the transactions and agreements described in this section to be an integral part of a single transaction. This interpretation was agreed on the basis that the operations and agreements were carried out for the benefit of the merged companies and the timing of these were defined in a single framework of the merger, not generating profit for the previous owners except those who receive as part of the merged entity.

The operation described above was subjected to the special tax regime for mergers, divisions, contributions of assets, exchange of securities and change of registered office of a European company or a European cooperative from one Member State to another of the European Union regulated in Heading VII of Chapter VIII of Royal Legislative Decree 4/2014, of 27 November, on Corporation Tax.

The detail of the assets acquired and liabilities assumed at the date of the business combination was as follows:

Business combination	*(Thousand of euros)*
Fixed assets (Note 9)	296
Long-term financial investments and loans	4,539
Inventories (Note 15)	575,691
Trade and other receivables	9,637
Financial investments in associates	23
Short-term financial investments and loans	26,078
Accruals	89
Cash and other equivalent liquid assets	71,617
Total assets	**687,970**
Long-term provisions (Note 17)	1,128
Long-term financial debt	54
Debt with associates	19
Short-term financial debt (Note 18)	113,574
Long-term payables to associates	57,659
Trade and other payables	105,257
Total liabilities	**277,691**
Value of the net assets	**410,279**
Payment to minority shareholders	**(166,772)**
Paid consideration	**(647,966)**
Merger reserve	**(404,459)**

The expenses incurred in the merger of Aelca amounting to 5,506 thousand of euros were recognised in the Parent Company's equity (see Note 16.1).

The cash outflow produced in the business combination was as follows:

	Country	Thousand of Euros Consideration paid in cash
Acquisition 10%-20% from minority shareholders (i)	Spain	126,031
Acquisition 100% "Aelca operating companies" (ii)	Spain	40,741
Contributed companies (80-90%) (iii)	Spain	-
Contribution 100% "Posnova" (iv)	Spain	-

The net turnover and profit attributable to the combination from the acquisition date up to 31 December 2019 amounted to 100,251 thousand of euros and 22,843 thousand of euros, respectively.

8. Intangible Assets

The changes in intangible assets in 2020 and 2019 were as follows:

	Thousand of Euros			
	Computer software	Patents, licenses, trademarks and similar	Goodwill	Total
Cost				
1 January 2019	244	120	5	369
Additions	15	-	-	15
Disposals	-	(25)	-	(25)
31 December 2019	259	95	5	359
1 January 2020	259	95	5	359
Additions	39	-	-	39
31 December 2020	298	95	5	398
Amortisation				
Accumulated at 1 January 2019	(154)	(93)	-	(247)
Amortisation charge	(44)	(2)	-	(46)
Accumulated at 31 December 2019	(198)	(95)	-	(293)
Accumulated at 1 January 2020	(198)	(95)	-	(293)
Amortisation charge	(43)	-	-	(43)
Accumulated at 31 December 2020	(241)	(95)	-	(336)
Net carrying amount at 31 December 2019	**61**	**-**	**5**	**66**
Net carrying amount at 31 December 2020	**57**	**-**	**5**	**62**

The cost of fully depreciated assets is 164 thousand of euros as at 31 December 2020 (120 thousand of euros as at 31 December 2019).

The additions of Computer software correspond entirely to the acquisition of new software for accounting and administrative use.

No intangible assets were derecognised during the year 2020. The derecognitions in 2019 had no impact on the consolidated income statement.

As at 31 December 2020 and 2019, there were no impairment indicators for the carrying amount of intangible assets.

Information on goodwill is presented in Note 12.

9. Property, plant and equipment

The changes in property, plant and equipment in 2020 and 2019 were as follows:

	Thousand of Euros				
	Land and Buildings	Plant and machinery	Other property plant and equipment	Work in progress	Total
Cost					
1 January 2019	2,836	453	946	217	4,452
Additions	(1)	451	461	18	929
Additions by Merger (Note 7)	-	172	124	-	296
Transfers	192	-	-	(192)	-
31 December 2019	3,027	1,076	1,531	43	5,677
1 January 2020	3,027	1,076	1,531	43	5,677
Additions	218	35	392	-	645
Disposals	-	(117)	(13)	-	(130)
Transfers	-	-	18	(18)	-
31 December 2020	3,245	994	1,928	25	6,192
Amortisation					
Accumulated at 1 January 2019	(53)	(281)	(518)	-	(852)
Depreciation charge for the year	(20)	(114)	(257)	-	(391)
Accumulated at 31 December 2019	(73)	(395)	(775)	-	(1,243)
Accumulated at 1 January 2020	(73)	(395)	(775)	-	(1,243)
Depreciation charge	(38)	(97)	(222)	-	(357)
Disposals	-	117	8	-	125
Accumulated at 31 December 2020	(111)	(375)	(989)	-	(1,475)
Impairment					
Accumulated at 1 January 2019	(54)	-	-	-	(54)
Impairment losses for the period	54	-	-	-	54
Accumulated at 31 December 2019	-	-	-	-	-
Net carrying amount at 31 December 2019	**2,954**	**681**	**756**	**43**	**4,434**
Net carrying amount at 31 December 2020	**3,134**	**619**	**939**	**25**	**4,717**

Additions in 2020 mainly correspond to the acquisition of furniture and computer equipment, as well as the construction of worksite sales huts for various developments.

In 2020 items of property, plant and equipment with a net carrying amount of 5 thousand of euros were derecognised, giving rise to a gain of 22 thousand of euros (see Note 23.11).

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company added 296 thousand of euros of property, plant and equipment to its net assets.

Additions in 2019 mainly related to the acquisition of furniture, equipment and other technical installations.

The cost of fully depreciated assets as at 31 December 2020 and 2019 amounts to 619 thousand of euros and 760 thousand of euros, respectively.

The Group has taken out various insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage of these policies is considered sufficient.

The Group assessed the existence of indications that might indicate the potential impairment of the assets comprising property, plant and equipment as at 31 December 2020 and 2019, and determined a reversal for impairment of 54 thousand of euros in constructions in 2019 (see Note 23.11).

As at 31 December 2020, there was no indication of impairment in the carrying amount of property, plant and equipment.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousand of Euros		
	Land	Buildings	Total
Cost			
1 January 2019	75	41	116
31 December 2019	75	41	116
1 January 2020	75	41	116
31 December 2020	75	41	116
Depreciation			
Accumulated at 1 January 2019	-	(2)	(2)
Depreciation charge	-	(2)	(2)
Accumulated at 31 December 2019	-	(4)	(4)
Accumulated at 1 January 2020	-	(4)	(4)
Depreciation charge	-	(2)	(2)
Accumulated at 31 December 2020	-	(6)	(6)
Net carrying amount at 31 December 2019	**75**	**37**	**112**
Net carrying amount at 31 December 2020	**75**	**35**	**110**

As at 31 December 2020 and 2019, investment property includes a commercial space located in Valdemoro, with a carrying amount of 110 thousand of euros and 112 thousand of euros, respectively.

11. Leases

As at 31 December 2020 and 2019, the Group, in its capacity as lessor, had contracted the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases in CPIs or future updates of contractually agreed rents:

	Thousand of Euros	
	2020	2019
Up to a year	2	11
Between 1-5 years	-	-
More than five years	-	-
	2	**11**

12. Goodwill

As at 31 December 2020 and 2019, the Group had goodwill on consolidation generated by the business combination of Torok Investments 2015 S.L.U. amounting to 5 thousand of euros.

13. Equity - accounted investees

The detail of movements in companies accounted for using the equity method in 2020 and 2019 is as follows:

	Thousand of Euros	
	Célere Forum Barcelona, S.L.	Total
Balance as at 31 December 2018	**12,682**	**12,682**
Profit for the year 2019	6,240	6,240
Return of the share capital	(2,100)	(2,100)
Interim dividends	(9,089)	(9,089)
Balance as at 31 December 2019	**7,733**	**7,733**
Profit for the year 2020	97	97
Return of benefits	(2,600)	(2,600)
Balance as at 31 December 2020	**5,230**	**5,230**
Impairment		
Opening balance 31 December 2018	-	-
Endow ment	(2,654)	(2,654)
Opening balance 31 December 2019	**(2,654)**	**(2,654)**
Endow ment	(743)	(743)
Closing balance 31 December 2020	**(3,397)**	**(3,397)**
Total Investment in associates at 31 December 2019	**5,079**	**5,079**
Total Investment in associates at 31 December 2020	**1,833**	**1,833**

Célere Fórum Barcelona, S.L. is the only shareholding of the Group in associates.

Célere Fórum Barcelona, S.L. ("Célere Fórum") was recognised as coming from a joint venture and is accounted for using the equity method (see Note 4-a).

Célere Fórum is a joint venture with AREO, S.A.R.L., whose objective is to promote the "Fórum" project, in which the Group holds a 50% stake. This joint venture is structured as an independent vehicle.

On 31 December 2020, Célere Fórum resolved by means of a General Shareholders' Meeting the distribution of an interim dividend out of unrestricted reserves totalling 4,000 thousand of euros, which has been paid in full.

Likewise, on 24 May 2019, Célere Fórum resolved by means of a General Shareholders' Meeting the reduction of share capital in order to return contributions to the shareholders of the investee amounting to 4,201 thousand of euros, with the share capital represented by 3,000 fully subscribed and paid-up shares of 1 euro par value each. The total amount of the contributions returned to the members of Célere Fórum in cash came to 4,201 thousand of euros, and the distribution of an interim dividend totalling 13,866 thousand of euros, which was paid in full.

The financial information of Célere Fórum as at 31 December 2020 is as follows:

Description	2020 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	5,235
Current liabilites	(3,932)
Total net assets	**1,303**
Percentage of ownership	50%
Participation in net assets	652
Fair value adjustment	4,578
Impairment	(3,397)
Carrying value of the participation	**1,833**
Profit and Loss account information	
Income from continuing operations (100%)	194
Total (50%)	**97**

As at 31 December 2019, it was as follows:

Description	2019 Thousand of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Non-current assets	-
Current assets	15,760
Current liabilites	(10,650)
Total net assets	**5,110**
Percentage of ownership	50%
Participation in net assets	2,555
Fair value adjustment	5,186
Impairment	(2,663)
Carrying value of the participation	**5,079**
Profit and Loss account information	
Income from continuing operations (100%)	18,973
Total (50%)	**9,486**

14. Financial investments

Classification of financial investments by category

	Thousand of Euros			
	Non- current		Current	
	2020	2019	2020	2019
Amortised Cost				
Loans to associates (Note 24)	-	-	36	51
Financial assets	3,600	1,800	9,596	12,263
Trade receivables for sales and services	-	-	119	1,818
Receivables from Group companies and associates (Note 24)	-	-	305	498
Other accounts receivable	-	-	5,038	1,175
Fair Value with change in Profit and Loss				
Derivatives	-	1	-	-
	3,600	**1,801**	**15,094**	**15,805**

As at 31 December 2020 and 2019 the Board of Directors considers that the difference between the amortised cost and the fair value of these financial assets is not significant.

14.1. Financial Assets

The breakdown of "Financial Assets" as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros			
	Non-current		Current	
	2020	2019	2020	2019
Loans to third parties	269	289	3,570	7,859
Deposits and guarantees	3,331	1,511	6,026	4,404
	3,600	**1,800**	**9,596**	**12,263**

Loans to third parties

As at 31 December 2020 and 2019, these included mainly loans acquired through assignment agreements with financial institutions, which were secured by mortgages on land amounting to 3,570 thousand of euros and 7,703 thousand of euros, respectively.

In 2020, loans amounting to 4,265 thousand of euros (26,250 thousand of euros as at 31 December 2019) were foreclosed as a result of the extrajudicial execution of mortgages.

Also, in 2019, as part of the merger process (see Notes 1 and 7), the Company included in its net assets 26,078 thousand of euros, of which 24,911 thousand of euros related to loans to third parties in arrears secured by land, of which in 2019 the Company foreclosed on the purchase and sale of these assets as a result of the extrajudicial foreclosure of a mortgage amounting to 17,200 thousand of euros.

The fair value of loans to third parties amounted to 7,505 thousand of euros as at 31 December 2020 and 18,353 thousand of euros as at 31 December 2019.

14.2. Trade and other receivables

The detail of trade and other receivables is as follows:

	Thousand of Euros	
	2020	2019
Associates		
Trade receivables (Note 24)	305	498
Non-related parties		
Customers	119	1,974
Other accounts receivable	11,099	4,273
Bad debt provision (Note 17)	(6,061)	(3,254)
	5,462	**3,491**

As at 31 December 2020, Other receivables mainly include 6,061 thousand of euros pending collection due to penalties invoiced to construction companies for breach of contract which are fully provisioned (4,613 thousand of euros as at 31 December 2019). During 2020, out of the total amount of 6,061 thousand of euros provisioned, an amount of 2,963 thousand of euros has been provisioned, with an expense being recorded in the consolidated income statement as a result of the entry by one of the construction companies into insolvency proceedings (3,098 thousand of euros in 2019) (see Note 17.3).

As at 31 December 2020, it also includes in Other receivables the amount of 4,748 thousand of euros pending receipt for the sale of a plot of land located in Seville.

The Group considers that the consolidated carrying amount of trade and other receivables approximates their fair value.

The Group does not have a significant concentration of credit risk, and its exposure is distributed among a large number of counterparties and customers.

14.3. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an initial maturity of three months or less. The carrying amount of these assets approximates their fair value.

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company included 71,617 thousand of euros of cash and cash equivalents in its assets.

The detail of the composition of this balance as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Available cash	102,327	83,031
Restricted cash	38,854	93,093
	141,181	**176,124**

As at 31 December 2020 and 2019 there were no restrictions on the use of cash except for the amounts regulated by Law 20/2015, according to which advances received in relation to residential developments must be deposited in a special account separate from the Group's other funds and may only be used to cover expenses arising from the construction of the respective developments.

As at 31 December 2020, the cash available from companies accounted for using the equity method amounted to 400 thousand of euros (4,926 thousand of euros as at 31 December 2019).

15. Inventories

The composition of the balances of this heading in the consolidated statement of financial position as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Raw Material	101	740
Land and plots	881,883	988,875
Property developments in progress	648,687	779,793
Completed developments	159,971	119,468
Advances to suppliers	2,425	11,987
Impairment	(441,908)	(484,175)
	1,251,159	1,416,688

As at 31 December 2020, the detail of the net carrying value of inventories by geographical area is as follows

	Thousands of euros		
	2020		
City	Cost	Impairment	Net book value
Madrid	624,368	(191,115)	433,253
Malaga	274,127	(22,139)	251,988
Valladolid	162,067	(106,138)	55,929
Barcelona	97,140	(547)	96,593
Seville	104,133	(5,286)	98,847
La Coruña	63,612	(28,024)	35,588
Valencia	83,326	-	83,326
Portugal	51,453	-	51,453
Other	230,416	(87,443)	142,973
	1,690,642	(440,692)	1,249,950

Note: The above breakdown does not include advances to vendors.

As at 31 December 2019, the detail of the net carrying amount of inventories by geographical area was as follows:

	Thousand of Euros		
	2019		
City	Coste	Impairment	Net Book Value
Madrid	737,115	(197,962)	539,153
Barcelona	320,946	(38,533)	282,413
Malaga	182,309	(104,805)	77,503
Seville	122,374	(117)	122,257
Valladolid	100,253	(5,009)	95,244
La Coruña	83,533	(43,403)	40,130
Islas Baleares	76,048	-	76,048
Portugal	46,981	(6,186)	40,795
Others	219,317	(86,944)	132,373
	1,888,876	(482,959)	1,405,917

Note: The above breakdown does not include advances to vendors.

The movement in inventories during 2020 and 2019 is as follows:

	Thousand of Euros					
	Raw material	Lands and plots	Completed developments	Property Developments in progress	Advances to suppliers	Total
Cost as at 1 January 2019	**1,180**	**679,594**	**6,298**	**481,934**	**9,315**	**1,178,321**
Additions	568	108,353	-	333,465	5,120	447,506
Merger additions	-	383,279	8,370	183,689	353	575,691
Disposals	-	(5,110)	(292,743)	-	(2,801)	(300,654)
Transfers	(1,008)	(177,241)	397,543	(219,294)	-	-
Cost as at 31 December 2019	**740**	**988,875**	**119,468**	**779,794**	**11,987**	**1,900,864**
Cost as at 1 January 2020	**740**	**988,875**	**119,468**	**779,794**	**11,987**	**1,900,864**
Additions	924	44,432	-	323,087	13,967	382,410
Derecognitions	(1,531)	(47,756)	(510,191)	(7,200)	(23,529)	(590,207)
Transfers	(32)	(103,668)	550,694	(446,994)	-	-
Cost as at 31 December 2020	**101**	**881,883**	**159,971**	**648,687**	**2,425**	**1,693,067**
Impairment losses as at 1 January 2019	-	**(408,365)**	**(1,497)**	**(91,617)**	**(1,216)**	**(502,695)**
Charges	-	(9,812)	(265)	(7,439)	-	(17,516)
Reversals	-	13,495	18,078	4,462	-	36,035
Transfers	-	48,633	(19,471)	(29,162)	-	-
Impairment losses as at 31 December 2019	-	**(356,049)**	**(3,155)**	**(123,756)**	**(1,216)**	**(484,176)**
as at 1 January 2020	-	**(356,049)**	**(3,155)**	**(123,756)**	**(1,216)**	**(484,176)**
Charges	-	(7,436)	(62)	(2,378)	-	(9,876)
Reversals	-	14,450	32,742	4,952	-	52,144
Transfers	-	(17,606)	(37,336)	54,942	-	-
Impairment losses as at 31 December 2020	-	**(366,641)**	**(7,811)**	**(66,240)**	**(1,216)**	**(441,908)**
Net carrying amount at 31 December 2019	**740**	**632,826**	**116,313**	**656,038**	**10,771**	**1,416,688**
Net carrying amount at 31 December 2020	**101**	**515,242**	**152,160**	**582,447**	**1,209**	**1,251,159**

As "Property Developments in Progress" the Group records the cost of short-cycle and long-cycle developments in progress. In the same way, for "Short-cycle developments in progress" the accumulated costs of the developments are considered, for which the expected completion date of the construction does not exceed 12 months.

As at 31 December 2020 and 2019, the detail of the net carrying amount of property assets divided between short and long term is as follows:

	Thousands of Euros	
	2020	**2019**
Short-cycle	447,604	416,624
Long-cycle	802,245	988,553
Total inventories (less Advances to suppliers)	**1,249,849**	**1,405,177**
Total current assets	**1,420,325**	**1,627,303**
Debt related to stock financing (Long-cycle)	50,584	46,268
Debt related to stock financing (short-cycle)	326,372	333,221
Total shot term debt (less interests)	**376,956**	**379,489**
Total current liabilities	**662,452**	**694,192**

As at 31 December 2020, the short cycle property developments are: Célere Cortijo Norte IV, Célere Cruces (flats), Célere Ciencias 17, Célere Vega, Célere MT22, Célere Urbam, Célere Miraflores, Célere Doña Julia, Célere Cubic III and Célere Austral.

As at 31 December 2019, the short cycle property developments are: Célere Harmony, Célere Nueva Gavia, Célere Arco, Célere Monet, Célere Cortijo Norte (phase I), Célere Castelo, Célere Navis, Célere Nacari, Célere Mairena (phase I), Célere Casa Banderas (phase II), Célere Retamar II, Célere Sant Feliu, Célere Terran, Célere Jalón, Célere Serenity, Célere Cortijo Norte (phases II-III), Célere Llum Patraix, Célere Perales, Célere Els Ametllers, Célere Cubic II, Célere Bremen, Célere Domeny (phase I), Célere Cala Serena, Célere Lemos, Célere Nova Rivas, Célere Las Rosas and Célere Cuatro Caminos

The Group capitalises the borrowing costs incurred during the year for financing the development of property developments, provided that they relate to inventories with a production cycle of more than one year. In 2020, capitalised finance costs amounted to 14,248 thousand of euros (8,843 thousand of euros in 2019) (see Note 23.10). In addition, in 2020 and 2019, 6,519 thousand of euros and 7,214 thousand of euros relating to staff costs and 59 thousand of euros and 157 thousand of euros relating to external services costs, respectively, were recognised as an increase in the value of the property developments in progress (see Note 23.2).

15.1. Land and plots

The balance of this account corresponds to the purchase price of various pieces of land and plots of land which, as at 31 December 2020 and 2019, were being prepared for urban development or were in the planning stage.

As at 31 December 2020 and 2019, the surface area of the Group's land portfolio amounted to 2,024,844 square metres and 2,213,251 square metres, respectively, with approximately 76% and 70% of the land, respectively, classified as "fully authorised" developments.

The detail of the Group's land by geographical area is as follows:

	Total m2	
City	2020	2019
Madrid	803,470	820,864
Malaga	366,959	406,311
Seville	275,859	332,078
Valencia	127,805	144,999
Barcelona	59,291	82,329
Valladolid	81,464	72,563
Others	309,996	354,106
	2,024,844	**2,213,251**

The main plots included under this heading are:

- Plots in Barajas, Pozuelo de Alarcón, Berrocales, Los Cerros, Guadarrama, Boadilla del Monte and Getafe in Madrid.
- Plots in Aznalfarache, Dos Hermanas and Airport in Seville;
- Plot in Condomina, in Murcia;
- Plot in Laderas Sur, in Valladolid;
- Plot in La Lastra, in Leon;
- Land in Quinta dos Moinhos, in Porto (Portugal);
- Land in Finistrelles, Barcelona;

The main movements in 2020 were:

- The execution of a purchase option held by ARPO on various plots of land forming part of UZ 2.4-03 in Pozuelo de Alarcón (Madrid) for an amount of 25,270 thousand of euros.
- The acquisition of land through the foreclosure of the third-party loans described in Note 14.1 for an amount of 4,265 thousand of euros, located in Tres Cantos (Madrid).
- The execution of an exchange for an amount of 7,000 thousand of euros for a development in progress located in Marbella (Malaga).
- Derecognitions relating to the sale of land for a net amount of 47,088 thousand of euros, with an associated cost of 44,981 thousand of euros. The most significant sales correspond to the divestment of 10 plots in Oeiras, in Lisbon (Portugal), for a cost of 18,313 thousand of euros, the sale of two plots in Seville for a cost of 7,568 thousand of euros and the sale of a development in progress in Madrid for a cost of 2,667 thousand of euros.

The main movements in 2019 were:

- The acquisition of a plot of land in Berrocales (Madrid) for 11,475 thousand of euros.
- The acquisition of a plot of land called "Coslada RML1" (Madrid) for 5,232 thousand of euros, of which 4,709 thousand of euros were outstanding as at 31 December 2019.
- The execution of the option on a piece of land held in Barajas (Madrid) for approximately 24,000 thousand of euros, with 17,621 thousand of euros outstanding as at 31 December 2019.
- The acquisition of the land through the foreclosure of the third-party loans described in Note 14.1 for 43,530 thousand of euros.
- Derecognitions relating to the sale of land for a net amount of 7,216 thousand of euros, with an associated cost of 4,825 thousand of euros. The most significant sale corresponds to the sale of Sevilla Este 13G for 4,745 thousand of euros and to Pechina (Valencia) for 1,650 thousand of euros.
-

As at 31 December 2020 and 2019, certain “Land and Plots of Land”, with a net cost of 35,303 thousand of euros and 92,747 thousand of euros, respectively, were mortgaged to secure the repayment of various bilateral bank loans of which 37,859 thousand of euros and 47,500 thousand of euros, respectively, were drawn down (see Note 18.1.2).

15.2. Commitments to acquire land and plots

As at 31 December 2020, there were no commitments for the acquisition of land and plots of land, but pledge or option contracts for land and plots of land exercised in previous years still have outstanding obligations of 30,000 thousand euros.

As at 31 December 2019 the Group had entered into pledge agreements or agreements with purchase options on land and building plots totalling approximately 62,000 thousand of euros, and had delivered interim amounts of 2,342 thousand of euros.

As at 31 December 2019, the main commitments for the acquisition of land and plots of land were as follows

- The purchase option contract formalised on 6 April 2017 with Resto HG, S.L. on several pieces of land that were part of UZ 2.4-03 "ARPO". This contract granted the Group two purchase options. On 11 February 2020, the option to purchase this land was exercised.

15.3. Completed developments

The "Completed Developments" heading includes the cost of the unsold portion of completed developments.

As at 31 December 2020, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Célere Cortijo Norte; Célere Perales; Célere Jarama; Célere Las Rosas; Célere Cubic II).
- ***Malaga*** (Célere Cala Serena; Célere Serenity; Célere Duna Beach).
- ***Barcelona*** (Célere Els Ametllers; Célere Terram).
- ***Valladolid*** (Célere Arco).
- ***Seville*** (Célere Lemos).
- ***La Coruña*** (Célere Cuatro Caminos).
- ***Valencia*** (Célere Llum Patraix).

As at 31 December 2019, the geographical distribution of the main property developments completed was as follows:

- ***Madrid*** (Célere Nacari; Célere Monet; Célere Boreal III; Célere Harmony and Célere Nueva Gavia)
- ***Malaga*** (Célere Churriana; Célere Duna Beach; Célere Casa Banderas)
- ***Barcelona*** (Célere Aviació)
- ***Valladolid*** (Celere Ponce de Leon)

In 2020, derecognitions amounting to 510,191 thousand of euros were recorded under "Completed Developments" (292,743 thousand of euros in 2019), relating to the cost of the developments delivered in the year.

The main sales in 2020 relate to the developments of Las Rosas, Cortijo, Perales, Nacari, Méndez Alvaro and Cubic II in Madrid, Casa Banderas (Phase II), Serenity, Cala Serena and Duna Beach in Málaga and Sant Feliu in Barcelona (Francos Rodriguez, Méndez Alvaro, Casa la Cierva, Móstoles and Residencial Báltico in Madrid, Casa Forestier in Seville, Casa Banderas and Residencial Barama in Málaga during 2019).

As at 31 December 2020 and 2019, certain residential assets recognised under "Completed Developments" in the consolidated statement of financial position had a net cost of 110,091 thousand of euros and 8,647 thousand of euros, respectively, and were mortgaged to secure the repayment of various bank loans, the balances of which at those dates amounted to 51,403 thousand of euros and 59,511 thousand of euros, respectively (see Note 18.1.2).

15.4. Property developments in progress

The balance of this account as at 31 December 2020 and 2019 relates to the total costs incurred up to that date in the development of the residential developments in progress, including the cost of purchasing the land.

As at 31 December 2020, the main developments included under this heading were:

- Célere Miraflores residential development located in Oeiras (Lisbon), owned by the Group company "Parquesoles Inversiones Inmobiliarias y Proyectos, S.A."
- Residential development located in the Old Tobacco Factory in La Coruña M2, owned by the Group company "Udralar S.L.U."
- Residential Developments Célere Cruces, Célere Cubic III, Célere Nova Rivas, Célere Vega, Célere Urbam, Célere Alocs, Célere Doña Julia, Célere Ciencias 17, Célere Domeny, Célere Finestrelles, Célere Finestrelles II, Célere Parque Norte and Célere Port Avenue belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A."

As at 31 December 2019, the main developments included under this heading were:

- Residential development located in Las Rosas, owned by the Group company "Vía Célere, S.L.U.".

- Residential development located in the Old Tobacco Factory in La Coruña M2 and M4, owned by the Group's company "Udralar S.L.U.
- Residential developments Casares (Doña Julia) (Málaga), Ariza in Valladolid, Cortijo Norte and Perales del Rio in Madrid and Ibiza UA14 Phase I belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.".

Of the property developments in progress as at 31 December 2020 and 2019, several, which were recognised at those dates at a net cost of 377,531 thousand of euros and 539,485 thousand of euros, respectively, are mortgaged to secure the repayment of bilateral loans, the balances of which at those dates amounted to 177,786 thousand of euros and 165,110 thousand of euros, respectively (see Note 18.1.2).

15.5. Commitments to sell residential developments in progress and constructed buildings

The Group recognises under "Trade and Other Payables" the amount, in cash or in commercial bills receivable, received from customers with whom it has entered into such sales commitments.

As at 31 December 2020 and 2019, the Group had signed contracts for the sale of residential developments in progress as at that date, or of buildings constructed, for a total of 762,370 thousand of euros and 1,073,263 thousand of euros, respectively. Of the total sales commitments, as at 31 December 2020 and 2019 the Group had received advances totalling 128,718 thousand of euros and 163,015 thousand of euros, respectively (see Note 18.2).

As a standard procedure, almost all contracts of sale are subject to compensation clauses for non-delivery of the homes, consisting mostly of legal interest on the amounts delivered during the period between the scheduled delivery date in the contract and the actual delivery date. The Group does not estimate any impact on these consolidated annual accounts for this reason, mainly due to the historical experience of recent years, as well as the fact that the delivery date foreseen in the contracts takes into account a safety margin. Also, in general, pre-sales include compensation for the Group in the event of cancellation by the customer, although no amount is recorded for this item until it materialises.

15.6. Impairment of inventories

Each year the Group commissions studies from independent experts to determine the net realisable value of its inventories at year-end. As of 31 December 2020 and 2019 the studies were carried out by "Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U." ("Savills"). The valuations were carried out on the basis of the market value in accordance with the definition adopted by the Royal Institution of Chartered Surveyors (RICS) and with the International Valuation Standards (IVS), published by the International Valuation Standards Committee (IVSC), organisations that incorporate the international and European property valuation organisations, respectively.

To calculate the values of the various properties in the Group's portfolio, the discounted cash flow method, the sales comparison method and the dynamic residual method were used.

The discounted cash flow method, as defined by Savills, comprises analysing the property development and its sale upon completion, discounting the costs required to bring the project to completion (building, architecture, urban planning and cost of sale, among others) and recognising the income upon completion. This results in a cash flow that is updated to the valuation date by means of the IRR that indicates the level of risk the developer is willing to take and the benefits he expects to achieve.

In relation to impairment losses, in 2020 the Group recognised additions of 9,876 thousand of euros (17,516 thousand of euros in 2019) and disposals of 52,144 thousand of euros (36,035 thousand of euros in 2019). These amounts include:

- Impairment write-downs on disposal of assets, net amounting to 43,031 thousand of euros (in 2019, 13,921 thousand of euros), which is recognised under "changes in inventories of completed goods and work in progress" and "raw materials and other consumables used".
- As well as impairment by valuation of assets in portfolio for a net amount of 763 thousand of euros (expense) (4,330 thousand of euros of income in 2019), which is recorded under the headings of "changes in inventories of completed goods and work in progress" and "Impairment of real estate inventories". The

latter valuation impairments are made in order to adjust the carrying amount of inventories to their net realisable value, without exceeding cost, determined on the basis of Savills' valuations.

As at 31 December 2020 and 2019, the overall fair value of the Group's inventories resulting from the aforementioned studies amounted to 1,759,734 thousand of euros and 2,166,924 thousand of euros, respectively.

Savills' main assumptions in the valuation as at 31 December 2020 are as follows:

Selling price (EUR/m2)	*Margin*	*Internal Rate of Return*
950 - 7,863	1% - 48%	6% - 25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.7 % for the year 2020, as follows:

	Discount rate (%)
IRR (%)	**31.12.2020**
Projects in progress	8.9%
Fully authorised land	12.4%
Strategic land	15.2%
TOTAL	**12.7%**

Savills' main assumptions in the valuation as at 31 December 2019 are as follows:

Selling price (EUR/m2)	*Margin*	*Internal Rate of Return*
951 - 8,451	1% - 48%	6% - 25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.7 % for the year 2019, as follows:

	Discount rate (%)
IRR (%)	**31.12.2019**
Products in progress	9.8%
Fully authorised land	12.2%
Strategic land	15%
TOTAL	**12.4%**

The outbreak of COVID-19, considered a global pandemic by the WHO in 2020, has affected global financial markets. Savills, in accordance with RICS VPS 3 and VPGA 10, highlights the existence of a material uncertainty in the valuation and also recommends in its report that the valuation of the assets be kept under regular review.

In line with the above, the Company's directors commissioned Savills to perform a sensitivity analysis of the valuations in order to determine the effects of changes in key valuation assumptions on the net book value of the Company's inventories. This sensitivity exercise was performed assuming that all other valuation variables remain constant. The results of the sensitivity analysis are as follows:

- In the case of the discount rate, a sensitivity of +/- 100 basis points has been established based on different short and medium-term economic scenarios, as well as the consideration of the rate of return required by other property developers with characteristics other than those of the Group.
- In the case of the sales price, sensitivity analyses of +/-1%, +/-5% and +/-10% were performed.

This sensitivity exercise was performed assuming that all other variables remain constant.

Changes in the net book value of inventories would be affected as follows if key assumptions changed:

Assumption	Thousand of euros Discount rate Increase /(decrease) 1%	 (1%)
Market Value	1,721,001	1,811,319
Net Book Value	1,241,423	1,253,578

Assumption	Thousand of euros Sell price Increase /(decrease) 1%	(1%)	5%	(5%)	10%	(10%)
Market Value	1,793,529	1,734,640	1,907,560	1,613,392	2,050,027	1,461,707
Net Book Value	1,251,260	1,243,320	1,265,767	1,222,835	1,283,545	1,178,851

The impact that these sensitivities would have on the assessments made by the independent expert is as follows:

- A decrease of 100 basis points in the discount rate would result in an increase in the valuation of 51,585 thousand of euros, and an increase of 100 basis points would result in a decrease in the valuation of 38,733 thousand of euros.
- A 1% decrease in the sale price would lead to a decrease in the valuation of 25,095 thousand of euros, and a 1% increase would lead to an increase in the valuation of 33,795 thousand of euros.
- A 5% decrease in the sale price would lead to a decrease in the valuation of 146,342 thousand of euros, and a 5% increase would lead to an increase in the valuation of 147,826 thousand of euros.
- A 10% decrease in the sale price would lead to a decrease in the valuation of 298,028 thousand of euros, and a 10% increase would lead to an increase in the valuation of 290,292 thousand of euros.

15.7. Insurance policy

The Group's policy is to take out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the Parent Company's opinion, the coverage of the policies taken out is sufficient.

16. Equity

16.1. Share caputal

On 9 January 2019 the deed of merger of the Aelca Group with the Parent was executed, which involved a capital increase by contribution, as approved by the shareholders at the Annual General Shareholders' Meeting held on 31 October 2018, through the issue of 31,746,987 new shares with a par value of 6 euros each and with the same rights as the existing shares. On 10 January 2019 it was filed with the Companies Registry of Madrid and on 8 March 2019 it was duly registered.

On 15 March 2019, a capital increase of 37,177 thousand of euros was granted in a public deed approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 1,821,490 new shares with the same rights as those existing at that date. This increase was made by means of monetary contributions and is registered in the Companies Registry of Madrid on 1 April 2019.

On 15 March 2019, a capital increase of 18,924 thousand of euros was granted in a public deed, approved by the Company's shareholders at the Annual General Shareholders' Meeting held on 10 December 2018, through the issue of 927,189 new shares with the same rights as the existing ones. This increase was made by means of credit compensation and is registered in the Companies Registry of Madrid on 27 June 2019.

There were no increases or decreases of share capital in 2020.

Following the transactions described above, as at 31 December 2020 and 2019, the Parent Company's share capital amounted to 411,161,118 euros and is made up of registered shares of 6 euros par value each, all of them authorised, subscribed and paid up, not listed on the stock exchange, all with the same corporate rights.

The shareholders of the Company as at 31 December 2020 and 2019 were as follows:

	2020		2019	
Company	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Maplesville Invest, S.L.U	17,828,983	26.0%	17,828,983	26.0%
Windham Spain, S.L.U.	10,170,558	14.8%	10,170,558	14.8%
Lewistown Invest, S.L.U.	10,042,179	14.7%	10,042,179	14.7%
Glenwock Invest, S.L.U.	8,258,332	12.1%	8,258,332	12.1%
Rimbey Spain, S.L.U.	6,024,597	8.8%	6,024,597	8.8%
Greencoat B.V.	5,513,934	8.0%	5,513,934	8.0%
Trinity Investment Ltd.	5,112,989	7.5%	5,112,989	7.5%
Merrill Lynch International Limited	2,229,368	3.3%	2,229,368	3.3%
MELF B.V.	1,832,276	2.7%	1,832,276	2.7%
Barclays Bank PLC	1,329,208	1.9%	1,329,208	1.9%
Deutsche Bank AG, London Branch	97,877	0.1%	97,877	0.1%
JP Morgan Securities PLC	86,552	0.1%	86,552	0.1%
	68,526,853	100.0%	68,526,853	100.0%

The expenses incurred in the merger of Aelca during 2019 amounting to 5,506 thousand of euros were recognised in the Parent Company's net equity.

During 2020 there was no movement in the number of shares between shareholders and nor capital increases neither decreases.

The movement in the number of shares during 2019 was as follows:

Company	Number of shares at 31.12 2018	Capital increase "Operation Aelca" (10.01.2019)	Capital increase (15.03.2019)	Capital Increase from Credit Clearing (15.03.2019)	Transfers	Number of shares at 31.12.2019
Maplesville Invest, S.L.U	17,828,983	-	-	-	-	17,828,983
Greencoat B.V.	5,513,934	-	-	-	-	5,513,934
Trinity Investment Ltd.	5,112,989	-	-	-	-	5,112,989
MELF B.V.	1,832,276	-	-	-	-	1,832,276
Barclays Bank PLC	1,329,208	-	-	-	-	1,329,208
Merrill Lynch International Limited	2,229,368	-	-	-	-	2,229,368
Deutsche Bank AG, London Branch	97,877	-	-	-	-	97,877
JP Morgan Securities PLC	86,552	-	-	-	-	86,552
Lewistown Invest, S.L.U.	-	8,217,065	897,925	-	927,189	10,042,179
Glenwock Invest, S.L.U.	-	7,758,416	499,916	-	-	8,258,332
Rimbey Spain, S.L.U.	-	5,986,150	38,447	-	-	6,024,597
Windham Spain, S.L.U.	-	9,785,356	385,202	-	-	10,170,558
Aelca Desarrollos Inmobiliarios, S.L.U.	-	-	-	927,189	(927,189)	-
	34,031,187	31,746,987	1,821,490	927,189	-	68,526,853

16.2. Share premium

The Capital Company Act expressly permits the use of the share premium balance to increase the share capital of the entities in which it is registered and establishes the same restrictions as regards its availability as the voluntary reserves. The share premium at 31 December 2020 and 2019 amounts to 736,387 thousand of euros.

16.3. Legal reserve

Under the Spanish Companies Act, 10% of net income of the Parent Company for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in that part of its balance that exceeds 10% of the increased capital. Except for this purpose, until it exceeds 20% of the share capital, this reserve may only be used to offset losses and provided that sufficient other reserves are not available for this purpose.

The legal reserve amounts to 30,090 thousand of euros as at 31 December 2020 (2019: 29,908 thousand of euros).

The Group holds other reserves in the negative amount of 407,574 thousand of euros (2019: 427,465 thousand of euros), mainly due to the merger transaction with Aelca which was accounted for at predecessor values and resulted in a negative impact of 409,965 thousand of euros in 2019.

16.4. Restrictions on the distribution of dividends

As at 31 December 2020 and 2019, the Parent Company had restrictions on the distribution of dividends as a result of the corporate financing agreement signed on 2 January 2019 and novated on 26 June 2020 (see Note 18.1.3).

16.5. Own shares

As at 31 December 2020 and 2019 the Group did not hold any treasury shares and had not carried out any transactions involving treasury shares during the year.

16.6. Capital Management

The Group's capital management is focused on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy allows the creation of value for the shareholder to be made compatible with access to the financial markets at a competitive cost to cover the needs both of refinancing the debt and of financing the investment plan not covered by the generation of funds from the business.

17. Provisions and contingencies

The detail of the balances of these headings in the consolidated statement of financial position at the end of 2020 and 2019 is as follows:

	Thousand of euros 2020				
	Opening Balance as at 31 December 2019	Additions	Applications	Reversals	Closing Balance as at 31 December 2020
Non-current provisions					
Provisions for contingencies and expenses	12,147	8,232	(595)	(9,728)	10,056
Current provisions					
Aftersales provision	549	960	(196)	(150)	1,163
Provisions for insolvency	3,254	3,253	-	(446)	6,061
Traffic provisions and others	6,509	9,922	(3,963)	(2,622)	9,846
	22,459	**22,367**	**(4,754)**	**(12,946)**	**27,126**

	Thousand of Euros					
	2019					
	Opening Balance as at 31 December 2018	Additions	Applications	Reversals	Merger addittion	Closing Balance as at 31 December 2019
Non-current provisions						
Provisions for contingencies and expenses	8,823	3,588	(1,389)	(3)	1,128	12,147
Current provisions						
Aftersales provision	-	549	-	-	-	549
Provisions for insolvency	156	3,098	-	-	-	3,254
Traffic provisions	421	7,471	(1,382)	(1)	-	6,509
	9,400	**14,706**	**(2,771)**	**(4)**	**1,128**	**22,459**

As at 31 December 2020 and 2019, the provision for contingencies and expenses relates mainly to contingencies that the Group considers likely to arise from legal proceedings relating to its ordinary activities. The outcome of these related contingencies depends on the resolution of the corresponding legal proceedings.

17.1. Provisions for contingencies and expenses

As at 31 December 2020 and 2019, the most significant procedures maintained by the Group were as follows

- The Parent Company has received claims from construction companies during 2020 amounting to 4,685 thousand of euros, for which it has made provisions.

- Also, the Group subsidiary Via Célere, S.L.U. received a claim for compensation for an alleged delay in the delivery of the property covered by the transaction, for which it has made a provision of 1,352 thousand of euros.

During 2020, the provision in the amount of 7,900 thousand of euros was reversed, due to the procedure maintained by the Parent Company for having delivered two letters of guarantee to Antigua Rehabitalia, S.A., an indirect subsidiary of the Parent Company until 29 December 2017, covering two mortgage loans between Antigua Rehabitalia, S.A. and SAREB amounting to 12,400 thousand of euros to secure two properties owned by Antigua Rehabitalia, S.A. located in the sector of Conil de la Frontera (Cádiz). During 2017, Antigua Rehabitalia, S.A. entered into insolvency proceedings. As a result, the Group decided to make a provision of 7,900 thousand of euros relating to the difference between the guarantee and the fair value of the land, which remained at year-end 2019. The claim action for said amount was time-barred on 7 October 2020.

During 2020, the Parent Company was in the process of being inspected by the tax authorities for corporate income tax for 2015, whereby the tax values of the assets contributed in 2010 by Grupo San José in favour of Vía Celere Desarrollos Inmobiliarios are being questioned.

In addition, the subsidiary Vía Célere S.L.U. has received a tax claim for an amount of 200 thousand of euros from Via Agora, S.L.U. in relation to the corporate income tax audit for 2013 and 2014 in which it belonged to the consolidated tax group whose Parent Company was Via Agora S.L.U.

In 2019 the Parent Company registered 1,707 thousand of euros in the provisions for liabilities and charges in respect of property tax (IBI) relating to the foreclosure of loans to third parties, of which 1,177 thousand of euros have been reversed in the year, and 530 thousand of euros were outstanding in this connection as at 31 December 2020 and 2019.

In 2019, as part of the merger process (see Notes 1 and 7), the Parent incorporated provisions amounting to 1,128 thousand of euros in connection with potential liabilities arising from the business activities of the absorbed companies.

17.2. Aftersales provision

In 2020, the Group decided to create a provision for possible after-sales customer claims for the developments delivered, amounting to 960 thousand of euros (549 thousand of euros during 2019), for the real estate developments delivered during the year. In addition, payments applied to the post-sale provision of 196 thousand of euros were made, as well as reversals in the amount of 150 thousand of euros.

17.3. Provisions for insolvency

As at 31 December 2020 and 2019, the Group's provision for bad debts is mainly due to invoices issued to different construction companies which are currently in insolvency proceedings for the amount of 6,061 thousand of euros and 3,098 thousand of euros, respectively (see Note 14.2).

17.4. Traffic provisions and others

During 2020 the Group has made provisions, mainly, for the completion of work costs of construction services received but not yet invoiced for delivered developments amounting to 5,648 thousand of euros (7,471 thousand of euros in 2019). They are recognised at the date of transfer from work in progress to completed work on the property assets, according to the best estimate of the possible expense incurred by the Group and for the amount required to settle the Group's liability.

In the opinion of the Board of Directors, the provisions recorded at 31 December 2020 and 2019 reasonably cover the existing risks, not considering that significant additional losses may arise from the resolution of litigation in progress.

18. Long and short-term liabilities and trade payables

The classification of financial liabilities by category is as follows:

	Thousand of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Bank borrowings	4,029	376,975	222,401	384,099
Commercial paper programme	-	1,700	-	-
Payables to related parties and associates	-	143	-	143
Payable to employees	-	31	-	2,674
Payables to suppliers	-	110,220	-	122,704
Customer advances	-	128,718	-	163,015
Other financial liabilities	10	236	10	164
	4,039	618,023	222,411	672,799

Irrespective of the effective date of repayment, the Group classifies as "current" the financial liabilities affecting the financing of goods or assets classified in the consolidated statement of financial position as "current".

The reconciliation of liability movements to cash flows resulting from financing activities is as follows:

	Thousand of Euros
	Bank borrowings current and non current
Balance as at 31 December 2019	606,500
Changes from financing activities	
Proceeds from bank borrowings	285,300
Repayment of bank borrowings	(524,171)
Total changes from financing cash flows	**(238,871)**
Other changes	
Interest expense	39,589
Interest paid	(24,419)
Other changes	(1,796)
Balance as at 31 December 2020	**381,003**

	Thousand of Euros	
	Bank borrowings current and non current	Associate companies
Balance at 31 December 2018	238,957	142
Changes from financing activities		
Proceeds from related parties	-	1
Proceeds from bank borrowings	331,015	-
Repayment of bank borrowings	(78,273)	-
Total changes from financing cash flows	**252,742**	**1**
Other changes		
Additions by Aleca Merger (Note 7)	113,574	-
Interest expense	31,189	-
Interest paid	(31,189)	-
Other changes	1,227	(143)
Balance at 31 December 2019	**606,500**	-

18.1. Non-current and current payables

18.1.1. Bank borrowings

The detail by maturity of the items (in thousand of euros) included in short and long-term debts to credit institutions is as follows:

		Dispose short term				Maturity					
Instrument	Limit	Long cycle	Short cycle	Dispose long term	Total drawn down	2021	2022	2023	2024	2025 and rest	Total
Mortgage loans secured by inventories (Note 19.1.3)	756,080	50,584	216,464	-	**267,048**	216,464	46,323	4,261	-	-	**267,048**
Credit lines	85,700	-	82,269	3,284	**85,553**	82,269	1,518	1,018	518	229	**85,553**
Accrued interests (Note 19.1.3)	-	173	1,546	-	**1,719**	1,719	-	-	-	-	**1,719**
Other loans	31,017	-	27,639	745	**28,384**	27,387	160	164	167	506	**28,384**
Borrowing as at 31/12/2020	**872,796**	**50,757**	**327,918**	**4,029**	**382,705**	**327,839**	**48,002**	**5,443**	**685**	**736**	**382,704**

		Dispose short term				Maturity					
Instrument	Limit	Long cycle	Short cycle	Dispose long term	Total drawn down	2020	2021	2022	2023	2024 and rest	Total
Mortgage loans secured by inventories (Note 19.1.3)	1,089,582	46,268	225,853	-	**272,121**	226,552	39,688	1,740	4,141	-	**272,121**
Credit lines	147,476	-	107,368	37,377	**144,745**	16,550	128,195	-	-	-	**144,745**
Accrued interests (Note 19.1.3)	-	3,501	1,109	-	**4,610**	4,610	-	-	-	-	**4,610**
Other loans	186,640	-	-	185,024	**185,024**	154	183,873	160	164	673	**185,024**
Borrowing as at 31/12/2019	**1,423,698**	**49,769**	**334,330**	**222,401**	**606,500**	**247,866**	**351,756**	**1,900**	**4,305**	**673**	**606,500**

The total balance drawn down in 2020 and 2019 is shown net of fees pending amortisation amounting to 9,814 thousand of euros and 12,812 thousand of euros, respectively, and increased by interest payable of 1,719 thousand of euros and 4,610 thousand of euros, respectively.

Credit lines include 4 ICO loans for a total amount of 12 million euros signed during 2020 and maturing between June 2021 and December 2025.

Other credits include a line for the issuance of promissory notes in MARF of which the balance drawn down as at 31 December 2020 is 1,700 thousand of euros.

The Company continuously explores existing alternatives to optimise and diversify its funding sources.

All these loans have an interest rate linked to EURIBOR plus a spread in line with market conditions.

As a result of the merger and the financing agreement described in Note 18.1.3, in 2019 the Parent Company and certain subsidiaries obtained waivers from the following financial institutions and insurance companies: Bankia, S.A., BBVA, S.A., Liberbank, S.A., Caixabank, S.A., Abanca, S.A., Unicaja Banco, S.A., Bankinter, S.A., Banco Sabadell, S.A., Kutxabank, S.A., Banco Santander, S.A., Liberty Mutual Insurance Europe Limited and QBE Insurance (Europe) Limited, to comply with the clauses included in certain contracts.

In view of these waivers, at the date of these consolidated annual accounts the Parent Company's management considers that the Group complies with all the covenants in the loan agreements.

Credit lines as at 31 December 2020 and 31 December 2019 include the amount drawn down, recorded at amortised cost, of a credit line arranged with Banco Popular to finance the purchase of land, with an available limit of 28 million euros, of which 26 million euros were drawn down as at 31 December 2020 (121 million euros of limit in 2019 and 105 million euros drawn down as at 31 December 2019).

The debts of the associates amounted to 1,663 thousand of euros as at 31 December 2020 and 2,235 thousand of euros as at 31 December 2019.

18.1.2. Mortgage loans secured by inventories

The "Development Loans" on developments under construction and on buildings constructed amounting to 229,189 thousand of euros and the "Loans for the Purchase of Land" amounting to 37,859 thousand of euros are defined as mortgage loans secured by inventories, totalling 267,048 thousand of euros (see Note 15).

The total liability for financial liabilities associated with "Inventories" is presented under current liabilities in the accompanying consolidated statement of financial position, irrespective of the date on which it is actually repaid.

The detail of loans secured by mortgages on inventories as at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Mortgage loans secured by property developments in progress	**177,786**	**165,110**
Of the Parent	150,072	116,799
Of the subsidiaries	27,714	48,311
Mortgage loans secured by completed developments	**51,403**	**59,511**
Of the Parent	39,134	48,011
Of the subsidiaries	12,269	11,500
Mortgage loans secured by land and plots	**37,859**	**47,500**
Of the Parent	29,570	37,097
Of the subsidiaries	8,289	10,403
	267,048	**272,121**

The main changes in 2020 in mortgage loans on inventories relate to transactions for the repayment of these loans through the delivery of assets to secure the loans, totalling 257,924 thousand of euros in 2020 (56,613 thousand of euros in 2019).

In 2019, as part of the merger process (see Notes 1 and 7), the Parent Company incorporated bank borrowings amounting to 113,574 thousand of euros relating to mortgage loans on inventories of the absorbed companies.

Certain development loan agreements provide for accrued interest to be capitalised as principal on each interest payment date. The cost of capitalised interest as at 31 December 2020 and 2019 amounted to 17,251 thousand of euros and 13,078 thousand of euros, respectively.

Mortgage loans bear annual interest at a variable rate. In 2020, the rates were from 1.00% to 3.5% (same percentage in 2019).

18.1.3. Senior syndicated loan

On 2 January 2019 the Parent Company signed a senior syndicated loan agreement amounting to 223,000 thousand of euros as the original borrower. The Parent Company, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial entities as original lenders, and Credit Suisse International as agent and security agent. The initial amount was distributed by means of an Acquisition facility (loan) amounting to 185,331 thousand of euros, which was fully drawn down and classified as Other Loans, and a Revolving Credit Facility (RCF) amounting to 37,669 thousand of euros classified as a line of credit. During 2019, the guarantee on the companies Maywood Invest, S.L.U and Udralar, S.L.U. was released.

The syndicated senior loan had a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions were met, and accrued an interest rate based on the EURIBOR plus a market differential. On 26 June 2020, the Parent Company extended the financing agreement until 31 December 2021 on a half-yearly payment schedule.

During 2020, the Parent Company has made repayments of 150 million euros, leaving an outstanding balance as at 31 December 2020 of 73 million euros.

In addition, during 2020, a guarantee has been granted on the shares of Maywood Invest, S.L.U., becoming the guarantor of this syndicated loan.

The Parent Company undertakes to comply with certain covenant financial obligations during the term of the loan and relating to its quarterly Consolidated Financial Statements. These obligations are as follows:

- Commitment to comply with a ratio known as "LTV", understood as the quotient between: *Net Debt* and Gross *Assets* Value ("GAV").

  This ratio must be less than 45%, which was met as at 31 December 2020.

- Commitment to comply with at least 85% of the consolidated EBITDA, the contribution by the guarantor companies of the senior syndicated loan and at least 5% of the total aggregate assets (calculated on a non-consolidated basis and excluding all intragroup elements and investments in investees). The ratio as at 31 December 2020 is complied.

18.2. Trade and other payables

The "Trade and other payables" heading includes mainly the amounts payable for trade purchases and related expenses. Its detail are as follows:

	Thousand of Euros	
	2020	2019
Current payables to suppliers	110,220	122,704
Payable to employees	31	2,674
Customer advances (note 15.5)	128,718	163,015
	238,969	**288,393**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

19. Average Supplier Payment Period. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010"

The detail of payments to suppliers by Spanish consolidated company is as follows:

	Payments made and outstanding at the reporting date	Payments made and outstanding at the reporting date
	2020	2019
	Days	Days
Average period of payment to suppliers	64	64
Ratio of paid transactions	71	67
Ratio of transactions pending payment	32	40
	Amount (Euros)	Amount (Euros)
Total payments made	338,545,756	340,161,631
Total payments pending	43,319,115	70,801,559

In accordance with the ICAC Resolution, the calculation of the average period for payment to suppliers has taken into account the transactions considered as commercial transactions corresponding to the delivery of goods or services accrued during each financial year, only with respect to Spanish entities.

Suppliers are defined, solely for the purposes of reporting information under this Resolution, as trade creditors of debts to suppliers of products or services, included under the heading of suppliers and other creditors of current liabilities in the consolidated statement of financial position.

The average period for payments to suppliers has been calculated, as indicated in the ICAC Resolution of 29 January 2016, by applying the weighted average of the following two ratios:

- Ratio of transactions paid: average payment period of transactions paid in the year weighted by the amount of each transaction.
- Outstanding transactions ratio: average payment period between the invoice and the end of the year weighted by the amount of each transaction.

The Group's management evaluates the necessary measures to try to reduce the average payment period in accordance with the legally established limits.

20. Financial risk management and fair value

The Group's management have evaluated the potential impacts caused by COVID-19 in the Consolidated Financial Statements as at 31 December 2020. From that evaluation has not been identified any relevant impact, except as the mentioned in the Note 15.6.

20.1. Financial risk management

Risk management framework

The Group's activities are exposed to credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme seeks to reduce these risks through a variety of methods, including the use of financial instruments.

Financial risk management is centralized in the Corporate Finance Department, which has established the necessary mechanisms to manage exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

20.2. Credit risk exposure

Credit risk is the risk of financial loss that the Group may suffer if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises in particular from the Group's customer receivables and investments in debt securities.

The Group does not have significant credit risk, since its customers and the institutions in which cash placements or derivatives are arranged are highly solvent entities in which counterparty risk is not significant.

The Group's main financial assets are cash and balances, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets, without taking into account any guarantees provided and other credit enhancement mechanisms.

The Group's credit risk is mainly attributable to its trade debts. The amounts are reflected in the consolidated statement of financial position net of provisions for bad debts, with the expected credit loss estimated by Group management on the basis of past experience and its assessment of the current economic environment. The Group has formal procedures for the detection of objective evidence of impairment of trade debts, in line with the provisions of IFRS 9. The impairment of trade receivables as at 31 December 2020 amounted to 6,061 thousand of euros (3,254 thousand of euros in 2019) (see Note 14.2). The balances of trade debts without credit risk are not included in this provision at the end of 2020 and 2019.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are banking entities that have been assigned high ratings by international credit rating agencies.

The Group does not have a significant concentration of credit risk. Risk exposure is diversified among numerous clients.

The Group monitors and has established specific credit management procedures, establishing conditions for the acceptance of orders and carrying out periodic monitoring of these orders.

20.3. Interest rate risk exposure

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with short-term maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2020 and 2019 all financial liabilities with floating interest rates were denominated in euros.

20.4. Liquidity risk exposure

The Group manages its liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions. The Group determines its cash requirements through the cash budget, with a time horizon of 12 months. The Group considers that the agreed financing framework is sufficiently flexible to accommodate the dynamic needs of the underlying businesses.

The Group also presents the necessary financing for the development of the assets classified as "Property developments in progress". These loans are conditional upon the specific construction of the developments to which they are associated, and their decrease is presented gradually with the progress of the construction work and, therefore, the Group depends solely on the cash available as at 31 December 2020 to guarantee the continuity of the business.

21. Tax matters

Since 1 January 2016, the Parent Company has been taxed under the consolidated corporate income tax regime (Group 0258/16). Subsidiaries in the tax group are all subsidiaries resident in Spain in which the Parent Company has a direct or indirect ownership interest of 75% or more.

At 31 December 2020 and 2019, the tax consolidation group is as follows:

Tax Group
2020
Parent
Vía Célere Desarrollos Inmobiliarios, S.A.
Subsidiaries
Copaga, S.A.
Udralar, S.L.U.
Udrasur Inmobiliaria, S.L.U.
Torok Investment 2015, S.L.U.
Vía Célere, S.L.U.
Vía Célere 1, S.L.U.
Vía Célere 2, S.L.U.
Vía Célere Gestión de Proyectos, S.L.U.
Conspace, S.L.U.
Vía Célere Catalunya, S.L.U.
Maywood Invest, S.L.U.

21.1. Tax receivables and payables

The composition of balances receivable from public authorities is as follows:

	Thousand of Euros	
	2020	**2019**
Deferred tax assets		
Deductible temporary differences	46,244	49,609
Credits in respect of loss carryforwards	22,391	25,393
	68,635	**75,002**
Current:		
VAT recoverable	7,517	12,228
Withholdings and payments on account	-	7
Current tax receivable	111	109
	7,628	**12,344**
Total	**76,263**	**87,346**

The composition of the balances payable to public authorities is as follows:

	Thousand of Euros	
	2020	2019
Non-current:		
Deferred tax liabilities	3,014	12,621
	3,014	**12,621**
Current:		
Income tax payable (VAT)	26,720	12,987
Income tax payable (CIT)	4,946	654
Social security payable	658	526
Other taxes payable	1,096	168
	33,420	**14,335**
Total	**36,434**	**26,956**

21.2. Deferred tax assets and liabilities

The detail of the balance of the heading "Deferred tax assets" at the end of 2020 and 2019 is as follows

	Thousand of Euros	
	Balance as at 31/12/2020	Balance as at 31/12/2019
Assets w ith tax value different from the accounting value	-	5,818
Reversal of 30% accounting depreciation costs	659	760
Non deductible finance costs	39,526	40,257
NOLs	22,720	25,625
Tax deductions	1,508	1,508
Others	2,246	530
Consolidation adjustments	1,976	504
Total	**68,635**	**75,002**

	Thousand of Euros				
	Balance as at 31/12/2019	Addition	Disposal	Funds transfer	Balance as at 31/12/2020
Deferred tax assets	75,002	2,567	(10,239)	1,315	68,635

	Thousand of Euros				
	Balance as at 31/12/2018	Addition	Disposal	Funds transfer	Balance as at 31/12/2019
Deferred tax assets	71,089	4,291	(378)	-	75,002

The detail of the heading "Deferred tax liabilities" as at 31 December 2020 and 2019 is as follows:

	Balance as at 31/12/2020	Balance as at 31/12/2019
Revaluation of assets from prior reorganisations	-	7,986
Exemption for reinvestment tax credits	1,034	1,539
Margin elimination	727	245
Consolidation adjustments	1,253	2,851
Total	**3,014**	**12,621**

	Thousand of Euros				
	Balance as at 31/12/2019	Addition	Disposal	Funds transfer	Balance as at 31/12/2020
Deferred tax liabilities	12,621	482	(11,404)	1,315	3,014

	Thousand of Euros				
	Balance as at 31/12/2018	Addition	Disposal	Funds transfer	Balance as at 31/12/2019
Deferred tax liabilities	13,852	-	(1,231)	-	12,621

The Group's main deferred tax assets and liabilities are related to the following items:

Non-deductible financial expenses. In accordance with Article 16 of the Corporate Income Tax Law, net financial expenses will be deductible annually up to a limit of 30% of the year's operating profit, and net financial expenses of 1 million euros may be deducted in any case. At the end of 2018, the Group would have recognised non-deductible financial expenses amounting to 38,500 thousand of euros (share) as a deferred tax asset. In 2019, an addition of 1,955 thousand of euros was recognised in this connection. During 2020, the Company recovered financial expenses not deducted in previous years amounting to 2,924 thousand of euros, resulting in a deferred tax write-off of 731 thousand of euros.

- Credits for loss carryforwards. In 2018, the Group recognised deferred tax assets relating to tax losses carried forward from prior years that had not yet been offset. In the current year the Group has already started to offset tax loss carryforwards.

- Limitation to book depreciation. In 2013 and 2014, only 70 % of the accounting depreciation expense was deductible for tax purposes, and the remaining 30 % was recorded as a tax credit (deferred tax asset) which is reversed on a straight-line basis over 10 years.

- Difference between book and tax value of assets from different business restructuring operations. The Company has derecognised both the deferred asset and the deferred liability in this respect as they are not recoverable.

To assess the recoverability of deferred tax assets, the Company has also taken into account the valuation of inventories at year-end 2020 carried out by Savills, which reflects a fair value of 1,770,168 thousand of euros (see Note 15.6), as well as the business plan prepared by the Group for the period 2020-2030 and the development sales forecasts included in this plan, which also include those corresponding to the companies integrated during the year (see Note 1), and which have been made taking into account the characteristics of the Spanish real estate sector in which the Group operates. At 31 December 2020, the Group has signed sales contracts amounting to 763 million euros (see Note 15.5). Based on this evidence, the Group estimates that it will recover the full amount of tax credits recognised in less than ten years.

21.3. Reconciliation of accounting profit and taxable profit

The reconciliation between consolidated accounting profit and taxable profit is as follows:

	Thousand of Euros	
	2020	2019
Consolidated profit for the year	49,657	22,435
Corporate income tax	(13,406)	4,155
Profit/(Loss) before taxes	**63,063**	**18,280**
Permanent differences	(22,410)	(29,542)
Temporary differences	3,741	16,101
Offset of negative tax bases	(15,330)	(977)
Consolidation adjustments	6,648	3,748
Income tax expense/(income)	**35,712**	**7,610**

The relationship between the income tax expense/(income) and the profit/(loss) for the year is as follows:

	Thousand of euros	
	2020	**2019**
Profit (loss) before tax	**63,063**	**22,435**
CIT at 25%	15,766	(4,155)
Profit (loss) before tax		
Assets with different tax and book value	(1,631)	16,101
Adjustments from previous years	(1,524)	(977)
Tax deductions and discounts from current year	(28)	3,748
Deferred tax assets for the current year	935	-
Consolidation adjustment	(200)	(7,386)
Income tax expense/(income)	**13,406**	**7,332**

The detail of the income tax expense/(income) in the consolidated income statement is as follows:

	Thousand of euros	
	2020	**2019**
Income tax expense/(income) for current tax and others	16,646	989
Income tax expense/(income) for deferred taxes	(3,240)	(5,144)
Income tax expense/(income)	**13,406**	**(4,155)**

The main adjustments for permanent differences to the accounting profit for 2020 are as follows:

- In 2017, as a result of the transfer of real estate in the carve-out operation carried out in favour of Dospuntos Asset Management, S.L. (an entity related to the Company under the terms established in Article 42 of the Commercial Code), an accounting loss was generated that was not considered deductible for tax purposes in application of the provisions of Article 11.9 of the Corporate Income Tax Law. In 2019, Dospuntos Asset Management, S.L. transferred to independent third parties a portion of the assets that generated the non-deductible loss at the Company's headquarters and, accordingly, the Company included in its tax base an amount of 817 thousand of euros relating to part of the loss deferred in 2017.
- In addition, Dospuntos Asset Management, S.L. has proceeded to liquidate a series of entities that were contributed in the carve-out operation, such as Udramar, S.L. Udrasol, S.L., and Douro Atlantico, S.L. When VCDI contributed these entities to Dospuntos Asset Management, S.L. in accordance with the provisions of Article 11.9 of the Spanish Corporate Income Tax Law, it did not deduct the impairment losses that had not been deductible for tax purposes when they were provided for. Therefore, since the entities have been liquidated, generating a definitive loss, VCDI has proceeded to recover the impairment losses considered non-deductible for tax purposes, incorporating a loss in the tax base in the amount of 23,963 thousand of euros.

In 2020, the main temporary tax differences in accounting profit are as follows:

- Impairment of certain inventories with carrying values different from taxable values (1,215 thousand of euros).
- Impairment of VCDI's interest in Célere Fórum Barcelona amounting to 6,032 thousand of euros.
- Positive adjustment of 7,819 thousand of euros arising from the limitation on the deductibility of financial expenses, in accordance with Article 16 of the Corporate Income Tax Law.
- Negative adjustment of 401 thousand of euros corresponding to the reversal of accounting amortisation expenses.

21.4. Tax deductions pending application

The legislation in force regarding Corporate Tax establishes various tax incentives. The tax credits earned in a given year that cannot be offset during that year because they exceed the applicable legal limits may be taken to reduce the income tax payable in subsequent years, within the limits and time periods established by the related tax legislation.

The tax credits taken in prior years are as follows:

Year	Thousand of Euros	Description
2020	8	Donation deduction
2020	20	Reinvestment deduction
	Thousand of Euros	

21.5. Tax losses carryforwards

The Group's tax loss carryforwards at 31 December 2020 are detailed below:

(i) The individual NOLs per company are as follows:

	Thousand of Euros						
Year	Vía Célere Desarrollos Inmobiliarios S.A.	Copaga, S.L.U.	Udralar, S.L.U.	Udrasur Inmobiliaria, S.L.U.	Torok Investment 2015, S.L.U.	Conspace, S.L.	Total
2003	-	-	-	1	-	-	1
2006	-	35	-	-	-	-	35
2007	-	1	-	-	-	-	1
2008	-	62	7,422	1	-	-	7,485
2009	294	23	1,813	1	-	-	2,131
2010	27,374	55	1,815	-	-	-	29,244
2011	44,313	111	2,014	-	-	-	46,438
2012	54,446	-	-	-	-	-	54,446
2013	133,160	25	9,613	-	-	-	142,798
2014	1	-	-	-	-	-	1
2015	160,449	-	50,466	13	-	-	210,928
2016	946	-	-	-	1,164	-	2,110
2017	5,477	-	-	-	-	250	5,727
2018	12,283	-	-	-	-	-	12,283
TOTAL	**438,743**	**312**	**73,143**	**16**	**1,164**	**250**	**513,627**

(ii) The tax group NOLs are as follows:

	Thousands of euros			
Years	**Vía Célere Desarrollos Inmobiliarios S.A.**	**Udralar, S.L.U.**	**Copaga, S.L.U.**	**Torok Investment 2015, S.L.U.**
2017	16,967	331	1,299	337
TOTAL	**16,967**	**331**	**1,299**	**337**

The tax losses of the Parent Company and its subsidiaries may be offset in the future, without any time limit, but in accordance with the quantitative limits set out in Royal Decree Law 3/2016 of 2 December. As mentioned in section 2 of this note, during 2018 the Group proceeded to activate tax losses from previous years amounting to 101,376 thousand of euros.

In summary, tax loss carryforwards generated and pending offset by Group companies amount to 533 million euro at 31 December 2020, of which 91 million euro are capitalised (102 million euro at 31 December 2019), corresponding to 22.7 million euro in instalments (25%) recognised as deferred tax assets (25.6 million euro at 31 December 2019).

21.6. Restructuring operations

During 2019 the merger by absorption of the Company (as the absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. was carried out. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former (See Notes 1 and 7).

The merger by absorption was subject to the tax neutrality regime provided for in Heading VIII, Chapter VII of the LIS, and the corresponding notification was made to the Tax Authorities within the term provided for in the LIS.

Although the merger was tax-neutral, there is no difference between the book and tax values, since all the assets were recorded in the same accounts as those of the absorbed entities.

21.7. Years open to review and tax inspection

At present, all the Group companies resident in Spain have the following taxes open for review by the tax authorities

	Years Open to Inspection
Corporate income tax	2015-2019
Value Added Tax	2017-2020
Personal Income Tax	2017-2020
Capital gains tax	2017-2020
Social Security	2017-2020
Non-Resident Income tax	2017-2020

Corporate income tax year 2020 cannot be reviewed until the tax return has been filed (July 2021).

However, the right of the tax authorities to check or investigate tax losses used or not yet used, double taxation deductions and deductions to encourage the performance of certain activities applied or not yet applied prescribes 10 years from the day following the end of the period established for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or apply for it arose. Once this period has elapsed, the Group must accredit the negative tax bases or deductions, by means of the exhibition of the settlement or self-assessment and of the accounting, with accreditation of its deposit during the stipulated period in the Companies Registry.

With respect to the rest of the dependent entities not resident in Spain, the years open for inspection are all the years established as maximums by each of the legislation in force in the country of residence.

On 8 March 2019, the Parent Company of the tax group received notification from the Spanish tax authorities of the commencement of inspection, verification and investigation actions in relation to the following Taxes and periods, years taxed as a subsidiary of the San José Group of companies:

- Corporate income tax: 2013 and 2014.
- Value-added tax: 04/2014 to 06/2015.

In July 2020, the Company signed the A04 statement in relation to the Corporate Income Tax and VAT inspection for the 2013 and 2014 financial years.

In July 2020, the Company received notification of the extension of the 2015 tax audit proceedings. It was a year in which the entity was taxed for corporate income tax purposes on an individual basis because it left the consolidated tax group whose parent company was Grupo Empresarial San José in that year.

In July 2017 notification was received of the commencement of tax audits by Vía Célere, S.L.U. and Vía Célere 2, S.L.U. in relation to income tax (2013 to 2014), VAT (periods 07/2013 to 12/2014) and personal income tax (period 07/2013 to 12/2014).

During the 2019 financial year, the minutes of compliance referring to the inspection of VAT and deductions were signed, resulting in an amount to be paid of zero euros. However, for corporate income tax purposes, minutes were signed because they did not agree with the valuations carried out by the Technical Office of the Special Delegation of the Tax Administration on certain assets, and therefore the Company has requested a contradictory expert valuation.

In August 2020 a new settlement agreement was received, taking into account the report of the contradictory expert appraisal, which had been quite beneficial for VC, significantly reducing the amount to be paid. However, the appeal has been pursued and an Economic Administrative Claim has been filed against the new settlement proposal.

On 1 September 2017, the Company received notification of the processing of allegations and proposal for the provisional liquidation of the corporate income tax for the year 2015. Under the proposal, the tax authorities made the following deductions as a result of a formal error in the completion of the 2014 consolidated tax return filed by Grupo Empresarial San José (the parent company of the tax group in which the Company was then integrated), in which all of the tax losses corresponding to the Company were allocated:

1. Consolidated tax loss carryforwards: reduction of 259,713 thousand of euros.
2. Tax credits for double taxation: a reduction of 48 thousand of euros.

On 10 April 2018, the tax authorities requested the Company to clarify the allocation of negative tax bases that were pending compensation at the beginning of fiscal year 2016, and that coincided with those credited in the self-assessment for fiscal year 2015.

Grupo Empresarial San José presented a rectification of the self-assessment of the consolidated tax, recognising the rights questioned by the tax administration in the aforementioned procedure.

On 3 May 2018, the tax administration notified the positive resolution of the open procedure on the negative tax bases for 2106. Therefore, once the tax loss carryforwards declared by the Company in 2016 were validated, the tax loss carryforwards that were questioned with respect to 2015 were tacitly validated.

As a result of this procedure, no sanctioning procedures have been opened.

In any event, the Parent Company's Board of Directors considers that the aforementioned taxes have been properly settled and, therefore, even if discrepancies arise in the current legal interpretation of the tax treatment of the transactions, any resulting liabilities, if any, would not materially affect these consolidated annual accounts.

22. *Guarantee commitments to third parties and litigation*

The Group has contingent liabilities for bank guarantees and other collateral related to the normal course of business amounting to 270,421 thousand of euros (283,847 thousand of euros at the end of 2019). The Parent Company's governing body considers that no additional liabilities will arise for the Group as a result of the transactions covered by these guarantees and warranties.

23. *Income and expenses*

23.1. Revenue

The detail of the Group's revenue in 2020 and 2019, by type of product and geographical area, is as follows:

	Spain		Portugal		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sale of property developments	643,472	362,703	13,494	-	656,966	362,703
Revenue from property leases	2	11	-	-	2	11
	643,474	362,714	13,494	-	656,968	362,714

As indicated in Note 6, the Group has a single segment, the residential development business, in which a distinction is made between the results generated by assets that will be developed and promoted (developments) and those generated by assets that form part of the Group's core business and are considered to be non-strategic (legacies).

In addition, income recognised as a result of accounting for the significant financing component arising from advances received from customers in line with the requirements of IFRS 15 amounts to 4,307 thousand of euros (31 December 2019: 1,465 thousand of euros).

In 2020 and 2019, the revenues correspond to:

- the sale of property developments, which amounted to 609,809 thousand of euros (354,678 thousand of euros in 2019).
- the sale of land amounting to 47,088 thousand of euros (7,216 thousand of euros in 2019)
- and sales of non-strategic assets, which amounted to 69 thousand of euros in 2020 (809 thousand of euros in 2019).

23.2. Changes in inventories and procurements

The breakdown of "Changes in inventories of completed goods and work in progress" is as follows:

	Thousand of Euros	
	2020	2019
Cost of goods sold	(510,191)	(292,743)
Impairment of finished goods and work in progress	35,254	14,836
Changes in inventory of land and work in progress	349,273	428,742
Raw material capitalised	342,690	421,371
Other expenses capitalised	64	157
Personnel expenses capitalised (Note 23.4)	6,519	7,214
Total	(125,664)	150,835

23.3. General information on the employees

The average number of employees at the Group in 2020 and 2019, by professional category, was as follows:

	2020	2019
General Management	5	5
Directors and deparment heads	93	98
Technicians	116	119
Commercial staff	39	42
Staff	80	80
Other	96	117
	429	461

The distribution of the Group's staff, by professional category and gender, at the end of 2020 and 2019 is as follows:

	2020		2019	
	Women	Men	Women	Men
General Management	1	4	3	2
Directors and deparment heads	27	61	34	65
Technicians	54	47	64	61
Commercial staff	24	8	36	12
Staff	46	23	54	32
Other	-	53	3	116
	152	196	194	288

As at 31 December 2020 and 2019, the members of the Parent Company's governing body were 5 and 4 respectively, and all of them were men.

The Group's average workforce with a degree of disability of 33% or more during the financial years 2020 and 2019 is as follows:

	2020	2019
General Management	-	-
Directors and deparment heads	-	-
Technicians	1	1
Commercial staff	-	1
Staff	2	2
Other	1	2
	4	6

23.4. Personnel expenses

The detail is as follows:

	Thousand of Euros	
	2020	2019
Wages, salaries and similar	(19,283)	(20,017)
Employee benefits expense	(5,292)	(5,395)
Severance payments/indemnities	(5,457)	(38)
Total	**(30,032)**	**(25,450)**

In 2020, personnel expenses amounted to 30,032 thousand of euros (25,450 thousand of euros during 2019), of which 2,107 thousand of euros related to internal commercial staff in 2020 (2,119 thousand of euros in 2019) (this amount is allocated in the contribution margin).

Staff costs capitalised to "Property developments in progress" in 2020 amounted to 6,519 thousand of euros (7,214 thousand of euros in 2019) (see Note 23.2).

23.5. Audit Fees

The fees for the services provided by the auditing firms for the Group's annual accounts for the years ended 31 December 2020 and 2019, PricewaterhouseCoopers Auditores, S.L. and KMPG Auditores, S.L., respectively, regardless of the time of invoicing, are as follows:

	Thousand of Euros	
	2020	2019
Audit services	160	-
Other services	247	-
Total PwC services rendered	**407**	**-**
Audit services	-	247
Other services	-	5
Total KPMG services rendered	**-**	**252**
Total	**407**	**252**

In addition, other affiliates of the main auditing firm invoiced the Group in the years ended 31 December 2020 and 2019 for fees for professional services, as detailed below:

	Thousand of Euros	
	2020	2019
Audit services	15	-
Total PwC services rendered	**15**	-
Audit services	-	18
Total KPMG services rendered	-	**18**
Total	**15**	**18**

The Group did not receive services from other auditors during the years ended 31 December 2020 and 2019.

23.6. Other expenses

The detail is as follows:

	Thousand of Euros	
	2020	2019
External services	(18,997)	(25,196)
Tributes	(7,538)	(6,329)
Other	(3,498)	(9,080)
Total	**(30,033)**	**(40,605)**

In 2020 the Parent Company incurred expenses for independent professional services (audit, legal and judicial consultancy, etc.) amounting to 7,887 thousand of euros (7,495 thousand of euros during 2019). Also, in 2019 this heading includes 1,200 thousand of euros relating to expenses associated with the "Initial Public Offering" and 1,485 thousand of euros relating to the reversal of expenses associated with the "Initial Public Offering" capitalised to current assets due to the low probability of success. This amount was recorded under "Other expenses".

External services expenses capitalised as "Property developments in progress" as at 31 December 2020 amounted to 64 thousand of euros (1,338 thousand of euros in 2019).

The heading "Other Expenses" in 2020 includes a provision for bad debts amounting to 3,253 thousand of euros, arising from the invoicing of penalties to a construction company for breach of contract (3,098 thousand of euros in 2019) (see Note 17).

It also includes provisions for liabilities and charges amounting to 6,340 thousand of euros (530 thousand of euros and 1,640 thousand of euros in 2019, respectively) (see Note 17).

This heading also includes the reversal of the provision of 7,900 thousand of euros, due to the Parent Company's proceedings for having delivered two letters of guarantee to Antigua Rehabitalia S.A. (see Note 17).

The heading "External Services" in 2019 included 6,199 thousand of euros relating to advisory services, legal, administrative and financial management, technical assistance and marketing services provided in the first three months of 2019 by Aelca Desarrollos Inmobiliarios as a result of the merger described in Note 1.

23.7. Compensation in kind

As at 31 December 2020 and 2019 there was no significant remuneration of this nature.

23.8. Leases

External services includes not capitalizable lease expenses of 1,643 thousand of euros as at 31 December 2020 (1,645 thousand of euros as at 31 December 2019).

23.9. Financial income

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousand of Euros	
	2020	2019
Marketable securities and other	467	538
	467	538

23.10. Financial costs

The detail is as follows:

	Thousand of Euros	
	2020	2019
Finance cost capitalised (Note 15)	14,249	8,843
Debt interest	(39,589)	(35,541)
Interest arising from revenue contracts	3,002	4,234
Total	**(22,338)**	**(22,464)**

23.11. Impairment losses and gains (losses) from disposal of non-current assets

The detail of these results is as follows:

	Thousand of Euros	
	2020	2019
Gains/(losses) on disposal of property, plant and equipment (Note 9)	22	-
Impairment losses on property, plant and equipment (Note 10)	-	54
	22	54

23.12. Impairment losses and gains (losses) on disposal of non-current assets

During 2020 and 2019, there have been no impairments or gains or losses on disposal of financial instruments.

23.13. Changes in the fair value of financial instruments

The detail of changes in the fair value of financial instruments is as follows

	Thousand of Euros	
	2020	2019
Change in fair value of loans capitalised (Notes 16 and 18)	(1)	-
Other	-	(24)
	(1)	(24)

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

24. Transactions and balances with companies accounted for using the equity method and related parties

Details of transactions with related companies

The detail of transactions with related parties during 2020 and 2019 is as follows:

	Thousand of Euros		
	2020	2019	
	Provision of services	Provision of services	Other expenses (Note 23.6)
Aelca Desarrollos Inmobiliarios, S.L.	-	-	6,199
Celere Forum Barcelona, S.L.	215	675	-
	215	675	6,199

Income from services rendered corresponds to Célere Fórum Barcelona, S.L. (a company accounted for using the equity method (see Note 13) for the provision of management, marketing and accounting services.

Breakdown of balances with related parties and associates

The amount of the balances recorded in the consolidated statement of financial position with related companies is as follows:

	2020	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Forum Barcelona, S.L.	305	1
Maplesville Invest, S.L.U	-	142
Dospuntos Asset Management S.L.U.	36	-
	341	143

	2019	
	Thousand of Euros	
	Current (Note 14)	Current payables (Note 18)
Célere Forum Barcelona, S.L.	498	-
Maplesville Invest, S.L.U	-	143
Dospuntos Asset Management S.L.U.	51	-
	549	143

All transactions and outstanding balances with related parties were carried out at market values.

25. Remuneration of members of the Board of Directors and Senior Management

José Ignacio Morales Plaza was the managing director during 2020 and until the date of authorisation for the formalisation of the Company's annual accounts.

As at 31 December 2020, there are five members of the Board of Directors (five men) and five members of Senior Management (four men and one woman), one of whom is a member of the Board of Directors.

During 2020, two members left the Board and three new members joined.

25.1. Remuneration of the Board of Directors and Senior Management

During 2019 the members of the Board of Directors of the Company did not receive any remuneration for their position as directors. During 2020, the members of the Board of Directors received remuneration of 19 thousand of euros for their directorships. Senior executives' remuneration in 2020 and 2019 amounted to 2,413 thousand of euros and 1,611 thousand of euros, respectively. These amounts include the remuneration of one director with executive role.

There are no advances or loans granted to all the members of the boards of directors.

In 2020 no obligations were assumed on behalf of the management bodies by way of guarantee, and civil liability insurance premiums for damage caused by acts or omissions in the year of office of 74 thousand of euros were paid (56 thousand of euros in 2019). The Group also has life insurance commitments related to current members of senior management.

25.2. Transactions outside the ordinary course of business or under non-market conditions by the Directors and by the members of the Parent's Control Committee.

In relation to the ownership interests in the share capital of the members of the managing bodies and, in particular, of the members of the Board of Directors of the Parent Company or persons related to them, in 2020 and 2019 the directors and members of the Committee did not perform transactions with the Company or with Group companies that were not in the ordinary course of business or on terms and conditions other than those prevailing in the market.

25.3. Situations of conflict of interest of the Directors of the Parent Company

Except as detailed below, the members of the Parents governing bodies and the persons related to them have not found themselves in any conflict of interest that has had to be reported in accordance with the provisions of Article 229 of the TRLSC:

Mr Jaime Echevarría Aguirre and his related persons have not, since January 2020 and up until 16 December 2020, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Jaime Echevarría Aguirre has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. given his status as Director of Dospuntos Asset Management, S.L.

Mr Francisco Milone and his related persons have, during 1 January 2020 and up until 21 October 2020, found themselves in a situation of direct or indirect conflict with the Parent's interests, and therefore have had to abstain from intervening in resolutions or decisions relating to this situation of conflict. In particular, he had to abstain from the first resolution of the Parent Company's Board of Directors meeting on 15 October 2020. It should also be added that Mr Francisco Milone is a director of Finca Global Assets, SOCIMI, S.A. and maintains a professional relationship with Värde Partners, Inc, the entity that manages the funds held, directly or indirectly, by shareholders who together hold the majority of the share capital of the Parent Company.

Mr Héctor Serrat Sanz and his related persons have not, during the 2020 financial year and until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Mr. Héctor Serrat Sanz has responsibilities whose purpose is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. due to his position as director of La Finca Global Assets, SOCIMI, S.A., director of Mansfield Invest SOCIMI, S.A., Chairman of the board of Dospuntos Asset Management, S.L., and also maintains a professional relationship with Värde Partners, Inc. which manages the funds owned, directly or indirectly, by shareholders who together hold the majority of the Parent Company's share capital.

Mr Jorge Morán Sánchez and his related persons have not, since 21 October 2020 and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Jorge Morán Sánchez has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A., given his status as a member of the board of directors of La Finca Global Assets SOCIMI, S.A., La Finca Somosaguas Golf, S.L., La Finca Real Estate Management, S.L. and Castellana Properties SOCIMI, S.A.

Mr Anthony Iannazzo and his related persons have not, since 21 October 2020 and until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. Nevertheless, he maintains a professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Parent Company's share capital.

Mr Álvaro Travesedo Juliá and his related persons have not, since 16 December 2020 and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the Parent Company's interests, and therefore have not had to abstain from intervening in resolutions or decisions relating to this situation of conflict. However, Álvaro Travesedo has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A. as a member of the board of directors of Bahía Azul Propco 1, S.L.U., Comercial Inversora Cornellá Sur, S.L.U., JC 19 Propco 4, S.L.U., GN 43 Propco 5, S.L.U., Match Propco, S.L.U., Vasiloma, S.L.U., San Cugat Activos, S.L.U., Miristela, S.L.U., Trigacia, S.L.U., Ordesa Propco, S.L.U. and Dospuntos Asset Management, S.L.

Mr José Ignacio Morales Plaza and his related persons have, during the 2020 financial year and up until the date of preparation of these consolidated annual accounts, found themselves in a situation of direct or indirect conflict with the interests of the Company, and therefore have had to abstain from intervening in resolutions or decisions relating to such situation of conflict, given his position as the Parent Company's Managing Director. In particular, he had to abstain from the second resolution of the Parent Company's Board of Directors meeting on 21 October 2020. Also, in his capacity as the individual representing the position of sole director or that held by the Parent Company at various Group companies, as well as joint director of Célere Fórum Barcelona, S.L., neither he nor his related persons found themselves in a situation of direct or indirect conflict with the interests of the Parent Company in the 2020 financial year and up until the date of preparation of these consolidated annual accounts, and therefore he did not have to abstain from intervening in resolutions or decisions relating to this situation of conflict. Finally, Mr José Ignacio Morales Plaza participates in the management of or holds an interest in Navamolo, S.L. and Moviplamopla, S.L., entities with a similar corporate purpose to Via Celere.

26. Environmental information

In view of its activity as a property developer, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

27. Events after the reporting period

Between the date of the financial year-end and the date of preparation of the annual accounts, no circumstances have arisen that would have entailed the inclusion of adjustments or changes in the consolidated annual accounts or that would affect the application of the going concern principle.

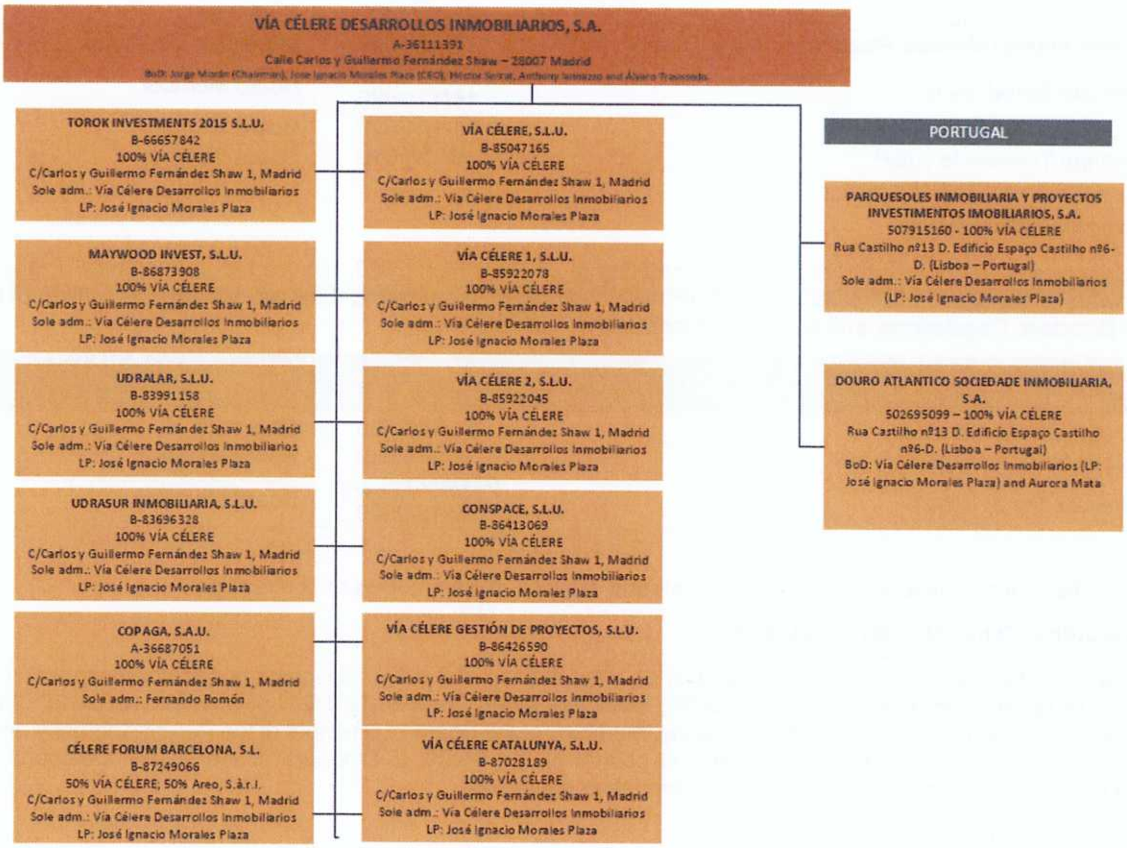
Appendix I - Scope of companies acquired from Aelca in 2019

	Name	Shareholders	Percentage of onwership interest	Audit Firm (*)	Type	Activity
1	Habitatio Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
2	Novosolum Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
3	Ponsnova Inmuebles, S.L.U.	Lewistown Invest, S.L.U.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
4	Campuslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
5	Segeslar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
6	Generlar Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
7	Numen Inmuebles, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
8	Velan Urbana, S.L.U.	Aelca Desarrollos inmobiliarios, S.L.	100%	KPMG	Operanting Company From ADI	Real estate devolpment
9		Myjoja, S.L.	20%			
	Promyva Inmuebles, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
10	Promyva Inmuebles I, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
11	Promyva Inmuebles II, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
12	Promyva Inmuebles III, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
13	Promyva Inmuebles IV, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
14	Promyva Inmuebles V, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
15	Promyva Inmuebles VI, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
16	Promyva Inmuebles VII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
17	Promyva Inmuebles VIII, S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
18	Promyva Inmuebles IX S.L.U.	Promyva Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
19		Myjoja, S.L.	20%			
	Myvain Inmuebles, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
20	Myvain Inmuebles I, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
21	Myvain Inmuebles II, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
22	Myvain Inmuebles III, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
23	Myvain Inmuebles IV, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
24	Myvain Inmuebles V, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
25	Myvain Inmuebles VI, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
26	Myvain Inmuebles VII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
27	Myvain Inmuebles VIII, S.L.U.	Myvain Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
28		Myjoja, S.L.	20%			
	Nalentia Urbana, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
29	Nalentia Urbana I, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
30	Nalentia Urbana IV, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
31	Nalentia Urbana V, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
32	Nalentia Urbana VII, S.L.U.	Nalentia Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
33		Myjoja, S.L.	20%			
	Invamy Urbana, S.L.	Lewistown Invest, S.L.U.	80%	KPMG	Special Purpose Vehicule	Real estate devolpment
34	Invamy Urbana I, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
35	Invamy Urbana II, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
36	Invamy Urbana IV, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
37	Invamy Urbana V, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
38	Invamy Urbana VI, S.L.U.	Invamy Urbana, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
39		Myjoja, S.L.	10%			
	Nirbe Inmuebles, S.L.	Glenwock Invest, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
40	Nirbe Inmuebles I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
41	Akantia Urbana I, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
42	Naiva Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
43	Invamy Urbana III, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
44	Invamy Urbana VII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
45	Invamy Urbana VIII, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
46	Nalentia Urbana II, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
47	Nalentia Urbana VI, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
48	Akantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
49	Selantia Urbana Residencial, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
50	Akantia Urbana, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
51	Nuarca Inmuebles, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
52	Nirbe Costa Este, S.L.U.	Nirbe Inmuebles, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
53		Myjoja, S.L.	10%			
	Nirbe Meseta, S.L.	Rimbey Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
54	Selantia Urbana I, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
55	Selantia Urbana, S.L.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
56	Nirbe Costa Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
57	Nirbe Norte, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
58	Nirbe Sur, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
59	Nirbe Este, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
60	Nirbe Oeste, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
61	Nalentia Urbana III, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
62	Nirbe Sierra, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
63	Nalentia Urbana VIII, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
64	Promyva Inmuebles X, S.L.U.	Nirbe Meseta, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
65		Myjoja, S.L.	10%			
	Nirbe Costa Norte, S.L.	Windham Spain, S.L.U.	90%	KPMG	Special Purpose Vehicule	Real estate devolpment
66	Lancaster Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
67	Argao Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
68	Makati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
69	Laonan Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
70	Cebu Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
71	Luzon Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
72	Manarola Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
73	Sangat Investments, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
74	Dunadry Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
75	Limavady Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
76	Derrylin Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
77	Craigavon Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
78	Strabane Costanor, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
79	Colorado Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
80	Manati Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
81	Duncan Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
82	Moraine Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
83	Baracoa Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
84	Lora Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment
85	Cienfuegos Directorship, S.L.U.	Nirbe Costa Norte, S.L.	100%	Unaudited	Operanting Company	Real estate devolpment

CONSOLIDATED MANAGEMENT REPORT

1. Structure and background

The corporate structure of the Via Celere Group as at 31 December 2020 is as follows:



The Parent Company, whose shareholders are listed below, is controlled indirectly by investment funds managed by Värde Partners:

	2020	
Company	**Number of shares**	**Percentage of ownership**
Maplesville Invest, S.L.U	17,828,983	26.0%
Windham Spain, S.L.U.	10,170,558	14.8%
Lewistown Invest, S.L.U.	10,042,179	14.7%
Glenwock Invest, S.L.U.	8,258,332	12.1%
Rimbey Spain, S.L.U.	6,024,597	8.8%
Greencoat B.V.	5,513,934	8.0%
Trinity Investment Ltd.	5,112,989	7.5%
Merrill Lynch International Limited	2,229,368	3.3%
MELF B.V.	1,832,276	2.7%
Barclays Bank PLC	1,329,208	1.9%
Deutsche Bank AG, London Branch	97,877	0.1%
JP Morgan Securities PLC	86,552	0.1%
	68,526,853	**100.0%**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

The Group's main operational decision-making body is the Board of Directors of the Parent Company, which is made up of the following directors:

Name and surname(s)	Date of appointment	Position
Jorge Morán Sánchez	21/10/2020	Chairman
Jose Ignacio Morales Plaza	17/07/2019	Managing Director
Héctor Serrat Sanz[1]	03/08/2015 and 16/12/2020	Board Member
Anthony Clifford Iannazzo[1]	21/10/2020	Board Member
Álvaro Travesedo Julia[2]	16/12/2020	Board Member

Executive Committee

Furthermore, the Board of Directors, at its meeting of 22 December 2020, resolved to permanently delegate certain powers of the Board of Directors to the Executive Committee. Its operating rules are set out in Article 16 of the Board of Directors' Regulations, and its initial composition was set as follows:

Name and surname(s)	Date of appointment	Position
Jorge Morán Sánchez	21/10/2020	Chairman
Jose Ignacio Morales Plaza	17/07/2019	Board Member
Héctor Serrat Sanz[3]	03/08/2015 and 16/12/2020	Board Member

In addition, the company has the following internal decision-making bodies or committees:

Executive Committee on Development

The Executive Development Committee was an internal body of the Parent Company's senior management, in force from its constitution until 22 December 2020, when the Parent Company's Board of Directors resolved to dissolve it, made up of senior executives of the Company, members of the Board of Directors of the Parent Company and external parties, and subject to the supervision and control of the Board of Directors of the Parent Company. Its initial composition and functions are set out in its operating regulations.

Executive Committee

The Executive Committee is set up as an internal management body. The objective of the Executive Committee is to ensure, together with the Board of Directors and senior management, the viability and growth of the Group's businesses. The Investment Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Rosa María Peña Alonso	Member	Chief Operating Officer
Miguel Ángel González Galván	Member	Managing Director of Business
Jaime Churruca Azqueta	Member	Chief Financial Officer
Drazen Primorac	Member	Managing Director of Transformation
Aurelio Díez Ramos	Member	Director for Land
Aurora Mata Toboso	Secretary	Corporate Legal Director

[1] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.
[2] Professional link with Greencoat, B.V. and Melf, B.V., shareholders of the company.
[3] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.

2. Core business and ancillary activities

The Company has a diversified portfolio of real estate properties comprising land and developments in progress, property assets and loans to third parties with a fair value of 1,770,169 thousand of euros, with a clear focus on property development for the sale of residential property.

The assets represent a total buildable area of 2,024,844 square metres distributed geographically as follows:

	Total m2	
	2020	2019
Madrid	803,470	820,864
Malaga	366,959	406,311
Seville	275,859	332,078
Valencia	127,805	144,999
Barcelona	59,291	82,329
Valladolid	81,464	72,563
Other	309,996	354,106
	2,024,844	2,213,251

As at 31 December 2020, the Group had 36 projects under construction. The total building area is 352,550 square metres for 2,978 homes, of which 61% are expected to be delivered in 2021, 37% in 2022 and 2% in subsequent years.

In 2020, the company acquired plots of land for a total of 45 million euros. The building area corresponding to the main land purchases is 139,549 m², for an estimated volume of 1,340 homes. By region, 100% of the main land purchases are in Madrid. In total, the buildability acquired in 2020 represents 7% of the total portfolio. All the purchases correspond to land on which residential developments are planned to be developed and which are the object of the Group's main activity.

In 2020, the Group sold 3 plots of non-strategic land for a total of 69 thousand of euros.

3. Business performance and financial position, key figures and trends.

The Group recorded a net profit of 49,657 thousand of euros in 2020. At the equity level, the Group has total assets of 1,499,282 thousand of euros, equity of 819,721 thousand of euros and current and non-current liabilities of 679,561 thousand of euros.

Revenue and EBITDA

Revenues amounted to 656,968 thousand of euros, of which 609,809 thousand of euros were sales of property developments delivered during the year: 926 housing units in the Central zone, 534 housing units in the South zone, 285 housing units in the East and 176 housing units in the North; 47,088 thousand of euros of land sales and 69 thousand of euros of completed product stock (Legacy). The Group's EBITDA amounted to 85,983 thousand of euros.

Adjusted EBITDA

The adjusted EBITDA for 2020 is 93,383 thousand of euros. The main adjustments are: reversal of higher cost of products sold by PPP (units delivered) amounting to 2,212 thousand of euros, elimination of the endowment/reversal of impairment of completed products, work in progress and land for valuation amounting to 763 thousand of euros, elimination of accruals and reversals of non-recurring provisions amounting to 2,997 thousand of eurosand elimination of non-recurring expenses related to the Group's core business amounting to 1,450 thousand of euros.

Net result

In the year ended 31 December 2020, the Group recorded a net profit of 49,657 thousand of euros.

Financial situation

Current and non-current liabilities as at 31 December 2020 amounted to 679,561 thousand of euros, a fall of 261,810 thousand of euros compared to 31 December 2019, mainly due to the amortisation of corporative debt described in Note 18.

Financial Debt: the balance of current and non-current financial debt as at 31 December 2020 is as follows:

		Dispose short term			
Instrument	**Limit**	**Long-cycle**	**Short-cycle**	**Dispose long term**	**Total drawn down**
Mortgage loans secured by inventories (Note 18.1.2)	756,080	50,584	216,464	-	**267,048**
Credit lines	85,700	-	82,269	3,284	**85,553**
Accrued interests (Note 18.1.2)	-	173	1,546	-	**1,719**
Other loans	31,017	-	27,639	745	**28,384**
Borrowing as at 31/12/2020	**872,796**	**50,757**	**327,918**	**4,029**	**382,705**

4. Environmental matters and human resources

As detailed in Note 26 to the consolidated annual accounts, in view of the business activity carried on, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Additionally, the Group does not have any circumstances related to greenhouse gas emission rights.

As at 31 December 2020, the average number of employees in Group companies was 429. The total number of resources at the end of 2020 was 348. The gender distribution of employees is:

	2020		2019	
	Women	Men	Women	Men
General Management	1	4	3	2
Directors and deparment heads	27	61	34	65
Technicians	54	47	64	61
Commercial staff	24	8	36	12
Staff	46	23	54	32
Other	-	53	3	116
	152	**196**	**194**	**288**

The average distribution of staff by category is as follows:

	2020
General Management	5
Directors and deparment heads	93
Technicians	116
Commercial staff	39
Staff	80
Other	96
	429

5. Liquidity and capital resources

Note 20 to the consolidated annual accounts sets out the Group's capital management and liquidity risk policy. In addition, the Group has a sufficient level of cash to carry out its activities.

In 2020, the Group arranged fourteen developer loans for a total principal amount of 214,154 thousand of euros, of which 53,397 thousand of euros have been drawn down, guaranteeing the financing of almost all the developments that commenced construction work during the year. The Group's current approach is to finance the construction of the developments through developer-type bank loans, linking the loan provisions to the degree of progress of the work. The company's policy regarding the financing of the plots: "Initially, the Company considers the use of its own resources to acquire new plots of land, although it does not rule out bank financing of no more than 50% of the purchase price, provided that the conditions of profitability, level of commercial risk and urban development status allow it." In addition, four ICO lines have been formalised for an amount of 12 million euros, fully drawn down, and a line for the issuance of promissory notes in MARF of which the balance drawn down as at 31 December 2020 is 1.7 million euros.

6. Key risks and risk management

The risk management policies within the different areas in which the Group taking into account the macroeconomic environment and the situation of the financial markets, as well as the analysis of the management of the assets composing the Group. To this end, we have instruments that allow us to identify them sufficiently in advance or to avoid them, minimising risks.

The most significant financial risks may be:

Market risk

Exposure to interest rate risk

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with short-term maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2020 and 2019 all financial liabilities with floating interest rates were denominated in euros.

Exposure to price risk

Property assets are subject to future changes in market price. Every year the Group commissions market valuations from reference firms in order to detect possible accounting impairments.

Credit risk

The Group does not have a significant credit risk with third parties arising from its own real estate business, since it collects substantially all of its sales at the time of formalisation, either through subrogation of the buyer in the part of the development loan that corresponds to him or by another method, at the buyer's choice. The credit risk arising from payment deferrals in transactions involving the sale of land or completed buildings is mitigated by obtaining guarantees from the buyer or establishing resolutory conditions that can be registered in the Public Registry in the event of non-payment that would result in the recovery of title to the asset sold and the collection of compensation.

Exposure to solvency risk

The Group regularly analyses the risk of insolvency of its accounts receivable by updating the related impairment provision. The Board of Directors considers that the amount of trade and other receivables approximates their fair value.

Liquidity risk

In general, the Group maintains its cash and cash equivalents at financial institutions with a high credit rating. At year-end, the Group had 141,181 thousand of euros of cash available for operations, which is considered sufficient to cover cash requirements for the next 12 months.

7. Events after reporting period

Between the date of the financial year-end and the date of preparation of the annual accounts, no circumstances have arisen that would have entailed the inclusion of adjustments or changes in the annual accounts or that would affect the application of the going concern principle.

8. Outlook for the group in 2021

The Group plans to continue with the disposal of inventories of completed products and the cancellation of the associated financial debt. To achieve the objective, trade policies and agreements with local commercial agents will be carried out to maximise the return on investment.

By 2021, the Group aims to continue acquiring new land plots in accordance with its strategic growth objectives, both geographically and in terms of identifying new housing demand niches with strong growth prospects in the coming years.

For the deliveries of homes scheduled for 2021, the Group plans to continue with its customer service policy to ensure a unique delivery experience and a high level of customer's satisfaction.

9. Innovation

The relevant activities carried out by the Group in 2020 in the area of research, development and innovation were as follows:

Lean process management

Our organisational work philosophy as a company is focused on the continuous improvement of processes through the incorporation of collaborative tools that improve communication, coordination, planning, monitoring, control and optimisation of processes.

With this model we achieve the standardisation of processes, eliminate activities that do not add value, minimise risks and help our employees to be more efficient. We encourage teamwork by involving all our employees in the entire management process of the company.

We rely on sharepoint or WRKE tools for business management, and on LPS (Last Planner System) planning methodologies for our projects. This system changes the traditional way of executing a building, improving above all the coordination between trades.

WRIKE helps us to improve coordination between areas in the company's strategic cross-cutting projects, share information between teams and manage workflows securely on a large scale.

WRIKE is the ideal tool for implementing this project-based work methodology because it favours the visibility and transparency of all the projects carried out at Company level, facilitates continuous communication between different areas and helps decision-making.

Business Intelligence

We use strategies and sophisticated tools to process a myriad of descriptive and prescriptive data that enable us to transform information into knowledge, improving the process and anticipation of decision making. We collect, process, analyse and present insights to help our employees to have secure and reliable information, which helps them to have a single version of reality that allows them to draw conclusions and support decisions for the improvement and competitiveness of our business in the market.

We align processes with key business data to ensure the integrity, availability and security of information. Thanks to BI, we achieve a greater depth in the analysis of information with the appropriate means to make projections and analyses that allow excellence in decision-making.

Digital Signature

We continue to be at the forefront of PropTech with the incorporation of new technological tools that transform the traditional way of operating. We have implemented the possibility of formalising the purchase of the property through electronic signature. Our clients will be able to sign reservations, contracts and any other additional document without leaving home and in a 100% legal and secure way. The technology used complies with national and European regulations and the strictest international security and compliance standards.

Virtual Office

We have reinforced our digital channels to ensure the best service to our customers, adapting to the new needs and preferences of the market, marked to a large extent by the limitations of geographical mobility due to the situation caused by Covid-19.

We have implemented among our channels the new Havalook tool, a comprehensive Online Sales Office and Virtual Show Flat platform that offers the possibility of an online visit assisted by a sales advisor in real time and to obtain all the technical and contractual documentation necessary to facilitate the sale of a property in a new 100% digital environment.

Célere Wish

We are incorporating Amazon's voice service, Alexa, into our homes, making us the first Spanish developer to add this technology to its developments. The homes in the selected developments have a Smart Home kit, compatible with Amazon Alexa, which consists of an Amazon Echo dot speaker, as well as other devices such as light bulbs and smart plugs. In addition, we have exclusively developed an Alexa skill, with which each of the residents of the development will be able to ask questions and manage the services of the communal areas of their home.

Lean Construction

We are implementing lean techniques to adjust our production model and achieve higher efficiency and safety ratios.

Building Information Modelling (BIM): BIM technology allows us to construct buildings virtually before they are physically built. With this tool we anticipate problems and can correct them in the project. We project the entire building in 3 dimensions with structure, partition walls, installations, carpentry, etc. Any interference or incompatibility is automatically detected.

Last Planner System (LPS): This system changes the traditional way of executing a building, improving above all the coordination between the trades on site. It is an approach that assumes that the person who is going to carry out a certain job (the painter or the plumber, for example) knows, better than anyone else, how to do their job and what things they need to carry it out. This improves on-site safety and the quality of the final product.

10. Own shares

The Group did not carry out transactions with its own shares during 2020 and did not hold any treasury shares as at 31 December 2020.

11. Average supplier payment period. "Information requirement", Third additional provision of Law 15/2010 of 5 July 2010"

The detail of payments to suppliers by Spanish consolidated companies is as follows:

	Payments made and outstanding at the reporting date
	2020
	Days
Average period of payment to suppliers	64
Ratio of paid transactions	71
Ratio of transactions pending payment	32
	Amount (Euros)
Total payments made	338,545,756
Total payments pending	43,319,115

The Group's management evaluates the necessary measures to try to reduce the average payment period in accordance with the legally established limits.

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12. Alternative performance measurements

As indicated in Note 1 to the consolidated financial statements, the Group prepares its annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). In addition, it presents some Alternative Performance Measures ("APMs") to provide additional information that favours the comparability and understanding of its financial information, and facilitates decision making and evaluation of the Group's performance.

The APMs must be considered by the user of the financial information as complementary to the aggregates presented in accordance with the basis of presentation of the consolidated annual accounts. The APMs have limitations in terms of analytical tools and should not be considered separately or as a substitute for analysis of our results under EU-IFRS.

Comparative: the Parent Company presents the figures of the previous year for comparison purposes. The observations are as follows:

1. The Parent incorporated the figures of the Aelca Group during 2019 (Note 1).
2. Revenue from sales of property developments in 2020 increased by 255,130 thousand of euros with respect to
2019 due to the delivery of 1,920 units (1,098 units in 2019).

The main APMs related to the Company's performance and its reconciliation to the consolidated financial statements (in thousand of euros) are as follows:

12.1. Revenue

Definition: sale of real estate developments + sale of land + disposal of non-strategic assets (legacy) + services provided.

Explanation of usage: The board considers that ordinary revenue to be a measure of performance, as it includes information on how revenue is generated, both from sales of property developments and non-strategic assets and from services rendered.

The following table presents our estimates of revenues for the years ended 31 December 2020 and 31 December 2019.

	Thousand of Euros	
	2020	2019
Sale of property developments - Note 23.1	609,809	354,679
Sale of land - Note 23.1	47,088	7,216
Legacy Assets disposal - Note 23.1	69	809
Services rendered	2	10
Revenue	**656,968**	**362,714**

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12.2. Impairment losses

Definition: impairment + reversal of impairment losses on inventories.

Explanation of use: the Parent's management considers that impairment losses are a measure of performance, since they provide information on the net impairment of inventory losses (impairment loss less reversal).

The following table presents our estimates of impairment losses for the year ended 31 December 2020 and 31 December 2019:

	Thousand of Euros	
	2020	2019
Impairment – Note 15.6	(9,876)	(17,516)
Reversal of impairment losses of inventories – Note 15.6	52,144	36,035
Impairment losses	**42,268**	**18,519**

12.3. Gross Margin

Definition: Revenue - changes in inventories of completed products and work in progress - raw materials and other consumables used – internal construction staff costs - other non-capitalised costs
Explanation of use: the Parent's management body considers the gross margin to be a measure of performance, since it provides information on how our business is performing, starting with sales revenue and subtracting the costs incurred on those sales.

The following table presents our gross margin calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Sales - Note 23.1	**656,968**	**362,714**
Sale of property developments	609,809	354,679
Sale of land	47,088	7,216
Legacy Assets disposal	69	809
Others	2	10
Changes in inventory of finished goods and Work in Progress - Note 23.2	**(125,664)**	**150,835**
Cost of goods sold (units delivered)	*(484,540)*	*(276,558)*
Changes in inventory of land and developments in progress	*358,876*	*427,393*
Raw materials and other consumables used	**(389,123)**	**(423,350)**
Purchase of land and developments in progress	(389,123)	(423,350)
Internal commercial staff expenses (workforce) and others cost of sale (non capitalized)	**(13,459)**	**(13,949)**
Gross Margin	**128,722**	**76,250**

12.4. Adjusted gross margin

Definition: gross margin + cost of products sold - non-strategic assets +reversal of higher cost of products sold per PPP (units delivered) + endowment/reversal of higher cost of land per PPP + endowment/reversal of impairment of completed products, work in progress and land for valuation +/- expenses - non-recurring income.

Explanation of use: the Parent's governing body considers the adjusted gross margin to be a measure of the performance of its core business, since it provides information on the profits made on property developments. The adjusted gross margin does not include the higher cost of products sold per PPP is considered to be a factor that distorts the accounting and the endowment / reversal of impairment of completed products and work in progress recorded before revenue is recognised. This performance measure is calculated and included to show the ability of senior management to increase property development margins.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Margin	**128,722**	**76,250**
Reversal of higher cost of goods sold due to PPA (units delivered)	2,212	(266)
Impairment gain/ losses on real estate inventories - Note 15	763	(3,129)
One off expenses	339	2,210
Adjusted Gross Margin	**132,036**	**75,065**

12.5. Contribution margin

Definition: gross margin - internal commercial staff costs - sales and marketing costs included in other costs.

Explanation of use: the Parent's governing body considers that the contribution margin is a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated income during the period. The contribution margin is calculated on the basis of the gross margin, net of certain costs associated with the marketing and sale of the relevant property developments.

The following table presents our contribution margin calculations for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Margin	**128,722**	**76,250**
Internal commercial staff expenses - Note 23.4	(2,107)	(1,521)
Other expenses, sales & marketing expenses	(15,448)	(12,521)
Contribution Margin	**111,167**	**62,208**

12.6. Adjusted contribution margin

Definition: Adjusted gross margin - internal commercial staff costs - sales and marketing and other costs +/- costs - non-recurrent income.

Explanation of use: the Parent's governing body considers the contribution margin to be a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated revenue during the period, excluding the sales and marketing expenses incurred. The adjusted contribution margin is calculated on the basis of the adjusted gross margin.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted Gross Margin	**132,036**	**75,065**
Internal commercial staff expenses	(2,107)	(1,521)
Other expenses - Sales and marketing expenses	(15,448)	(12,521)
One off expenses	-	1,707
Adjusted Contribution Margin	**114,481**	**62,730**

12.7. EBITDA

Definition: contribution margin + other income - personnel expenses (excluding internal commercial personnel expenses and internal construction personnel expenses) - other operating expenses (excluding sales and marketing expenses) + impairment losses and gains/(losses) on disposal of fixed assets.

Explanation of use: the Parent's management considers EBITDA to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest, taxes and amortisation). In addition, EBITDA is a measure widely used by investors in the valuation of companies.

The following table presents our EBITDA calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Contribution Margin	**111,167**	**62,208**
Other income	2,464	3,399
Personnel expenses (excluding internal commercial staff expenses)	(18,606)	(16,716)
Other expenses (excluding sales and marketing expenses)	(9,064)	(15,216)
Impairment losses and gain/(losses) on disposal of non-current assets	22	54
EBITDA	**85,983**	**33,729**

12.8. Adjusted EBITDA

Definition: adjusted contribution margin + other income + personnel expenses (excluding expenses for internal commercial personnel and expenses for internal construction personnel) - other operating expenses (excluding sales and marketing expenses) +/- costs - non-recurrent income.

Explanation of use: the Parent's governing body considers that adjusted EBITDA is a measure of the Group's recurring business performance, since it provides an analysis of operating results excluding inventory impairments that do not represent cash outflows and transactions not considered to be core business.

The following table presents our estimates of adjusted EBITDA for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted Contribution Margin	**114,481**	**62,730**
Other income	2,464	3,399
Personnel expenses (excluding internal commercial staff expenses)	(18,606)	(16,716)
Other expenses (excluding sales and marketing expenses)	(9,064)	(15,216)
One off expenses	4,108	5,573
Adjusted EBITDA	**93,383**	**39,770**
Associate companies EBITDA (100%)	**576**	**24,789**
Adjusted EBITDA (including Forum 100%)	**93,959**	**64,559**

12.9. EBIT

Definition: EBITDA - depreciation and amortisation expense

Explanation of use: the Parent's governing body considers EBIT to be a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest and taxes). In addition, EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use EBIT to assess debt against net debt and debt service.

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The following table presents our EBIT calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	**2019**
EBITDA	**85,983**	**33,729**
Depreciation and amortization charge	(402)	(439)
EBIT	**85,581**	**33,290**

12.10. Adjusted EBIT

Definition: Adjusted EBITDA - depreciation and amortisation expense

Explanation of use: the Parent's governing body considers adjusted EBIT a measure of the performance of its activity, since it provides an analysis of the profit for the year (excluding interest and taxes), as an approximation of the operating cash flows reflecting the generation of cash. In addition, adjusted EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use adjusted EBIT to evaluate debt compared to net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	**2019**
Adjusted EBITDA	**93,383**	**39,770**
Depreciation and amortization charge	(402)	(439)
Adjusted EBIT	**92,981**	**39,331**

12.11. Net Result

Definition: EBIT + financial income/(expense) + share of profit for the year from investments accounted for using the equity method - tax +/- provisions

Explanation of use: adjusted net profit is considered to be a measure of performance, since it provides useful information for analysing the profitability of companies in order to show the net profit of the Parent's main activity and to eliminate the effect of the variation associated with certain items.

The following table presents our estimates of net income for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	**2019**
EBIT	**85,581**	**33,290**
Net finance income/(cost)	(21,872)	(21,950)
Share of loss on investments accounted for using the Equity	(646)	6,940
Income tax	(13,406)	4,155
Net Result	**49,657**	**22,435**

The most significant APMs referring to the company's financial debt situation are as follows:

A. Gross financial debt (borrowings)

Definition: debts to credit institutions (classified into short-term and long-term creditors) + obligations and other marketable securities.

Explanation of use: the Parent's governing body considers that the loans (Borrowings) are a measure of the performance of its activity, since they show the net financial position of the company, which is necessary for the calculation of the leverage ratios normally used in the market.

The following table presents our estimates of loans for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Non-current payables - Bank borrowings - Note 18	4,029	222,401
Current payables - Bank borrowings - Note 18	378,675	384,099
Gross Financial debt (Borrowings)	**382,704**	**606,500**

B. Net financial debt

Definition: loans + other financial liabilities (classified under long-term and short-term liabilities) - cash or cash equivalents (Note 14.3).

Explanation of use: the Parent's management considers financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our estimates of net financial debt for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Gross Financial debt (Borrowings)	**382,704**	**606,500**
Non-current payables - Other financial liabilities - Note 18	10	10
Current payables - Other financial liabilities - Note 18	236	307
Cash and cash equivalents - Note 14.3	(141,181)	(176,124)
Net Financial Debt	**241,769**	**430,693**

C. Adjusted net financial debt

Definition: net financial debt + restricted cash + loans from companies carried by the equity method + deferred payments for optional land - cash from companies carried by the equity method - deferred receivables for land sold – other pending collections

Explanation of use: the Parent's management considers adjusted financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

The following table presents our estimates of adjusted net financial debt for the years ended 31 December 2020 and 2019:

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	Thousand of Euros	
	2020	2019
Net Financial Debt	**241,769**	**430,693**
Restricted cash - Note 14.3	38,855	93,093
Borrow ings of subsidiaries integrated through Equity Method - Note 18.1.1	1,663	2,135
Deferred payments for optioned land	30,000	59,658
Available cash of subsidiaries integrated through Equity Method - Note 14.3	(400)	(4,926)
Deferred receivables for land sold - Note 14.2	(4,748)	-
Cash like items	(3,985)	-
Adjusted Net Financial Debt	**303,154**	**580,653**

D. Leverage

Definition: loans (borrowings) /total assets

Explanation of usage: Leverage is an indicator that measures a company's debt position. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use net financial debt to assess indebtedness.

The following table presents our estimates of leverage for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Borrow ings	**382,704**	**606,500**
Total assets	1,499,282	1,713,797
Leverage ratio	**26%**	**35%**

E. Loan to Value ("LTV")

Definition: Adjusted net financial debt /value of the portfolio of inventories associated with the Company's percentage of ownership (GAV).

Explanation of use: LTV is an indicator that measures the company's debt position in relation to the market value of its property assets. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use this figure to assess indebtedness.

The following table presents our estimates of LTV for the years ended 31 December 2020 and 2019:

	Thousand of Euros	
	2020	2019
Adjusted Net Financial Debt	**303,154**	**580,653**
Market value of inventory portfolio associated to the Company´s ow nership interest percentage (GAV)	1,770,169	2,166,924
LTV	**17%**	**27%**

F. Loan to Cost ("LTC")

Definition: net financial debt / (stock - advances to suppliers)

The following table presents our estimates of LTC for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Net Financial Debt	**241,769**	**430,693**
Inventories – Note 16	1,251,159	1,416,688
Advance to suppliers – Note 16	(1,209)	(10,771)
LTC	**19%**	**31%**

G. Net financial debt / EBITDA

Definition: adjusted net financial debt/ adjusted EBITDA

The following table presents our estimates of Net financial debt / EBITDA for the years ended 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Adjusted EBITDA	**93,383**	**39,770**
Adjusted Net Financial Debt	303,154	580,653
NFD / Adjusted EBITDA	**3.25**	**14.60**

H. Interest cover ratio

Definition: Adjusted EBITDA / Interest expense.

In the table below we present our calculations of Adjusted EBITDA / Interest Expense as at 31 December 2020 and 2019.

	Thousand of Euros	
	2020	2019
Interest Coverage Ratio		
Adjusted EBITDA	93,383	39,770
Interest Expenses	22,338	22,464
	4.2	**1.8**

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. Y SOCIEDADES DEPENDIENTES

Hoja de firmas

Reunidos los Administradores de la sociedad Vía Célere Desarrollos Inmobiliarios, S.A., con fecha de 26 de febrero de 2021 y en cumplimiento de los requisitos establecidos en los artículos 253 del Texto Refundido de la Ley de Sociedades de Capital y del artículo 37 del Código de Comercio, proceden a formular las Cuentas Anuales Consolidadas y el Informe de Gestión Consolidado del ejercicio comprendido entre el 1 de enero de 2020 y el 31 de diciembre de 2020. Las cuentas anuales consolidadas vienen constituidas por los documentos anexos que preceden a este escrito.

The directors of the Company Via Célere Desarrollos Inmobiliarios S.A., on a meeting held on 26 February 2021 and complying with the requirements established in articles 253.2 of the Consolidated Text of the Spanish Companies Act and in article 37 of the Commerce Code, decide to drawn up the Consolidated Annual Accounts and the Management Report of financial year covered between 1 January 2020 and 31 December 2020. The consolidated annual accounts, are composed of the documents attached herein.

D. Anthonny Iannazzo

Mr. Anthonny Iannazzo

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. Y SOCIEDADES DEPENDIENTES

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D. Álvaro Travesedo Julia

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Mr. Álvaro Travesedo Julia

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D. Jose Ignacio Morales Plaza

Mr. Jose Ignacio Morales Plaza

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. Y SOCIEDADES DEPENDIENTES

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D. Jorge Morán Sánchez

Mr. Jorge Morán Sanchez

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A. Y SOCIEDADES DEPENDIENTES

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D. Héctor Serrat Sanz

Mr. Héctor Serrat Sanz